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# Partisanship, political alignment, and charitable donations

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**Abstract**
This paper examines how alignment with the government influences beliefs about the efficiency and role of government, and examines the behavioral consequences of these beliefs. In particular, we examine how support of versus opposition to the government affects people's charitable donations. For both Republicans and Democrats, we find that alignment with the government leads to a reduction in charitable donations. Specifically, when accounting for government spending, supporters of the incumbent government decrease their charitable contributions, while detractors increase theirs. We explain this result by documenting a shift in people's beliefs about the efficiency and normative role of government.

**Keywords** Public goods · Partisanship · Beliefs · Charitable donations

Partisans often lack confidence in the ability of opposing-party governments to solve important societal problems (Morisi et al., 2019; Klein Teeselink & Melios, 2024). Elections won by an opposed party therefore create negative shocks to people's beliefs that the government will adequately provide welfare to its citizens. Thus, insofar as those who oppose the government harbor altruistic motives, such a negative shock raises the marginal utility of providing welfare privately (Lau & Frey, 1971; Heutel, 2014; De Wit & Bekkers, 2017). As such, elections won by opposing parties might induce an increase in charitable donations. In other words, there might be public-private substitution of public goods provision. Understanding this type of substitution is vital for grasping how citizens adapt to compensate for ineffective governments.

This paper examines how political alignment affects charitable donations in the United States. To separate the effects of beliefs about the efficacy of government and actual government spending, we focus on the effect of alignment *conditional on government*

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*spending*. This distinction differentiates our analysis from the previous literature that examines whether government spending itself reduces charitable donations (Abrams & Schitz, 1978; Warr, 1983; Roberts, 1984; Bergstrom et al., 1986; List, 2011; Andreoni & Payne, 2013).

To examine the relationship between political alignment and donations, we use zipcode-level tax return data from the Internal Revenue Service (IRS). The IRS publishes the average amount in tax deductions claimed for charitable donations per year in all US zip codes. We match this donation data with a zipcode-level index of presidential alignment that classifies zip codes as Republican, Democrat, or non-partisan. We then exploit the fact that electoral turnovers provide a natural experiment that moves partisan zip codes in and out of presidential alignment. Using non-partisan zip codes as a control group, this variation allows us to estimate the causal effect of presidential alignment on charitable donations.

We find that people living in both Republican and Democrat zip codes donate less money to charity during own-party presidencies, conditional on both the level and composition of government spending. The reduction is statistically and economically significant and amounts to an average decrease in donations of approximately 4.5%. We find similar, albeit smaller, reductions in donations when partisans align with congressional majorities. For Republican zip codes, the reduction mostly results from changes in the extensive margin of giving (fewer people give), whereas the reduction for Democrat zip codes is mostly driven by the intensive margin (donors give less). Ancillary analyses show that partisans also reduce political donations when their own party is in power. We additionally examine whether presidential alignment changes the composition of charitable donations, but find no evidence of such an effect.

Next, we examine the underlying mechanisms. To do so, we study people's beliefs about government using 40 years of data from the General Social Survey (GSS). We consider three sets of questions, pertaining to people's (i) confidence in the federal government, (ii) normative beliefs about the role of government, and (iii) beliefs about the level and composition of government spending. Our analyses indicate that when one's own party is in power, partisans have more confidence in the federal government and attribute greater normative problem-solving responsibilities to the government. As such, they believe the government is better equipped to provide public services, while they are also more inclined to believe that those services ought to be provided by the government in the first place. Consistent with these beliefs, partisans donate less to private charities when they support the president. Beliefs about government spending do not appear to play a major role in explaining our results, and neither do government grants to charities, charities' fundraising activities, or asymmetric responses to government spending.

To interpret our findings, it is important to stress that we are focusing on people's perceptions of the government, rather than actual government actions. Our analysis suggests that citizens believe that their favored party will take up some of the activities that are otherwise done by their favored private charities, whereas opposed governments will not. This dynamic is plausible in a low information environment, where voters are poorly informed about actual government actions, and instead often rely on media portrayals and campaign rhetoric about party politics and government action (Iyengar & Kinder, 2010; Flynn et al., 2017).

This study contributes in several ways to a recent stream of research focused on understanding how partisanship shapes political, economic and social outcomes. Our results provide new insights into people's beliefs about the normative role of government. Many contemporary policy debates revolve around the question of whether it is the responsibility of the government to solve major societal problems such as poverty, inequality,

discrimination, climate change, and access to health care (Stiglitz, 1997). While Republicans typically envision a smaller role for government than Democrats (Grossmann & Hopkins, 2015), our results show that both groups assign greater problem-solving responsibilities to own-party governments. Consequently, even those who typically oppose big government cease to do so when their own party is in power. As such, these swings in beliefs potentially eliminate an important check on the growth of the size of government.

