HOW DOES DIGITIAL CAMPAIGNING AFFECT THE PROBLEMS OF POLITICAL FINANCE?[1]

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Introduction

This paper deals with the intersection between three sets of challenges that constitute existential threats to democracies across the world. The first is money in politics which not only poses the danger of '[policy capture'](#) but also, in worse scenarios, state capture by monied interests. As the United Nations Deputy Secretary-General, Amina Jane Mohammed has [said](#): '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 is the impact of digital technologies on elections. As the International IDEA's [*2019 Global State of Democracy* report](#) observed, '[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 challenges: How might digital campaigning affect the problems of political finance? Also integrated into the analysis is a third set of challenges. Here I refer to those arising from the COVID-19 pandemic, with the paper reflecting upon how the pandemic might shape the impact of digital campaigning on the problems of political finance.

This paper is written by way of 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 with a sprinkle of examples for the purpose of illustration. All this is very much preliminary analysis with the paper aiming 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 campaigning through the internet (e.g. webpages; advertising; search engine optimisation); social media (e.g. Facebook; Twitter; WhatsApp; TikTok; Snapchat; Instagram); mobile services (e.g. SMS); data tools; and political campaigning software (e.g. NationBuilder).

Digital campaigning can be distinguished from face-to-face campaigning (e.g. door-knocking campaigns; gatherings; rallies) and what is considered traditional (legacy) media (e.g. television; radio; print) through various features of the medium. 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. computers; 'smart' phones) as well as the production and distribution of content. There is the *speed* of production and distribution of digital content. And there is the shift away from passive audiences to greater *interactivity*, with many users of digital media both producing and consuming digital information (produsers). Such 'produsers' can also be *targeted* with a greater degree of efficacy through the use of data (collection/harvesting, algorithms, analytics, and personality profiles). Digital media also has the feature of *anonymity*

with the increasing ability of digital content creators to conceal their identities, including through 'bots.'

Through these features, digital campaigning can enhance democracies by broadening and deepening political participation, communication, deliberation, and accountability. It can enhance popular control of government and political equality, both central aspects of democracy. In elections, digital campaigning can provide voters with greater access to information as well as enable political organisations, including those with inferior resources, to campaign more effectively.

At the same time, it is clear that digital campaigning poses serious threats to democracies through, for example:
- Disinformation in elections (e.g. use of computational propaganda in 2020 US Presidential Elections);
- Interference by foreign nations in elections (e.g. Canadian and US elections);
- Undermining the public sphere through virality (premium on emotional appeals) and polarisation (e.g. filter bubbles; echo chambers)
- Eroding political autonomy with 'choice architecture' established by information technology companies; and
- The substantial market (quasi-monopolistic) 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 – its focus is the impact of digital campaigning on the problems of political finance. 'Political finance' is understood, according to the definition in International IDEA, *Funding of Political Parties and Election Campaigns: A Handbook on 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, of course, manifest themselves in various ways, being shaped particularly by the political economies of different nation-states. Given the audience for this lecture series, this paper will focus on the Asia-Pacific region.

This cuts down the complexity of the task somewhat but not by much. The Asia-Pacific region is the most populous region in the world and is naturally very heterogenous. It is, for one, the most democratically diverse region according to International IDEA's *Global State of Democracy* (GSoD) indices — all regime types are included in this region (democracies, 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, we can identify, in a stylised way, the common problems of political finance in the Asia-Pacific (see table below).

Problems of political finance in the Asia-Pacific region

International IDEA, *Funding of Political Parties and Election Campaigns: A Handbook on Political Finance* (2014), Chapter 4	International IDEA, *The Integrity of Political Finance Systems in Asia: Tackling Political Corruption* (2019)
- Corruption, clientelism, and clans; - Linkages between political parties, voters, and business; - Ineffective implementation; - Illicit funding; - Lack of resources for opposition parties and female candidates; - Abuse of state resources; and - Vote-buying	- Absence of regulation; - Intersections between business and politics; - Informal management practices within parties and campaigns; - Unrealistic rules; and - Regulations that discourage competition

For the sake of further analytical simplicity, the paper will focus on two sets of problems:
- *Corruption* (including abuse of state resources; clientelism; intersection between business and politics; illicit funding; vote-buying); and
- *Unequal electoral contests* (including lack of resources for opposition parties and female candidates; regulations discouraging competition).

