How Might Digital Campaigning Affect the Problems of Political Finance?

About International IDEA
The International Institute for Democracy and Electoral Assistance is an intergovernmental organization with the mission to advance democracy worldwide, as a universal human aspiration and enabler of sustainable development. We do this by supporting the building, strengthening and safeguarding of democratic political institutions and processes at all levels. Our vision is a world in which democratic processes, actors and institutions are inclusive and accountable and deliver sustainable development to all.

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This paper deals with the intersection between three sets of challenges, each of which constitutes an existential threat to democracies across the world. The first is linked to money in politics, which poses the danger not only of ‘policy capture’ but also, in worse-case scenarios, of state capture by monied interests. As the United Nations Deputy Secretary-General, Amina Jane Mohammed, has observed: ‘In many places the ability of private interests to influence elections is unfettered and the capture of the state by elites is warping the functions of state institutions’.

The second set of challenges is related to the impact of digital technologies on elections. According to International IDEA’s 2019 Global State of Democracy report, ‘[n]ew technologies, including information and communications technologies (ICTs) and social media, are contributing to a profound transformation of the global democracy landscape’. The principal question addressed by this paper is poised at the meeting place between these sets of challenges: How might digital campaigning affect the problems of political finance? Also integrated into the analysis is a third set of challenges: those which arise from the Covid-19 pandemic. This paper reflects on how the pandemic might shape the impact of digital campaigning on the problems of political finance.

This paper is written as a road-mapping exercise. It seeks to draw out the key issues in determining the impact of digital campaigning on the problems of political finance using select examples for the purpose of illustration. The result is very much preliminary analysis that aims to be a conversation starter.

Digital campaigning and the problems of political finance
Digital campaigning in the electoral context can be understood as the use of digital media in election campaigns. Included in the swirl of strategies are: (a) campaigning through the Internet using web pages, advertising and search engine optimization; (b) the use of social media such as Facebook, Twitter, WhatsApp, TikTok, Snapchat and Instagram; (c) mobile services, for example SMS text messages; (d) data tools; and (e) political campaigning software (e.g. NationBuilder).

Various features of digital campaigning make it possible to distinguish it from face-to-face campaigning through door-knocking campaigns, gatherings and rallies, and what are considered traditional media such as television, radio and the press. First, there is the accessibility of digital campaigning in terms of the coverage of digital media (e.g. Internet and mobile services) and the relatively low cost of digital devices (e.g. basic computers and ‘smart’ phones) as well as the ease of production and distribution of content. Next, there is the speed of production and distribution of digital content, and the shift away
from passive audiences to greater interactivity, as many users of digital media both produce and consume digital content. Such ‘producers’ can also be targeted with a greater degree of efficacy through the use of data collection/harvesting, algorithms, analytics and personality profiles. Finally, digital media have the added feature of anonymity. Digital content creators are increasingly able to conceal their identities, including through ‘bots’.

A combination of these features allows digital campaigning to enhance democracies by broadening and deepening political participation, communication, deliberation and accountability. Digital campaigning can also enhance popular control of government and political equality, both of which are central aspects of democracy. During elections, digital campaigning can provide voters with greater access to information while also enabling political organizations, including those with inferior resources, to campaign more effectively.

At the same time, however, it is clear that digital campaigning poses serious threats to democracies. Among the major threats are those posed by:

- **Disinformation**, as in the use of computational propaganda in the 2020 US presidential elections.
- Interference by foreign nations in elections, such as the US elections in 2016.
- An undermining of the public sphere through virality (placing a premium on emotional appeals) and polarization linked to what have been dubbed ‘filter bubbles’ and ‘echo chambers’.
- An erosion of political autonomy through ‘choice architecture’ established by information technology companies.
- The substantial (quasi-monopolistic) market power of ‘big tech’ companies, particularly Google and Facebook.