In addition to that, the finding that presidential alignment reduces charitable donations provides an important contribution to our understanding of the substitution between public and private provision of public goods. Our analysis shows that previous work focusing on the level of government spending and charitable donations might be incomplete by ignoring the role of beliefs. We show that a given level of spending invites very different donation responses, depending on whether partisans support or oppose the incumbent government. Hence, our results suggest that beliefs about the role of government and government efficacy are an important driver of donation decisions above and beyond actual spending.

Last, our results suggest that beliefs about the role of government translate into real-world giving behavior. This finding adds to an ongoing debate on whether survey answers accurately reflect people's true beliefs about the world (Bullock & Lenz, 2019). Critics question the validity of survey measures because of misreporting, party cheerleading, virtue signaling, and social desirability bias (Krumpal, 2013; Prior et al., 2015; Bullock et al., 2015; Ansolabehere & Hersh, 2017; Peterson & Iyengar, 2021). To address concerns about survey validity, a small number of prior studies examine the link between political alignment, survey beliefs, and real-world behavior (Gerber & Huber, 2009; McGrath, 2017; Cullen et al., 2021; Mian et al., 2021; Kempf & Tsoutsoura, 2021; Giaccobasso et al., 2022). Gerber and Huber (2009), Cullen et al. (2021), Kempf and Tsoutsoura (2021), and Giaccobasso et al. (2022) show that variation in beliefs caused by changes in presidential alignment affect real-life consumption decisions, efforts to evade taxes, and financial advice. By contrast, McGrath (2017) and Mian et al. (2021) find no evidence that rosier economic expectations induced by turnover elections affect consumption levels. Yet none of these papers considers beliefs about the role of government. To the best of our knowledge, our results are the first to show that stated preferences about the efficacy and the normative role of government translate into real-world giving behavior.

## 1 Data and methodology

To examine the effect of presidential alignment on charitable donations, we combine several independent data sources. For charitable donations, we use income tax data collected by the Internal Revenue Service (IRS). The IRS publishes yearly zipcode-level aggregates of all individual tax declarations. We use the total amount of money spent on charitable donations claimed for tax deductions, as well as the total adjusted gross income and the number of tax returns filed. Charitable donations are based on all tax-paying citizens who decide to itemize donations on their tax returns. The itemization of donations involves providing a list of individual charitable donations, which can then be subtracted from one's taxable income. Appendix A2 provides a more detailed discussion of itemizing charitable donations. Donations data are available for 2002 and between 2004 and 2018. Because there is large variation between zip codes in terms of size and income, zipcode-level donations are replete with outliers. To reduce the influence of outliers related to size and income, we use zipcode-level donations as a fraction of zipcode-level income as our main

**Table 1** Summary statistics

| | Republican zips | | Democrat zips | | Non-partisan zips | |
|---|---|---|---|---|---|---|
| | Pres. = Rep | Pres. = Dem | Pres. = Rep | Pres. = Dem | Pres. = Rep | Pres. = Dem |
| Zip codes | 10,921 | 10,921 | 4,744 | 4,744 | 5,023 | 5,023 |
| Donations/Income | 1.51% | 1.59% | 1.82% | 1.75% | 1.50% | 1.50% |
| Donors | 17.1% | 18.1% | 28.3% | 29.2% | 23.4% | 24.4% |
| Income | $46,264 | $49,751 | $74,251 | $74,986 | $55,982 | $58,060 |
| Unemployment rate | 4.8% | 7.6% | 4.9% | 8.1% | 4.9% | 7.8% |

The table shows summary statistics. Statistics are shown for Republican, Democrat and non-partisan zip codes separately, during both Republican presidencies and Democrat presidencies. *Zip codes* is the number of zip codes included in each category. *Donations/Income* is the average fraction of income donated to charities. *Donors* is the fraction of households that itemize their charitable donations. *Income* is the average gross income in dollars. *Unemployment rate* is the average yearly unemployment rate

outcome variable.[12] Our analysis excludes donations to political organizations, because these are not tax exempt. Table 4 presents an analysis of the relationship between presidential alignment and political donations.

Election data are from Dave Leip's Atlas of U.S. Presidential Elections (Leip, 1999). We consider county-level presidential election outcomes from 2000 to 2016. To match zipcode-level donations with county-level voting outcomes, we take the average election result of all counties in which a zip code is located. Most (72%) zip codes are fully subsumed in one county, while the remaining 28% appear in multiple counties. To examine the robustness of our results, we consider alternative analyses (i) using only the subset of zip codes that span one county, (ii) charitable donations at the county level, and (iii) zipcode-level alignment based on millions of respondents in the Gallup Daily Tracking Poll.