The vital questions of design and implementation of regulation will also be discussed at the end of the paper.

How might digital campaigning address the problems of political finance?

Digital campaigning might address the problems of corruption arising from political finance by providing a tool to combat corruption. It can throw sunlight on the corrupting dynamics of political finance — what, in South-East Asia, has been dubbed 'power broking in the shade.' Digital systems of political finance reporting and disclosure through online lodgement systems, and publicly available data on accessible websites with effective search tools, can enable greater ease in 'following the money.' When combined with information concerning lobbying, assets, and money-laundering, these tools can be a potent weapon against policy and state capture by monied interest.

Due to its accessibility and interactivity, digital campaigning can also be used effectively in campaigns against corruption. Examples of this include anti-corruption campaigns in Indonesia, including the Corruption Eradication Commission (Komisi Pemberantasan Korupsi Republik Indonesia); and the digital campaign against former Malaysian Prime Minister, Najib Razak, for the diversion of funds from 1Malaysia Development Board (1MBD). It is also possible that the economic hardship experienced as a result of the COVID-19 pandemic could provide a 'silver lining' with less public acceptance of corruption.

Digital campaigning can be particularly appealing to oppositional movements when 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 applying such controls. The 'Arab Spring' uprisings is an example of this use of digital campaigning, in terms of internal mobilisation and, to a greater extent, communication with the outside world.

The COVID-19 pandemic is likely to see an increased reliance on digital election campaigning given social distancing rules, even though the extent of such an increase and whether it displaces other forms of campaigning is somewhat moot, as shown by the rallies in the recent US Presidential election and the campaigning in the upcoming December regional elections in Indonesia. That said, it is possible that digital campaigning in the context of social distancing rules might disrupt the face-to-face interactions that lubricate vote-buying practices (e.g. rallies, gatherings, campaign gifts, envelopes of cash).

Digital campaigning may also promote a more level playing field by increasing accessibility (reducing cost-barriers) to meaningful political participation in election contests. The 2018 Malaysian General Elections (14th General Elections), which shifted Malaysia from being a hybrid regime to a democratic one, is an 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 consistent evidence in Australia, Canada, and New Zealand that smaller parties can have an equivalent internet presence to bigger (richer) parties with a lesser spend.

Digital campaigning can also level the playing the field in other ways. It can enable broader political participation through 'born digital' organisations which have developed new ways of engaging in political participation — what has been labelled, 'digital citizenship.' An example is GetUp!, a third-party organisation 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 we saw with Barack Obama's presidential campaigns and Bernie Sanders' campaign to be the Democratic Party's presidential nominee.

How might digital campaigning worsen 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 lead to the transparency or sunlight necessary as an antidote to corruption. On the contrary, it relies in key respects on secrecy. This is obvious with anonymity but is also the case with digital micro-targeting which, if carried out to the granular level of targeting specific individuals, constitutes 'dark' advertising; that is, only known between the creator and distributors of the advertising, on one hand, and the individual recipient, on the other. Amongst the 'opaque forces' affecting political freedom in the digital age is the often impenetrable use of 'big data', as illustrated by Cambridge Analytica's activities in United Kingdom's 'Brexit' referendum.

Neither is digital campaigning the sole or dominant preserve of oppositional movements (including those campaigning against corruption). It can 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 subject to digital attacks, including the use of 'bots' and trolls, which appear to have been orchestrated by elements within the Indonesian government. The COVID-19 pandemic has, in fact, worsened the situation by providing a convenient excuse for suppressing digital speech, with some governments targeting online dissent on the pretext of combatting 'fake news' concerning the virus (what the World Health Organisation has characterised as an 'infodemic'). In this disturbing way, the pandemic operates 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 for this paper, digital campaigning is easily deployed by those with a greater amount of funding. This arises from the fact that digital campaigning is not only 'organic' (free content) but also paid. Paid digital campaigning can enhance the scope and effectiveness of campaigning in various ways. For example, data-driven strategies such as those used by Cambridge Analytica (access, collection, analytics, algorithms, targeting), as well as paid advertising (including micro-targeting). There is also the dramatic increase in the use of 'cyber troops' (defined as 'government, military, or political party teams committed to manipulating public opinion over social media'), with the figures expanding from 28 countries in 2017, to 48 countries in 2018, and 70 countries in 2019. The use of 'cyber-troops' was evident in both the 2019 Indonesian Presidential Elections and the 2018 Malaysian General Elections.

