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For \$200, a Person Can Fuel the Decline of Our Major Parties: Guest Essay  
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One of the most important developments driving political polarization over the past two decades is the growth in small-dollar contributions.

Increasing the share of campaign pledges from modest donors has long been a goal of campaign-finance reformers, but it turns out that small donors hold far more ideologically extreme views than those of the average voter.

In their 2022 paper, “Small Campaign Donors,” four economists — Laurent Bouton, Julia Cagé, Edgard Dewitte and Vincent Pons — document the striking increase in low-dollar (\$200 or less) campaign contributions in recent years. (Very recently, in part because Donald Trump is no longer in the White House and in part because Joe Biden has not been able to raise voter enthusiasm, low-dollar contributions have declined, although they remain a crucial source of cash for candidates.)

Bouton and his colleagues found that the total number of individual donors grew from 5.2 million in 2006 to 195.0 million in 2020. Over the same period, the average size of

contributions fell from \$292.10 to \$59.70.

In an email, Richard Pildes, a law professor at N.Y.U. and an expert in campaign finance, wrote: "Individual donors and spenders are among the most ideological sources of money (and are far more ideological than the average citizen). That's particularly true of small donors."

As a case in point, Pildes noted that in the 2022 elections, House Republicans who backed Trump and voted to reject the Electoral College count on Jan. 6 received an average of \$140,000 in small contributions, while House Republicans who opposed Trump and voted to accept Biden's victory received far less in small donations, an average of \$40,000.

In a 2019 article, "Small-Donor-Based Campaign-Finance Reform and Political Polarization," Pildes wrote:

It is important to recognize that individuals who donate to campaigns tend, in general, to be considerably more ideologically extreme than the average American. This is one of the most robust empirical findings in the campaign-finance literature, though it is not widely known. The ideological profile for individual donors is bimodal, with most donors clumped at the "very liberal" or "very conservative" poles and many fewer donors in the center, while the ideological profile of other Americans is not bimodal and features strong centrist representation.

The rise of the small donor has been a key element driving the continuing decline of the major political parties.

Political parties have been steadily losing the power to shape the election process to super PACs, independent expenditure organizations and individual donors. This shift has proved, in

turn, to be a major factor in driving polarization, as the newly ascendant sources of campaign contributions push politicians to extremes on the left and on the right.

The 2010 Supreme Court decision *Citizens United v. F.E.C.* was a crucial factor in shaping the ideological commitments of elected officials and their challengers.

“The role of parties in funding (and thus influencing) campaigns at all levels of government in America has shifted in recent decades,” Thad Kousser, a political scientist at the University of California-San Diego, wrote in an email.

“Parties often played a beneficial role,” he added, “helping to bind together broad coalitions on one side or the other and boosting electoral competition by giving in the most competitive races, regardless of a candidate’s ideology. Then much of their power was taken away, and other forces, often more ideologically extreme and always less transparent, were elevated.”

This happened, Kousser continued, “through an accretion of campaign finance laws, Supreme Court decisions and F.E.C. actions and inactions. This has led us toward the era of independent expenditures and of dark money, one in which traditional parties have lost so much power that Donald Trump was able to win the Republican nomination in 2016, even though he began with little support among the party’s establishment.”

The polarizing effects of changing sources of campaign contributions pose a challenge to traditional reformers.

Raymond La Raja and Brian Schaffner, political scientists at the University of Massachusetts-Amherst and Tufts, wrote in their 2015 book, "Campaign Finance and Political Polarization: When Purists Prevail":

The public intensely dislikes how campaigns are financed in the United States. We can understand why. The system of private financing seems rigged to favor special interests and wealthy donors. Much of the reform community has responded by calling for tighter restrictions on private financing of elections to push the system toward "small donor democracy" and various forms of public financing. These strategies seem to make sense and, in principle, we are not opposed to them.

But our research and professional experience as political scientists have led us to speculate that these populist approaches to curtailing money in politics might not be alleviating but contributing to contemporary problems in the political system, including the bitter partisan standoffs and apparent insensitivity of elected officials to the concerns of ordinary Americans that appear to characterize the current state of U.S. politics.

La Raja and Schaffner argued that "a vast body of research on democratic politics indicates that parties play several vital roles, including aggregating interests, guiding voter choices and holding politicians accountable with meaningful partisan labels. Yet this research seems to have been ignored in the design of post-Watergate reforms."

The counterintuitive result, they wrote,

has been a system in which interest groups and intensely ideological — and wealthy — citizens play a disproportionately large role in financing candidates for public office. This dynamic has direct implications for many of the problems facing American government today, including ideological polarization and political gridlock. The campaign finance system is certainly not the only source of polarization and gridlock, but we think it is an important part of the story.