We classify each zip code as Democrat, Republican or non-partisan/independent. Republican and Democrat zip codes are those in which the respective party received at least 50 percent of the votes in all presidential elections between 2000 and 2016. Non-partisan/independent zip codes are those in which neither party received more than 60 percent of the vote share between 2000 and 2016, with both parties winning at least one election. The reason we use multiple elections to categorize zip codes rather than just the most recent election is that voter preferences tend to fluctuate, for example with current economic conditions (Brunner et al., 2011). Hence, the most recent election might not accurately reflect a zip code's political inclination a few years after the election. Our classification only considers stable patterns in voting behavior. The classification scheme labels 86% of all zip codes. Of these, 54% are labeled Republican, 22% Democrat and 24% non-partisan. We examine the sensitivity of our results to different classification schemes in Table A6.

Our data cover the period 2002-2018.[3] We omit election years from our sample to avoid potential crowding out of charitable donations by political donations.[4] We exclude zip codes that

[1] Table A15 shows a robustness check that uses donations as a fraction of salary as the outcome variable. All conclusions remain the same.

[2] We multiply the outcome variable by 100 to obtain more readable coefficients.

[3] Donation data are missing for 2003.

[4] Table A14 shows an analysis that also includes election years, and Table 4 shows an analysis of political donations. All conclusions remain unchanged.

could not reliably be classified as Republican, Democrat, or non-partisan, as well as zip codes for which donation data are incomplete.

Table 1 gives summary statistics. Our final sample consists of 10,921 Republican zip codes, 4,744 Democrat zip codes, and 5,023 non-partisan zip codes. Table 1 shows that people living in Republican zip codes donate more during Democrat presidencies than during Republican presidencies (1.58 vs. 1.51% of their income), whereas those living in Democrat zip codes donate more during Republican presidencies compared to Democrat presidencies (1.82 vs. 1.74%). The donation rate in non-partisan zip codes is equal to 1.50% during both Republican- and Democrat-led governments. Across all groups, 15% to 30% of households itemize their donations, with slightly higher numbers of itemizers during Democrat presidencies. Average incomes are lower in Republican zip codes than in Democrat zip codes. Income and unemployment tend to be higher during Democrat presidencies than Republican presidencies, which is likely caused by the Great Recession taking place during the Obama presidency, and most of the Democrat presidencies being later in our sample period. These differences are consistent across groups, however, and hence do not pose problems for our identification strategy.

In terms of methodology, we exploit the fact that turnover elections provide a natural experiment that moves partisans in and out of presidential alignment. This variation allows us to investigate the causal effect of presidential alignment on charitable donations. Using non-partisan zip codes as a control group, we estimate the following model:

$$\begin{aligned} Donations_{ist} = \beta_1 \times (Zip = Rep)_i \times (Pres = Rep)_t + \\ \beta_2 \times (Zip = Dem)_i \times (Pres = Dem)_t + \mathbf{X}_{ist}\Omega + \alpha_i + \delta_s t + \varepsilon_{ist} \end{aligned} \tag{1}$$

$Donations_{ist}$ is the average fraction of income donated to charitable organizations in zip code $i$ in state $s$ in year $t$. $(Zip = Rep)_i$ and $(Zip = Dem)_i$ are dummy variables that take the value of 1 if zip code $i$ is Republican or Democrat, respectively. $(Pres = Rep)_t$ and $(Pres = Dem)_t$ are dummy variables that take the value of 1 if the president in year $t$ is Republican or Democrat. $\mathbf{X}_{ist}$ is a matrix of zipcode- and county-level control variables that include county-level unemployment and zipcode-level income per capita. $\alpha_i$ are zip code fixed effects that control for unobserved time-invariant zip code characteristics, which include partisan leaning, culture, and religion. $\delta_s t$ are state-by-year fixed effects that control for aggregate time-varying factors that affect all zip codes in a state simultaneously. These factors include the level and composition of spending by the state and federal government, as well as general economic conditions.[5] We cluster standard errors at the zip code level to account for serial correlation within zip codes. The main parameters of interest are $\beta_1$ and $\beta_2$, which measure the effect of presidential alignment on charitable donations for Republican ($\beta_1$) and Democrat ($\beta_2$) zip codes.[6] Appendix A3.12 explores the validity of the parallel trends assumption.

[5] Our two-way fixed effects specification may raise questions about negative weights (see e.g., de Chaisemartin and D'Haultfoeuille 2020). Because treatment never overlaps between groups, however, our methodology never compares newly treated units with already treated units, and negative weights do not occur (estimated using (de Chaisemartin et al., 2019)). The minimum weight is 0 and the maximum weight is 0.000028.

[6] The inclusion of zipcode fixed effects, year fixed effects, and alignment effects for both Republicans and Democrats precludes adding an additional interaction variable between non-partisan zip codes and Republican/Democrat presidents.