In all of this, the boundaries between paid and organic digital campaigning are blurred. Often paid digital campaigning is directed at eliciting organic campaigning. And it can sometimes do so by masquerading as organic campaigning. Take, for instance, the (paid) use of social media

influencers such as 'buzzers' in Indonesia. Their effective use will largely depend on others perceiving that the opinions of the influencers are genuinely held and not the result of financial inducement.

This takes us to the increasing role of a digital campaigning industry that is, in some respects, transnational. For instance, one of the companies at the heart of the Cambridge Analytica controversy, SCL Elections, has campaigned in elections for prime ministers and presidents since 1994 (including through use of social media), in at least 28 countries (Australia; Brazil; Czech Republic; England; 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). A more recent example is furnished 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 so-called 'bad boys of Brexit') provided (paid) support to Winston Peters and his party, New Zealand First.

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

It should, of course, be emphasised that an added advantage in campaigning resources, including digital campaigning, does not necessarily mean that campaign objectives will be achieved or that electoral success is secured. The contrasting outcomes of the heavy spending by mining billionaire Clive Palmer in the Australian 2019 federal and 2020 Queensland elections illustrates 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, his spending, still larger than that of the major parties combined, failed to secure 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 of Barisan Nasional parties accessing and using personal data collected by government agencies for their election campaigns. The COVID-19 pandemic may exacerbate the risk of such abuse by increasing the legitimacy of governments gathering and using the personal data of their citizens to contain the spread of the virus, notably through health surveillance such as contact-tracing; 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 upon particular national contexts with a complex range of factors present - technological changes will interact with political and social dynamics, as well as the COVID-19 pandemic. It is therefore wise to avoid technological determinism, either of the utopian kind (digital campaigning will address problems of political finance), or of the dystopian genre (digital campaigning will worsen the problems of political finance).

A crucial element shaping the impact of digital campaigning on the problems of political finance will be regulation. Effective regulation, both in design and implementation, can steer digital campaigning in the direction of enhancing the integrity of political finance. Arguably, the COVID-19 pandemic makes such regulation more important, as there is greater incentive for business to influence politics, given that many governments around the world are engaging in large-scale economic stimulus measures.

A number of useful documents, whilst not dedicated exclusively to political finance, provide guidance on this topic including:

- Council of Europe, *Study on the use of internet in electoral campaigns* (2017);
- United Kingdom House of Commons Digital, Culture, Media and Sport Committee, *Disinformation and 'fake news': Final Report* (2018);
- United Kingdom Electoral Commission, *Digital campaigning: Increasing transparency for voters* (2018);
- *European Union Code of Practice on Disinformation* (2018);
- *Joint Declaration on Freedom of Expression and Elections in the Digital Age* (30 April 2020); and
- The Report of the Kofi Annan Commission on Elections and Democracy in the Digital Age, *Protecting Electoral Integrity in the Digital Age* (2020).

Six regulatory principles are worth highlighting from these sources:

1) *Media-neutrality:* The scope of regulation should extend to digital campaigning and generally should not be restricted to particular media;
2) *Transparency:* An agenda of 'radical transparency', as advocated by the UN Special Rapporteur on the promotion and protection of the right to freedom of opinion and expression, should be implemented (including digital imprints of advertising; register of political advertising; details of spending on digital campaigning);
3) *Limits on spending:* The recommendation from 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 also of measures to 'restore the human scale' (e.g. by limiting the use of personal data);

4) *Controls on the use of government digital resources for election campaigns:* These 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:* This should occur through an oversight eco-system comprising of independent and professional electoral commissions; anti-corruption agencies; inter-agency collaboration; courts; and by political parties and civil society organisations.

6) *Regular and frequent information-sharing and review*: This is particularly vital given that we are in the midst of an 'acceleration moment' in technology which 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'.