Nathan Persily, a professor of law and political science at Stanford, observed in a telephone interview that the trend in campaign finance has been to “move money from accountable actors, the political parties, to unaccountable groups.”

“The parties,” he pointed out, “are accountable not only because of more stringent contribution disclosure requirements but also by their role in actual governance with their ties to congressional and executive branch officials and their involvement with legislative decision making.”

The appeal of extreme candidates well to the right or left of the average voter can be seen in the OpenSecrets listing of the top five members of the House and Senate ranked by the percentage of contributions they have received from small donors in the 2021-22 election cycle:

Bernie Sanders raised \$38,310,351, of which \$26,913,409, or 70.25 percent, came from small donors; Marjorie Taylor Greene raised \$12,546,634, of which \$8,572,027, or 68.32 percent, came from small donors; Alexandria Ocasio-Cortez raised \$12,304,636, of which \$8,326,902, or 67.67 percent, came from small donors; Matt Gaetz raised \$6,384,832, of which

\$3,973,659, or 62.24 percent, came from small donors; and Jim Jordan raised a total of \$13,975,653, of which \$8,113,157, or 58.05 percent, came from small donors.

Trump provides an even better example of the appeal of extremist campaigns to small donors.

In a February 2020 article, "Participation and Polarization," Pildes wrote: "In 2016, Donald Trump became the most successful candidate ever in raising money from small donors, measured either in aggregate dollars or in the percentage of his total contributions. In total small-donor dollars for the 2015-16 cycle, Trump brought in \$238.6 million."

Significantly, Pildes continued, "small donations (\$200 or less) made up 69 percent of the individual contributions to Trump's campaign and 58 percent of the Trump campaign's total receipts."

**Michael J. Barber**, a political scientist at Brigham Young, argued in a 2016 paper, "Ideological Donors, Contribution Limits and the Polarization of American Legislatures," that "higher individual contributions lead to the selection of more polarized legislators, while higher limits on contributions from political action committees (PACs) lead to the selection of more moderate legislators."

In addition to the impact of the small donor on weakening the parties, Pildes wrote in his email,

a second major development is the rise of outside spending groups, such as super PACs, that are not aligned with the political parties and often work against the party's leadership. Many of these 501(c) (tax exempt) groups back more ideologically extreme candidates — particularly during primaries

— than either the formal party organizations or traditional PACs. The threat of such funding also drives incumbents to the extreme, to avoid a primary challenger backed by such funding.

Details of the process Pildes described can be found in a 2020 study, "Assessing Group Incentives, Independent Spending and Campaign Finance Law," by Charles R. Hunt, Jaclyn J. Kettler, **Michael** J. Malbin, Brendan Glavin and Keith E. Hamm.

The five authors tracked the role of independent expenditure organizations, many of which operate outside the reach of political parties, in the 15 states with accessible public data from 2006 (before Citizens United) to 2016 (after Citizens United).

The authors found that spending by ideological or single-issue independent expenditure organizations, the two most extreme groups, grew from \$21.8 million in 2006 to \$66 million in 2016.

More important, the total spending by these groups was 21.8 percent of independent expenditures in 2006 (including political parties, organized labor, business and other constituencies). Ten years later, in 2016, the amount of money spent by these two types of expenditure groups had grown to 35.5 percent.

Over the same period, spending by political parties fell from 24 percent of the total to 16.2 percent.

Put another way, in 2006, spending by political parties and their allies was modestly more substantial than independent expenditures by more ideologically extreme groups; by 2016, the ideologically extreme groups spent more than double the amount spent by the parties and their partisan allies.

On a national scale, Stan Oklobdzija, a political scientist at Tulane, has conducted a detailed study of so-called dark money groups using data from the Federal Election Commission and the I.R.S. to describe the level of influence wielded by these groups.

In his April 2023 paper, "Dark Parties: Unveiling Nonparty Communities in American Political Campaigns," Oklobdzija wrote:

Since the Citizens United decision of 2010, an increasingly large sum of money has decamped from the transparent realm of funds governed by the F.E.C. The rise of dark money — or political money routed through Internal Revenue Service (IRS)-governed nonprofit organizations who are subject to far less stringent disclosure rules — in American elections means that a substantial percentage of American campaign cash in the course of the last decade has effectively gone underground.

Oklobdzija added that "pathways for anonymous giving allowed interest groups to form new networks and to create new pathways for money into candidate races apart from established political parties." These dark money networks "channel money from central hubs to peripheral electioneering groups" in ways that diminish "the primacy of party affiliated organizations in funneling money into candidate races."

What Oklobdzija showed is that major dark money groups are much more significant than would appear in F.E.C. fund-raising reports. He did so by using separate I.R.S. data revealing financial linkages to smaller dark money groups that together create a powerful network of donors.