## 2 Main results

We start our analysis by visualizing the raw average donation rates in Democrat, independent, and Republican zip codes during Democrat and Republican presidencies without any controls. Figure 1 shows preliminary evidence that alignment with the government crowds out charitable donations. People in both Democrat and Republican zip codes donate a substantially larger fraction of their income during other-party presidencies, whereas the donation rate in our control group—independent zip codes—does not change.

Table 2 presents our main regression results. Our baseline model (Model 1) corroborates the notion that presidential alignment causes a decrease in charitable donations. People living in either Republican or Democrat zip codes significantly reduce their donations during own-party presidencies as compared to people in the same year who live in non-partisan zip codes. That is, for a given level and composition of government spending, those who support the incumbent government reduce their private provision of public goods, whereas those who oppose the government increase their provision. The change is largest in absolute terms for Democratic zip codes: for every $1000 earned, they donate 78 cents less when they support the government. Republicans donate roughly 71 cents less during own-party presidencies. In relative terms, people in Republican and Democrat zip codes give 4.6% and 4.4% less to charitable organizations during own-party presidencies. Models 2, 3, and 4 show the results for three alternative specifications. Model 2 adds zipcode-level income and county-level unemployment as additional control variables. These account for

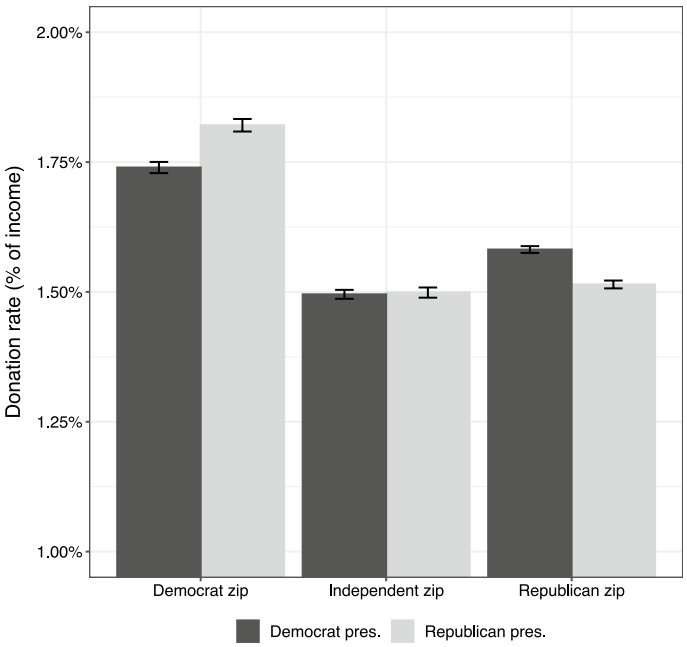


**Fig. 1** Donation rate across presidencies. *Notes:* The figure shows donations as a fraction of income during Democrat (*dark grey*) and Republican (*light grey*) presidencies. Donation rates are shown separately for Democrat, independent, and Republican zip codes. The bars show the average donation rate across zip codes of a particular partisan classification

**Table 2** Effect of presidential alignment on charitable donations

| | Model 1 | Model 2 | Model 3 | Model 4 |
|---|---|---|---|---|
| Republican zip x Republican pres | −0.070*** | −0.070*** | −0.049*** | −0.048*** |
| | (0.004) | (0.004) | (0.005) | (0.005) |
| Democrat zip x Democrat pres | −0.078*** | −0.075*** | −0.062*** | −0.058*** |
| | (0.005) | (0.005) | (0.006) | (0.006) |
| Zip fixed-effects | Yes | Yes | Yes | Yes |
| Year fixed-effects | Yes | Yes | No | No |
| State-year fixed-effects | No | No | Yes | Yes |
| Controls | No | Yes | No | Yes |
| Observations | 248,254 | 248,124 | 248,254 | 248,124 |
| Adjusted $R^2$ | 0.832 | 0.833 | 0.841 | 0.842 |

The table shows the estimated effect of alignment with the incumbent president on the fraction of income donated to charitable organizations. The outcome variable is expressed in percentages. *Republican zip* and *Democrat zip* are indicator variables that take the value of 1 if a zip code is Republican or Democrat, respectively. *Republican pres.* and *Democrat pres.* are indicator variables that take the value of 1 if the incumbent president is Republican or Democrat. *Controls* consists of zipcode-level gross income and county-level unemployment. Standard errors are given in parentheses. Standard errors are clustered at the zip code level. Asterisks denote significance at the 0.001 (***), 0.01 (**) and 0.05 (*) level

time-varying local economic conditions. Model 3 adds state-by-year fixed effects to control for time-varying factors that might differ at the state level. One example is state-level variation in government spending. Model 4 includes both economic controls and state-by-year fixed effects. The conclusions remain unchanged in each of these specifications.

