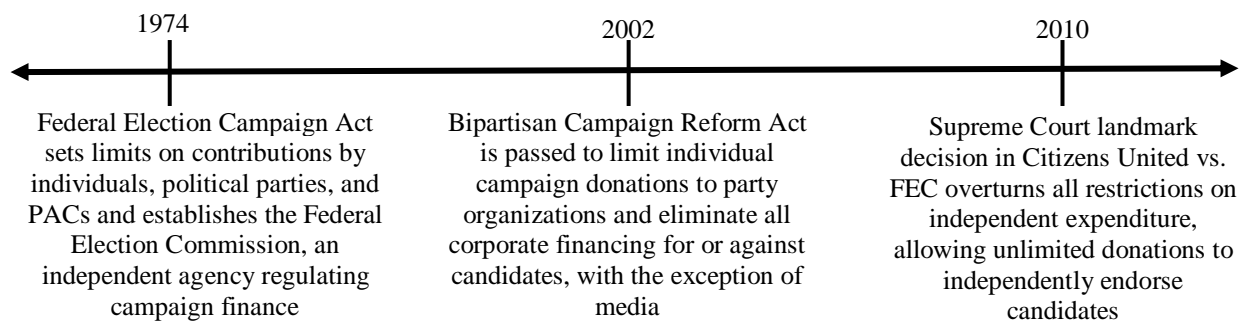


## What Caused Polarization? Electoral Explanations: Campaign Finance

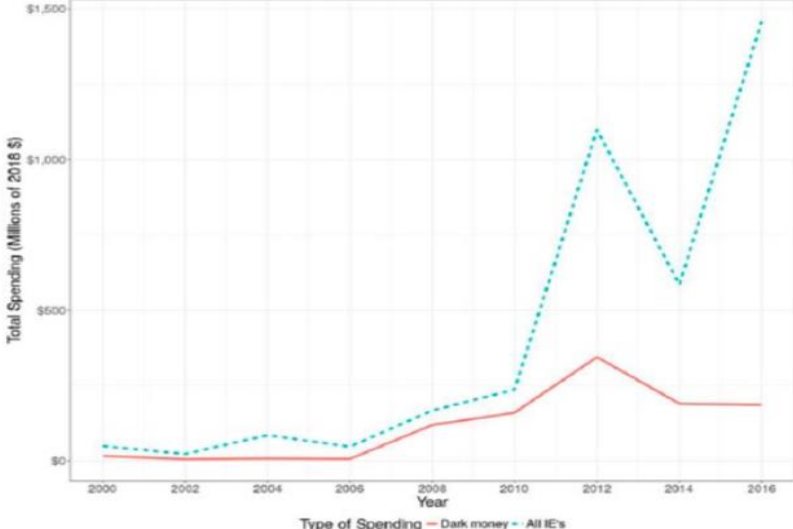
**Summary:** Electoral explanations of polarization relate to partisan polarization because campaigns and elections directly affect who holds office. When looking specifically at campaign finance, scholars generally agree that the current campaign funding system in the US contributes to polarization, but disagree over the specific mechanisms, such as how financing affects campaign platforms, prospective candidates, and election competitiveness. While these can lead to polarization in many different ways, disagreements have made it difficult to come up with viable solutions for partisan polarization caused by campaign funding.

**Background** (“Mission and History”; Abumrad 2017)



### The Effect of Campaign Finance on Partisan (Elite) Polarization: Major Focus Areas

Private vs. Public Funding	
Private funding: donations to campaign from outside sources and party organizations	Public funding: campaign finance through tax dollars
<b>Argument:</b> private campaign funding promotes rent-seeking, where candidates take money from groups with the promise of returning the favor in the form of policy (Lessig 2012) <ul style="list-style-type: none"> <li>• Campaign donors generally hold more extreme values than average citizens because Americans that are passionate about certain ideological issues tend to be the most willing to spend their money on campaigns (Lessig 2012; Raja and Schaffner 2015)</li> <li>• If donor groups are naturally more ideologically extreme, candidates will adopt more extreme platforms to gain funding, increasing polarization between parties</li> <li>• Switching to a publicly funded campaign finance system eliminates rent-seeking by enforcing full monetary neutrality</li> </ul>	
<b>Empirical findings:</b> according to survey data, general American voters tend to fall in the middle of the spectrum, while donors tend to fall more on either extreme of the spectrum (Raja and Schaffner 2015)	
<b>Counterargument:</b> Public financing weakens the influence of moderating party organizations and allows ideologically extreme candidates who may otherwise find it hard to fund their campaigns to run (Masket and Miller 2015; Hall 2014) <ul style="list-style-type: none"> <li>• In a state level case study, Hall (2014) shows that public funding increased the ideological gap between parties by 30%</li> </ul>	
<b>Implications:</b> While private funding can be linked to increasing partisan polarization, switching to public funding is not a viable solution to mitigate this issue. Focus must shift more to regulations on private funding itself, such as contribution limits or transparency requirements.	