Using a database of about 2.35 million tax returns filed by these organizations, Oklobdzija found that “these dark money groups are linked via the flow of substantial amounts of grant money — forming distinct network communities within the larger campaign finance landscape.”

Intense animosity toward Trump among Democrats and liberals helped drive a partisan upheaval in dark money contributions. “In 2014,” Oklobdzija wrote by email, “dark money was an almost entirely Republican phenomenon. The largest networks — those around Crossroads GPS and Americans for Prosperity — supported almost exclusively conservative candidates.”

In 2018, however, with Trump in the White House, Democratic dark money eclipsed its Republican counterpart for the first time. Oklobdzija wrote:

In that year’s midterms, liberal groups that did not disclose their donors spent about twice what conservative groups did. Democrats also developed a network similar to those developed by Koches or Karl Rove with the 1630 Fund, which spent about \$410 million total in 2020, either directly on elections or propping up liberal groups. In 2020, Democratic-aligned dark money outspent Republican-aligned dark money by almost 2.5 to one. In 2022, total dark money spending was about 55 percent liberal and 45 percent conservative, according to the Center for Responsive Politics.

A separate examination of the views of donors compared with the views of ordinary voters, “What Do Donors Want? Heterogeneity by Party and Policy Domain,” by David Broockman and Neil Malhotra, political scientists at Berkeley and Stanford, found:

Republican donors' views are especially conservative on economic issues relative to Republican citizens, but are typically closer to Republican citizens' views on social issues. By contrast, Democratic donors' views are especially liberal on social issues relative to Democratic citizens', whereas their views on economic issues are typically closer to Democratic citizens' views. Finally, both groups of donors are more pro-globalism than citizens are, but especially Democratic donors.

Brookman and Malhotra made the case that these differences between voters and donors help explain

a variety of puzzles in contemporary American politics, including: the Republican Party passing fiscally conservative policies that we show donors favor but which are unpopular even with Republican citizens; the focus of many Democratic Party campaigns on progressive social policies popular with donors, but that are less publicly popular than classic New Deal economic policies; and the popularity of anti-globalism candidates opposed by party establishments, such as Donald Trump and Bernie Sanders.

Some of Brookman and Malhotra's specific polling results:

52 percent of Republican donors strongly disagree that the government should make sure all Americans have health insurance, versus only 23 percent of Republican citizens. Significant differences were found on taxing millionaires, spending on the poor, enacting programs for those with low incomes — with Republican donors consistently more conservative than Republican voters.

On the Democratic side, donors were substantially more liberal than regular voters on abortion, same-sex marriage, gun control and especially on ending capital punishment, with 80 percent of donors in support, compared with 40 percent of regular voters.

While most of the discussion of polarization focuses on ideological conflict and partisan animosity, campaign finance is just one example of how the mechanics, regulations and technology of politics can exacerbate the conflict between left and right.

The development of microtargeting over the past decade has, for example, contributed to polarization by increasing the emphasis of campaigns on tactics designed to make specific constituencies angry or afraid, primarily by demonizing the opposition.

The abrupt rise of social media has, in turn, facilitated the denigration of political adversaries and provided a public forum for false news. "Platforms like Facebook, YouTube and Twitter likely are not the root cause of polarization, but they do exacerbate it," according to a 2021 Brookings report.

Some of those who study these issues, including La Raja and Schaffner, argue that one step in ameliorating the polarizing effects of campaign financing would be to restore the financial primacy of the political parties.

In their book, La Raja and Schaffner proposed four basic rules for creating a party-centered system of campaign finance:

First, "limits on contributions to the political parties should be relatively high or nonexistent." Second, "modest limits should be imposed on contributions to candidates." Third, "no

restrictions should be imposed on party support of candidates. Political parties should be permitted to help their candidates as much as desired with direct contributions or in-kind support." Fourth, "public financing should support party organizations."

Persily, however, voiced strong doubts about the effectiveness of these proposals. "You cannot put the toothpaste back in the tube," he said, noting that polarization is becoming embedded in the personnel and decision-making processes of political parties, especially at the state and local levels, making a return to the parties' past role as incubators of moderation unlikely.

Broockman, Nicholas Carnes, Melody Crowder-Meyer and Christopher Skovron provided support for Persily's view in their 2019 paper, "Why Local Party Leaders Don't Support Nominating Centrists." Broockman and his colleagues surveyed 1,118 county-level party leaders and found that "given the choice between a more centrist and more extreme candidate, they strongly prefer extremists, with Democrats doing so by about two to one and Republicans by 10 to one."

If what Broockman and his co-authors found about local party leaders is a signal that polarized thinking is gaining strength at all levels of the Democratic and Republican Parties, the prospects for those seeking to restore sanity to American politics — or at least reduce extremism — look increasingly dismal.

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