In our next step, we explore whether the observed reduction in charitable giving results from a reduction in the number of donors or a decrease in the average donation per donor. In other words, we ask whether presidential alignment affects the intensive or the extensive margin of giving. To do so, we estimate Eq. 1 with two different outcome variables: the average amount given per donor (intensive margin), and the fraction of households that give to charity (extensive margin).

The results in Table A4 in the Appendix show an interesting asymmetry: alignment mostly affects the intensive margin in Democrat zip codes, and the extensive margin in Republican zip codes. In other words, during own-party presidencies, a given number of Democrat donors typically give smaller amounts, whereas a smaller number of Republicans tend to give constant amounts. It is important to note, however, that the IRS only publishes *itemized* donations. One interpretation of the asymmetry, therefore, is that a relatively larger number Republican donors are on the margin of itemizing their donations. As such, an equal-sized decrease in donations among Republicans and Democrats might lead to an extensive margin response among the former, and an intensive margin response among the latter. This interpretation is further corroborated by the fact that Republicans are on average poorer than Democrats, which arguably pushes them closer to the itemization threshold.

Next, we examine whether alignment with the House of Representatives and the Senate also affects donation decisions, above and beyond presidential alignment. To this end, we use the same zipcode-level classification as before, but add additional dummy variables for whether a zip code's partisanship aligns with the majority party in the House and

Senate. For the sake of parsimony, we pool the effects for Democrats and Republicans.[7] We exclude election years by removing all even years from the analysis.

Table A5 in the Appendix shows the results. Consistent with our main analysis, we find that presidential alignment significantly reduces charitable donations, even after controlling for alignment with House and Senate majorities. Nevertheless, alignment with the majority party in either the Senate or the House exerts an additional negative influence on partisans' donations. In other words, conditional on supporting the incumbent president, a Congress that is aligned with the president (and the individual's party preferences) further decreases donations. This is consistent with the notion that people reduce charitable giving when they believe that the current government is more effective in addressing important problems. Hence, we conclude that our main result—support for the government crowds out charitable donations—extends to offices of government other than just the presidency.

Another consideration is that presidential alignment might not only affect the *level* of charitable donations, but also the *composition*. To examine the composition of spending, we use IRS Form 990 data for donation receipts of individual charities. Form 990 is an information return document that most charities need to file each year. The main IRS classification scheme classifies charities by their activity codes across eight categories such as education, environment, health care, and international aid. We aggregate yearly charity receipts for each activity code at the county level, and match these aggregates with election data. Our main outcome measure is the sum of donations from individuals, gifts, and grants given to a particular activity code as a fraction of a county's income. Our analysis relies on the assumption that at least some fraction of charitable donations is given to local charities, such that county-level donation receipts can proxy for county-level charitable donations. Appendix A1.3 gives a detailed description of the data and provides evidence for this assumption.

Figure A1 in the Appendix summarizes the results. The left panel shows the effects for Republicans, the right panel shows the effects for Democrats. For most activity domains, alignment does not significantly affect charity receipts. For Democrat counties, we find a statistically significant effect on charities focusing on arts and culture (negative). Taken together, we do not find compelling evidence that the composition of charitable donations changes when counties move in and out of presidential alignment.

## 3 Mechanisms

To understand the mechanism underlying partisans' increase in charitable donations under opposed governments, we consider several competing channels. First, we present an analysis that considers people's responses to government spending, as well as their beliefs about the level of government spending. Second, we consider substitution between charitable donations and political donations. Last, we investigate how alignment affects partisans' opinions about the efficacy of government and the responsibilities it ought to assume.

[7] Separately estimating each effect for Republicans and Democrats does not materially alter our results.