Campaign Finance Regulations		
<b>PAC (Political Action Committee):</b> <ul style="list-style-type: none"> <li>Allowed to directly contribute to political campaigns</li> <li>Must report all transactions to the FEC</li> <li>Strict limits on donations and contributions, ban on corporate funds (“PACs, Super PACs..” 2018)</li> </ul>	<b>Super PAC:</b> <ul style="list-style-type: none"> <li>Independent-expenditure only (no direct campaign/ party contributions)</li> <li>Must report all transactions to the FEC</li> <li>Allowed to accept unlimited contributions, including corporate funds</li> <li>no limit on independent donations</li> </ul>	<b>Dark Money Group (Issue-Advocacy)</b> <ul style="list-style-type: none"> <li>Non-profits</li> <li>Independent-expenditure only</li> <li>No regulations on contributions or donations, including to Super PACs</li> <li>Not required to report monetary transactions</li> </ul>
<p><b>Argument:</b> Donor transparency encourages funding of more moderate candidates. Anonymity of dark money allows donors “to avoid the repercussions their giving might have brought if done through traditional and transparent channels”, and allows them to appear moderate while secretly supporting more extreme ideology (Oklobdzija 2019)</p> <ul style="list-style-type: none"> <li>Citizens United decision has given full access to these types of groups, known as “dark parties”, increasing funding of extreme candidates while decreasing the influence of more moderate, FEC-regulated funding (Raja and Schaffner 2015)</li> </ul>		
 <p>The graph illustrates the significant growth in independent expenditures (IEs) and dark money spending in U.S. elections from 2000 to 2016. The 'All IE's' line (green dotted) shows a dramatic spike starting in 2010, peaking at over \$1,000 million in 2012, dipping in 2014, and then surging again to nearly \$1,400 million by 2016. The 'Dark money' line (red solid) also shows a sharp increase starting in 2010, peaking at around \$350 million in 2012, and then declining to approximately \$200 million by 2016. The legend at the bottom indicates 'Type of Spending - Dark money - All IE's'.</p>		<p><b>Empirical findings</b> (Oklobdzija 2019):</p> <ul style="list-style-type: none"> <li>Independent expenditures, including dark money, have increased significantly since the 2010 Citizens United decision</li> <li>Transparent donors contribute to more moderate causes than anonymous donors</li> <li>Republican dark parties are more prevalent than democratic dark parties</li> </ul>
<p><b>Counterargument:</b> Baker argues that PACs are the cause of partisan polarization because their transparency draws more loyal followings, allowing them to promote more extreme ideological views without losing support (Niskanen Center 2018)</p> <ul style="list-style-type: none"> <li>Koppl-Turyna (2014) backs this idea with empirical evidence <ul style="list-style-type: none"> <li>limits on PAC contributions to party organizations have a positive effect on platform convergence between parties</li> <li>corporate donation bans have a negative relationship with platform convergence between parties</li> </ul> </li> </ul>		
<p><b>Implications:</b> All campaign money has the ability to polarize elections. While there is backlash on the <i>Citizens United</i> decision and lack of regulations, lack of available data means scholars are still searching to find regulations that will be effective at reducing partisan polarization due to campaign finance</p>		

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In this journal article, Oklobdzija discusses the effects of the Citizens United decision on the emergence of "dark money" and how lack of transparency in campaign finance contributes to political polarization. Because dark money is anonymous and thus extremely difficult to track, Oklobdzija is only able to use data from one dark money group, Americans for Job Security, in which donors were partially exposed after the group was sued for violating local campaign finance laws. Oklobdzija used these records to track the specific destinations of electoral donations within the broader dark party and compare them to the purposefully disclosed donations, to support his hypothesis that anonymous donations go to more ideologically extreme causes than transparent donations. With this data from Americans for Job Security, he found that although the overall group appears to support more moderate ideology, when including all anonymous financing, there is a large spike in ideological extremism, both liberal and conservative. While Oklobdzija generally supports his hypothesis, he points out a major issue that this type of study would be difficult to replicate because of the lack of data, making it extremely hard to come up with any kind of compelling solution.

- "PACs, Super PACs & Dark Money Groups: What's the Difference?" Campaign Legal Center, 20 June 2018, [campaignlegal.org/update/pacs-super-pacs-dark-money-groups-whats-difference](http://campaignlegal.org/update/pacs-super-pacs-dark-money-groups-whats-difference).