It is beyond the scope of this paper to take up any of these issues in a sustained way—the focus is the impact of digital campaigning on the problems of political finance. In Funding of Political Parties and Election Campaigns: A Handbook on Political Finance, International IDEA defines ‘political finance’ as ‘the (legal and illegal) financing of ongoing political party activities and electoral campaigns (in particular, campaigns by candidates and political parties, but also by third parties)’. The problems of political finance manifest themselves in various ways, shaped particularly by the political economies of nation states.

This paper focuses on the Asia-Pacific region. This reduces the complexity of the task somewhat but not by much. The Asia-Pacific is the most populous region in the world and is naturally heterogenous. According to International IDEA’s Global State of Democracy (GSoD) indices, it is the most democratically diverse region—all regime types are represented from democracies to hybrid regimes and non-democracies, and democracies perform at varying levels according to the GSoD attributes of representative government, fundamental rights, checks on government, impartial administration and participatory engagement. For the sake of analytical simplicity, however, it is possible to identify, in a stylized way, the common problems of political finance in the Asia-Pacific region (see Table 1).
Table 1. Problems of political finance in Asia and the Pacific region

| • Corruption, clientelism and clans | • Absence of regulation |
| • Linkages between political parties, voters and business | • Intersections between business and politics |
| • Ineffective implementation | • Informal management practices within parties and campaigns |
| • Illicit funding | • Unrealistic rules |
| • Lack of resources for opposition parties and women candidates | • Regulations that discourage competition |
| • Abuse of state resources | |
| • Vote-buying | |


For the sake of further analytical simplicity, this paper focuses on two sets of problems:

- **corruption**, including abuse of state resources, clientelism, the intersection between business and politics, illicit funding and vote-buying; and
- **unequal electoral contests**, involving a lack of resources for opposition parties and women candidates, and regulations that discourage competition.

Six vital principles on the design and implementation of regulation are also set out below.

**How might digital campaigning address the problems of political finance?**

Digital campaigning could become a tool for combating the corruption linked to issues around political finance. It could throw sunlight on the corrupting dynamics in political finance, which in South East Asia have been dubbed ‘power broking in the shade’. Digital systems of political finance reporting and disclosure using online lodgement systems, as well as making data publicly available on accessible websites with effective search tools, can make it easier to ‘follow the money’. When combined with information on lobbying, assets and money-laundering, these tools can be a potent weapon against policy and state capture by monied interests.

Due to its accessibility and interactivity, digital campaigning can also be effective in campaigns against corruption. Examples include anti-corruption campaigns in Indonesia, such as the Corruption Eradication Commission (Komisi Pemberantasan Korupsi Republik Indonesia), and the digital campaign against former Malaysian Prime Minister Najib Razak, following the diversion of funds from the 1Malaysia Development Board (1MBD). It is possible that the economic hardship experienced as a result of the Covid-19 pandemic could reduce public acceptance of corruption.

Digital campaigning can be particularly appealing to opposition movements as it is not subject to the strict controls that apply to traditional media. In this way, it can counteract the abuse of state resources often involved in the application of such controls. The Arab Spring uprisings provide examples of such uses of digital campaigning, in terms of internal mobilization and, to a greater extent, communication with the outside world.

The Covid-19 pandemic seems likely to increase reliance on digital election campaigning, given social distancing rules, although the extent of any increase and whether it completely displaces other forms of campaigning can be unpredictable, as was shown by the rallies in the 2020 US presidential election and campaigning for the December 2020 regional elections in Indonesia. It is also possible that digital campaigning in the context of social distancing rules might disrupt the face-to-face interactions that lubricate vote buying practices at rallies and gatherings, such as campaign gifts and envelopes of cash.
Digital campaigning may also promote a more level playing field by increasing accessibility or reducing cost-barriers to meaningful political participation in election contests. The 2018 Malaysian general election (14th general election), which shifted Malaysia from a hybrid regime to a democratic one, is one example of digital campaigning being used as a ‘weapon of the weak’ to end the 60-year dominance of the ruling coalition, Barisan Nasional. There is also consistent evidence from Australia, Canada and New Zealand that smaller parties with a lesser spend can have an equivalent Internet presence to larger, richer parties.