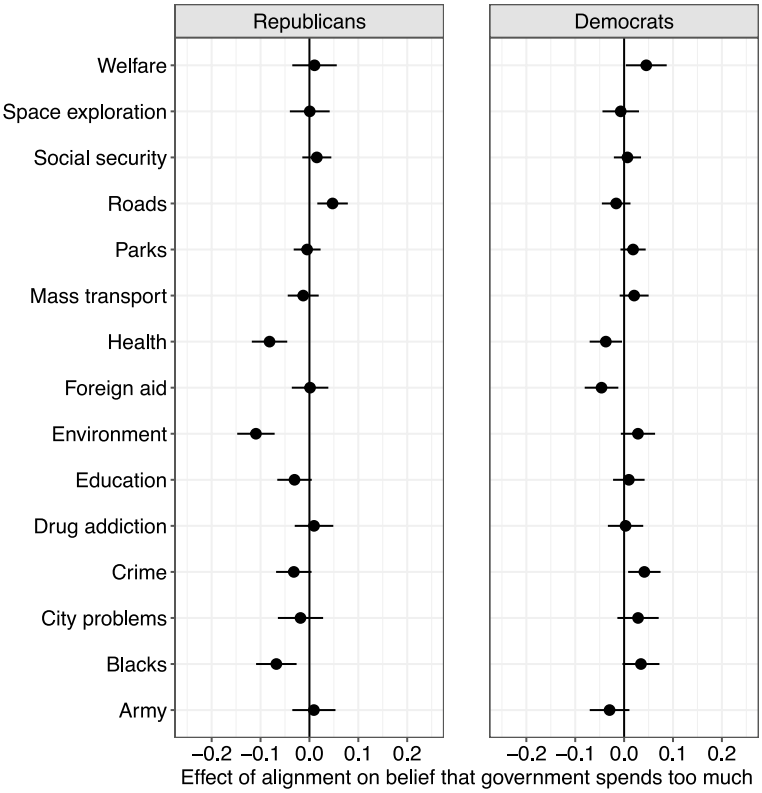


**Fig. 2** Effect of presidential alignment on beliefs about government spending. *Notes:* The figure shows the effect of presidential alignment on beliefs about whether the government spends too much (1), just about right (0) or too little(-1) on various spending categories. The horizontal axis depicts the estimated effect of alignment on beliefs. The figure shows point estimates and 95% confidence intervals for each spending category. As control variables, we include partisanship, year fixed effects, income, unemployment, age, gender, education, marital status, race, and the number of children

### 3.1 Government spending and beliefs about government spending

The classic crowding out literature would suggest that the observed reduction in charitable donations might be driven by changes in government spending that coincide with presidential turnovers. Although this explanation could not account for our symmetric result for Republicans and Democrats (after each turnover, one group increases their donations while the other decreases theirs), it may nevertheless be the case that Democrats and Republicans react differently to a given level of spending.[8] Table A19 in the Appendix shows an analysis that allows for partisan differences in the effect of government spending on giving behavior. The results of these alternative specifications show that the decrease in donations during own-party presidencies remains largely unchanged.

[8] In our main specification, year fixed effects and state-by-year fixed effects control for symmetric responses to government spending at the national and the state level.

**Table 3** Effect of alignment on confidence in the federal government

| | |
|---|---|
| Democrat | −0.082*** |
| | (0.012) |
| Republican | −0.075*** |
| | (0.013) |
| Republican x Pres. Republican | 0.402*** |
| | (0.018) |
| Democrat x Pres. Democrat | 0.306*** |
| | (0.017) |
| Year fixed-effects | Yes |
| Controls | Yes |
| Observations | 32,572 |
| Adjusted $R^2$ | 0.085 |

The table shows the estimated effect of alignment with the government on trust in the federal government using GSS data. Other definitions are as in Table 2

One may argue, however, that it is not government spending *per se* that drives crowding out, but instead people's beliefs about government spending. To test this hypothesis, we use General Social Survey (GSS) data from 1983 to 2018 (Smith et al., 2018).[9] We consider 15 questions that ask respondents to rate the current level of spending on 15 different categories as too much (2), just about right (1), or too little (0). We use subjects' self-identified party orientation (Republican/Democrat/independent) to create the same three political groupings as before. For spending beliefs to explain our results, we should find that both Democrats and Republicans deem spending to be too low when the opposite party is in power

Figure 2 shows the results. We find little evidence that presidential alignment affects beliefs about governments' fiscal policy. If anything, partisans seem to think that the other party spends too much on some sectors, which should engender a reduction rather than an increase in donations. Hence, we conclude that neither government spending nor beliefs about government spending can explain our main result.

### 3.2 Beliefs about the efficacy and role government

In our next step, we consider two more sets of beliefs about the government from the GSS: confidence in the federal government and normative beliefs about the role of government. For the first set of questions, we consider a survey item that asks respondents to rate their confidence in the people running the federal government on a three-point scale ranging from "hardly any" to "a great deal." The main argument is that a lack of confidence in the federal government implies the belief that the current government is poorly equipped to provide important government services. As such, those who lose trust in the government

[9] The GSS is an annual/biannual face-to-face survey administered by the National Opinion Research Center at the University of Chicago that contains questions on a wide range of political, economic, and religious topics. Each year's sample is an independent, nationally representative cross-section of American adults.

