Political Advertising and the Electoral College*

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March 12, 2012

Preliminary and incomplete

Abstract

We present a structural model of political advertising in equilibrium. Candidates’ choose advertising based on its marginal impact on the probability of winning the election, the returns from winning and the cost of advertising. The voter model takes the form of an aggregate discrete choice model in which advertising affects a voter’s incentive to vote for either candidate or not to vote at all. We estimate the model using detailed advertising and voting data from the 2000 and 2004 Presidential elections. We use the model to conduct a counterfactual in which we eliminate the Electoral College, and consider a direct national vote. Changing the structure of the electoral process alters candidates’ marginal incentives to advertise in a given market. This leads to a new equilibrium allocation of advertising and a new voting outcome. Our model could also be used for other counterfactuals, such as considering the effects of 3rd-party candidates or certain campaign finance reforms, and could be applied or extended to races for other offices (e.g. house, senate or gubernatorial) or the primaries.

Keywords: Political advertising, voter choice, electoral college, structural model, empirical game, endogeneity, moment inequality.

*We thank Mitch Lovett, Michael Peress, Ron Shachar, and seminar participants at Columbia, MIT Sloan, NYU Stern, Toronto, Stanford GSB, Wharton, and Yale for providing valuable feedback. All remaining errors are our own. Email: brgordon@columbia.edu, hartmann_wes@gsb.stanford.edu.