



## Why Campaign Finance Reforms That Weaken U.S. Parties Promote Extreme and Unresponsive Politics

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The public believes the campaign finance system in the United States is rigged to favor special interests and wealthy donors, and many groups are calling for campaign finance reforms of various sorts. Typical proposals call for tighter legal restrictions on private sources of money in politics – and often include new rules to limit contributions to political parties. Such ideas seem to make intuitive sense, but my research with Brian Schaffner indicates that hobbling political parties contributes to the bitter partisan standoffs and helps to explain why researchers find that elected officials are often unresponsive to the concerns of ordinary American citizens. Our work suggests that reformers should start thinking about how to strengthen and make transparent the role of political parties in the campaign finance system, because that may be the only way to weaken the grip of ideologues and very wealthy donors whose growing role is making governing more difficult in American democracy.

### The Unintended Result of Reforms that Weaken Parties

Political parties play a vital role in democratic politics by guiding voter choices, aggregating interests, and holding politicians accountable through meaningful partisan labels. Scholars studying U.S. politics have developed such arguments about parties, but their research fails to take adequate account of post-Watergate reforms, including the McCain-Feingold Act of 2002 that severely weakened the role of U.S. political parties in channeling financial resources to candidates and using resources for voter education and mobilization. Once limits were placed on private contributions to parties, the counterintuitive result was to shift the balance of clout toward ideologically committed interest groups and wealthy citizens, giving them a disproportionately large role in financing candidates for public office.

This dynamic has direct implications for many of the problems facing American politics and government today, including extreme rhetoric, ideological polarization, and gridlock in Washington, DC and state capitals as partisans face off against one another and refuse to compromise. The campaign finance system is certainly not the only factor at work, but our research shows that campaign finance laws that channel money in politics away from party organizations and toward ideologically motivated interest groups and donors have accentuated the highly polarized political environment in the United States.

### How Party Organizations Moderate Politics

In a two-party system, strong party organizations promote moderation in two main ways.

- First, party operatives tend to channel financial support to relatively moderate candidates for Congress and state legislatures. Party officials care first and foremost about winning elections, so their priority is to invest in candidates who will be most competitive in a general election – normally, candidates whose

views are closest to the typical voter in the district. In contrast, the vast majority of donors and issue groups lean toward the extremes of the left or right, at least compared to most voters, and these donors and interest groups prefer to give money to highly ideological candidates who think like them and promise to pursue an ideologically compatible policy agenda.

- Party committees serve as financial mediators, a buffer between ideological donors and candidates. In a political system where money flows significantly through parties, these committees raise money from ideologically oriented contributors and reinvest the funds in a wide array of candidates, including many moderates. This serves to insulate candidates from ideologically driven donors who might demand that the candidates take strong positions or risk losing funding. In contrast to private donors, parties are much more reluctant to punish candidates and officeholders who are not “pure.” As a result, candidates and officeholders who enjoy considerable party support are freed to seek bargains and bipartisan compromises, which are often necessary for effective governing.

An added benefit of party financing is that parties tend to give to challengers, much more readily than business groups that channel funds overwhelmingly to incumbents. Party financing thus promotes electoral competition – and more competitive elections also encourage candidates to make appeals to the center, where most voters are usually clustered.

Given these donor dynamics, it makes sense that the enactment of laws or rules to limit the role of parties in financing elections ends up encouraging greater polarization between partisan officeholders in the state legislature. This dynamic feeds on itself, and gets worse over time. Conversely, when laws allow parties to take a large and expanding role in financing elections, more candidates and officeholders will take relatively moderate positions attuned to the preferences of most voters.

## **Toward More Effective Reforms**

Our findings have clear-cut implications for reformers. Rather than try to stop the flow of money into politics by setting low limits on contributions to candidates and parties, we recommend encouraging funds to flow through the political parties by allowing party committees to receive relatively large contributions compared to candidates and interest groups. Current rules and approaches to “campaign finance reform” tend, in practice, to channel money to non-party groups that have less transparency than political parties. These include “Super PACs” and legally designated “social welfare organizations” that receive money, often secretly, from very wealthy contributors who are pursuing narrow and often extreme political agendas.

We encourage reformers to think of building “canals” that channel funds to political parties, rather than erecting “dams” that try to keep money out of politics. But would this mean that private donors could, in effect, buy entire parties? To address this concern, we also recommend generous public financing to political parties, either through grants or “matching” programs that could encourage small donations to parties by offering public subsidies for each donation under \$250. In the end, America needs a campaign finance system that is transparent, accountable, promotes competition, and reduces the power of wealthy and ideological donors. Strengthening political parties financially should go a long way toward creating such a healthy system.

**Read more in Raymond J. La Raja and Brian F. Schaffner, *Campaign Finance and Political Polarization: When Purists Prevail* (University of Michigan Press, 2015)**

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