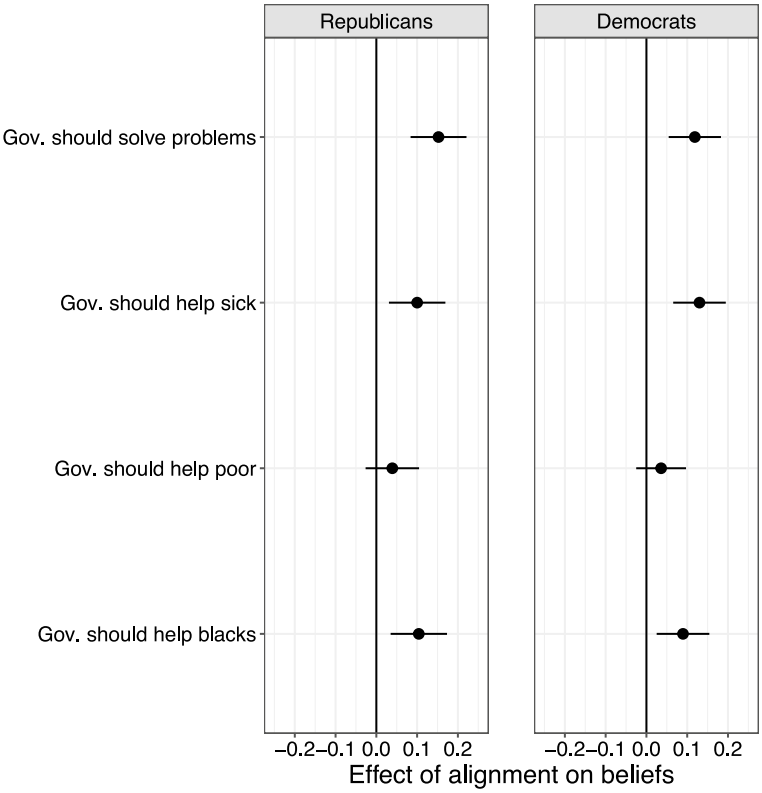


**Fig. 3** Effect of presidential alignment on beliefs about the role of government. *Notes:* The figure shows the effect of presidential alignment on beliefs about whether it is government's responsibility to (i) solve the country's problems, (ii) help the sick, (iii) help the poor, and (iv) help African Americans. Answers are given on a five-point scale from fully agree (5 points) to fully disagree (1 point). The horizontal axis depicts the estimated effect of alignment on beliefs. The left panel shows the estimated treatment effect for Republicans and the right panel shows the effect for Democrats. The figure shows point estimates and 95% confidence intervals for each variable

**Table 4** Effect of alignment on political donations

| | Model 1 | Model 2 | Model 3 | Model 4 |
|---|---|---|---|---|
| Republican zip x Republican pres | −0.206*** | −0.212*** | −0.189** | −0.167* |
| | (0.060) | (0.062) | (0.068) | (0.070) |
| Democrat zip x Democrat pres | −0.928*** | −0.952*** | −0.879*** | −0.913*** |
| | (0.074) | (0.075) | (0.076) | (0.077) |
| Zip fixed-effects | Yes | Yes | Yes | Yes |
| Year fixed-effects | Yes | Yes | No | No |
| State-year fixed-effects | No | No | Yes | Yes |
| Controls | No | Yes | No | Yes |
| Observations | 97,789 | 97,778 | 97,789 | 97,778 |
| Adjusted $R^2$ | 0.416 | 0.416 | 0.442 | 0.443 |

The table shows the estimated effect of alignment with the government on political donations. Other definitions are as in Table 2

face relatively strong incentives to compensate for poor government performance by donating more to charity.

Table 3 presents the results. Consistent with the notion that people with little trust in the efficacy of the government give more to charity, we show that both Republicans and Democrats report significantly lower levels of confidence in the federal government when the president is of the opposite party. In conjunction with our donation result, this finding provides a plausible channel through which alignment affects donations.

For the second set of questions, we consider four questionnaire items that ask respondents about the normative role of government. In particular, they have to rate whether it should be the role of the federal government or private entities to (i) solve problems, (ii) help the sick, (iii) help the poor, and (iv) help African Americans. The scale ranges from 1 to 5, where higher numbers correspond to the belief that the government should be responsible for solving an issue, and lower numbers to the belief that private parties should be responsible. Those who believe that the government ought to solve a particular problem may not be inclined to privately contribute to solving those problems through charitable donations.

Figure 3 shows the effect of alignment with the government on people's normative beliefs about the role of government. The left panel shows the results for Republicans, the right panel for Democrats. We find that partisans on both sides of the spectrum attribute greater problem-solving responsibilities to governments they support. Compared to independents, both Republicans and Democrats are more likely to state that own-party governments are responsible for solving the country's problems, helping the sick, and helping African Americans. The assignment of greater problem-solving responsibilities to own-party governments provides an additional explanation for why partisans reduce charitable donations: partisans believe that governments they support should solve the country's problems, whereas private entities should solve those same problems during other-party presidencies. Consistent with the latter belief, out-party partisans increase their charitable contributions.

### 3.3 Substitution between charitable donations and political donations

Our main analysis focuses on itemized charitable donations that people declare on their tax returns. Because donations to political organizations are not tax deductible, however, these are excluded from our analysis. Hence, if people substitute between charitable donations and political donations, the observed reduction in charitable giving might be offset by an increase in donations to political organizations (Yildirim et al., 2020; Karol, 2023). To examine this possibility, we also examined the effect of presidential alignment on political donations. Appendix A1.2 gives a description of the data and methodology.