Digital campaigning can also level the playing field in other ways. It can enable broader political participation through ‘born digital’ organizations that have developed new ways of engaging in political participation that have been labelled ‘digital citizenship’. One example is GetUp!, a third-party organization that pioneered digital campaigning in Australia. Digital campaigning can also level the playing field in terms of the spread of donors to candidates and political parties through political crowd funding, as was seen in the presidential campaigns of Barack Obama and Bernie Sanders’ campaigns to become the presidential nominee of the Democratic Party.

How might digital campaigning exacerbate the problems of political finance?
There is a dark mirror to the potential for digital campaigning to address the problems of political finance. Digital campaigning does not necessarily produce the transparency or sunlight required as an antidote to corruption. On the contrary, in key respects it relies on secrecy. This is obvious with anonymity but also the case with digital microtargeting which, if carried out to the granular level of targeting specific individuals, constitutes ‘dark advertising’ that is only known about by the creators and distributors of the advertising, on the one hand, and the individual recipient, on the other. Among the ‘opaque forces’ affecting political freedom in the digital age is the often impenetrable use of ‘big data’, as illustrated by the activities of Cambridge Analytica during the United Kingdom’s referendum on leaving the European Union.

Nor is digital campaigning the sole or dominant preserve of opposition movements or those campaigning against corruption. It can also be used effectively by dominant parties and those seeking to avoid accountability. In many authoritarian regimes, social media has been co-opted as a tool for information control to suppress fundamental human rights, discredit political opposition and drown out political dissent. In Indonesia, for instance, anti-corruption campaigners have been subjected to digital attacks, including the use of ‘bots’ and trolls, that appear to have been orchestrated by elements within the Indonesian Government. The Covid-19 pandemic has worsened the situation by providing a convenient excuse for suppressing digital speech. Some governments have targeted online dissent on the pretext of combating ‘fake news’ about the virus, which the World Health Organization has characterized as an ‘infodemic’. In this disturbing way, the pandemic has operated as a ‘pathogen of repression’.

The broader point to be made is that digital campaigning is not intrinsically a ‘weapon of the weak’. It is also a ‘weapon of the strong’. More pertinently, digital campaigning is more easily deployed by those with a large amount of funding as digital campaigning is not only ‘organic’, free content but can also be paid for. Paid-for digital campaigning can enhance the scope and effectiveness of campaigning in various ways. One example is the data-driven strategies used by Cambridge Analytica involving access, collection, analytics, algorithms and targeting, as well as paid advertising that includes microtargeting. There has also been a dramatic increase in the use of ‘cyber troops’, defined as ‘government, military or political party teams committed to manipulating public opinion over social media’, from 28 countries in 2017 to 48 in 2018 and 70 in 2019. The use of cyber troops was evident in both the 2019 Indonesian presidential elections and the 2018 Malaysian general election.

In all of this, the boundaries between paid-for and organic digital campaigning are blurred. Paid-for digital campaigning is often directed at eliciting organic campaigning, and it sometimes does this by masquerading as organic campaigning itself. Take, for instance, the use of paid social media influencers such as the ‘buzzers’ in Indonesia. Their effectiveness largely depends on others perceiving their opinions to be genuinely held and not the result of financial inducement.
This leads on to the increasing role of a digital campaigning industry that is in many respects transnational. For instance, one of the companies at the heart of the Cambridge Analytica controversy, SCL Elections, has been campaigning in elections for prime ministers and presidents (including through use of social media) since 1994, in at least 27 states. A more recent example is provided by the 2020 New Zealand elections, in which Arron Banks and Andy Wigmore—two of the chief architects of the Leave.EU campaign in the UK, the self-proclaimed ‘bad boys of Brexit’—provided paid support to Winston Peters and his New Zealand First political party.