Table 4 shows the results. We do not find that charitable donations are offset by political donations. In fact, our results provide evidence that people *reduce* their donations to presidential campaigns during own-party presidencies, such that both charitable and political donations are lower. Taken together, these results indicate that political donations do not make up for the reduction in charitable donations during own-party presidencies.

## 4 Robustness checks

To ensure the validity of our main findings, we conduct several robustness checks. This section summarizes these tests, with detailed results available in Appendix A3 in the Appendix.

First, we examine the sensitivity of our results to different schemes to classify the partisanship of zip codes, including stricter and looser definitions of partisanship and non-partisanship. These alternative specifications consistently support our main findings (Appendix A3.1)

We further investigate whether the effect of alignment changes with the degree of partisan support by introducing continuous measures of partisanship. Results show that higher Republican/Democrat vote shares are associated with larger reductions in charitable donations during own-party presidencies, reinforcing our main conclusions (Appendix A3.2).

To address the potential problem of an ecological fallacy, whereby the majority of voters at the county level is unrepresentative for zip-level donors in some zip codes, we consider an alternative alignment measure based on zip-level survey data from the Gallup Daily Poll. The results in Appendix A3.3 are similar to those in our main analysis. We additionally replicate our analysis using only zip codes contained within a single county (Appendix A3.4), and aggregate donations at the county level (Appendix A3.5) to ensure our results are not driven by the multi-level structure of our data. Both approaches yield results consistent with our main findings.

We then examine the robustness of our results to excluding 2017 and 2018 from our data. In 2017, the United States passed the “Tax Cuts and Jobs Act" (TCJA). This act made it less beneficial to itemize deductions for charitable donations, resulting in a reduction in the amount of taxpayers that itemize their deductions. The estimated reduction in donations in the period before 2017 is similar to our main analysis (Appendix A3.6)

Next, we examine the sensitivity of our results to including election years in our sample (Appendix A3.7), focusing solely on the years immediately before and after turnover elections (Appendix A3.8), weighting zip codes by population size (Appendix A3.9), and allowing for differential time trends in rural and urban areas (Table A20). All conclusions remain unchanged.

Then, to distinguish our results from classical crowding out effects, we analyze government grants and fundraising activities of individual charities. Using a panel of 29,112 charities from 1989 to 2012, we find no evidence that the partisan orientation of the government affects either the amount of grants allocated to particular charities or charities' fundraising activity (Appendix A3.11).

Last, we examine the validity of the parallel trends assumption. Our identification resembles a difference-in-differences approach, albeit a highly non-standard one. Appendix A3.12 outlines our approach for testing the underlying identifying assumption. The results show little evidence of problematic pre-trends.

In sum, our robustness checks support the main finding that presidential alignment crowds out charitable donations. The effect persists across various alternative specifications, data aggregation levels, time periods, and methodological approaches, lending strong support to the validity of our results.

## 5 Discussion and conclusion

Our paper examines the effect of alignment with the incumbent president on charitable giving. Using turnover elections as a natural experiment, we show that alignment crowds out donations. Compared to non-partisan zip codes, people living in Republican and Democrat zip codes donate a smaller fraction of their income to charity during own-party presidencies. We also find reductions in charitable donations when people align with congressional majorities, and show that the reduction in charitable donations coincides with a decrease in political donations. We find no evidence that presidential alignment changes the composition of charitable donations.

The reduction in contributions is consistent with fluctuations in voters' beliefs about the efficacy and the normative role of government. Partisans on both sides of the spectrum have more confidence in own-party governments, and they attribute greater problem-solving responsibilities to supported governments than opposed governments.

Taken together, our results demonstrate that people's donation decisions not only depend on government activity *per se* but also on their support of the incumbent government. As such, our results provide one possible, albeit speculative, explanation for the mixed results in the crowding out literature (Andreoni & Payne, 2013). To understand why, consider a turnover election in which a Democrat president overtakes a Republican president. Our results indicate that this change will reduce charitable donations from Democrats and increase donations from Republicans. If the Democrat government then spends more on social welfare---an empirically reasonable assumption—our findings suggest crowding out for charities that Democrats mostly donate to and crowding in for charities that Republicans mostly donate to.

The degree to which beliefs about the government affect charitable donations is of great importance to policymakers because it links government welfare provision to the aggregate provision of public goods. Our results suggest that charitable donations provide a cushion against perceived "bad governments" because partisans increase their contributions when they perceive the current government to be insufficiently addressing the country's problems. A possible direction for future research is to examine perceptions of relative effectiveness of government and charitable organizations in providing public goods.

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