Unrestrained, paid-for digital campaigning can inflate the cost of election campaigns. This, in turn, can heighten the risk of political corruption as political parties and candidates seek to raise more funds to meet the increased demand on campaign funding, opening them up to greater vulnerability to business influence. Paid-for digital campaigning can also further distort electoral contests by providing an added advantage to the best resourced.

It should be emphasized that an advantage in terms of campaigning resources, including digital campaigning, does not necessarily mean that campaign objectives will be achieved or that electoral success is guaranteed. The contrasting outcomes from the heavy spending of the mining billionaire, Clive Palmer, in the Australian 2019 federal and 2020 Queensland elections illustrate this point. In the federal election, Palmer’s spending, which was larger than that of the major parties combined, was instrumental to the Liberal Party and National Party coalition being returned to office. In the recent Queensland election, however, his spending, although still larger than that of the major parties combined, failed to have a meaningful impact.

Finally, digital campaigning can open up new ways of abusing state resources for electoral purposes. The use of government data by incumbent parties is a case in point. In Malaysia, for instance, there is evidence that the Barisan Nasional coalition accessed and used personal data collected by government agencies for its election campaigning. The Covid-19 pandemic could exacerbate the risk of such abuses by increasing the legitimacy of governments gathering and using personal data on their citizens, notably through health surveillance such as contact-tracing, to contain the spread of the virus, and also through the diminution of accountability for the use of government resources as governments operate in ‘emergency mode’.

Concluding remarks on regulatory principles
The balance between these opposing tendencies and how they play out will depend on the national context. A complex range of factors will influence how technological changes interact with political and social dynamics, as well as the Covid-19 pandemic. It will therefore be wise to avoid technological determinism of either the utopian kind, that digital campaigning will address the problems of political finance, or the dystopian genre—that digital campaigning will exacerbate such problems.

A crucial element shaping the impact of digital campaigning will be effective regulation. Well designed and implemented regulation can steer digital campaigning in the direction of enhancing the integrity of political finance. The Covid-19 pandemic arguably makes such regulation more important, as there is now a greater incentive for business to influence politics, given that so many governments around the world are engaging in large-scale economic stimulus measures.

Six regulatory principles derived from the sources in the section below are worth highlighting:

1. **Media neutrality**: The scope of regulation on media neutrality should be extended to include digital campaigning and should not be restricted to particular media.

2. **Transparency**: The agenda on ‘radical transparency’ advocated by the UN Special Rapporteur on the promotion and protection of the right to freedom of opinion and expression should be implemented. This would encompass measures such as a digital imprint of advertising, a register of political advertising and details of spending on digital campaigning.

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1. Australia; Brazil; Czechia; France; Gambia; Germany; Ghana; Guyana; India; Indonesia; Italy; Kenya; Kosovo; Malaysia; Mexico; Mongolia; Niger; Nigeria; Pakistan; Peru; Philippines; Saint Kitts and Nevis; Saint Lucia; Slovakia; Thailand; Trinidad and Tobago; and the UK.
3. **Limits on spending**: The recommendation of the *New Delhi Declaration on Political Finance Regulation in South Asia* (2015) to limit election campaign spending to reasonable limits should be implemented. Consideration should be given to the full implications of ‘data as currency’ and to implementing measures to ‘restore the human scale’ by limiting the use of personal data, among other things.

4. **Controls on the use of government digital resources for election campaigns**: Such controls should extend to data held by governments as well as (digital) government advertising and should be particularly strict in the election campaign period.

5. **Effective oversight** should occur through an oversight eco-system that comprises independent and professional electoral commissions, anti-corruption agencies, inter-agency collaboration, the courts and action by political parties and civil society organizations.

6. **Regular and frequent information-sharing and review** is particularly vital. The world is currently in the midst of an ‘acceleration moment’ in technology that will have a profound impact on the workings of democracies. As the former United Nations Secretary-General, Kofi Annan, aptly put it: ‘(t)echnology does not stand still; neither can democracy’.

**References**


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Further reading
Although not exclusively dedicated to political finance, these documents provide useful guidance on this topic:


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