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Reading the Fine Print? An Experimental Test of Campaign Finance Reforms

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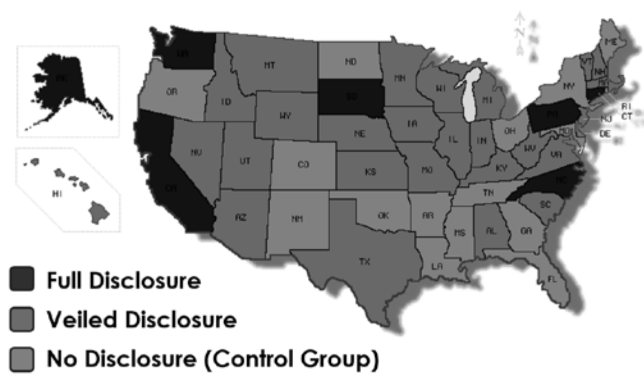
There is an expectation among practitioners that advertising disclosures work to inform voters about who is speaking and, thus, whether they should trust the information in the advertisement. However, current disclosure regulations like McCain-Feingold may not perform as reformers expect. Using randomized experiments, I vary the campaign finance disclosure within ballot initiative advertisements to see how these disclosures affect respondents' issue preferences. Without exception, I find that the most common form of campaign finance disclosure allows unknown political actors (e.g. Citizens United, Swift Boat Veterans for Truth) to be as persuasive as well-known credible interest groups. I discuss the results from my studies and the future of campaign finance reform.

Efforts to solve the problem of money in politics have been hobbled by court rulings that protect campaign contributions as a form of 1st Amendment speech. As a result, we have witnessed a rise of new rules, such as 2002's Bipartisan Campaign Reform Act (aka "McCain-Feingold") and numerous state reforms, aimed at stemming influence and increasing transparency of campaign finance. While many recognize the *Citizens United* case as the decision authorizing unlimited giving to super-PACs, the case upheld text disclosures within all campaign advertisements. The court wrote that it seemed groups were hiding behind "dubious sounding names." This concern is not misplaced and is an acknowledgement that some disclosure institutions allow for more deceptive campaigning. Ultimately, whether groups are hiding, and to what effect, are academic questions with implications for campaign finance reform policy. To answer this question I created randomized experiments to test the variation in state laws regulating political advertising disclosures.

Key Points:

- ✦In most cases, there was no difference between an advertisement without disclosure and one with the Veiled "McCain-Feingold" standard.
- ✦Individual's ability to recall the sponsor is unchanged whether the disclosure is shown in the first five seconds or during the final five seconds of an advertisement.
- ✦Veiled disclosure regulations create opportunity for voter deception, I find that voters can be deceived by campaign names like "Citizens for Safety".

Variation in Campaign Finance Disclosure Laws by State



Implications for Policy

In general, unknown interest groups are evaluated as credible and individuals responded by accepting their advice. When an ad is sponsored by a non-credible interest group a significant number of individuals rejected the argument. This result suggests that veiled disclosures increase the persuasive power of non-credible speakers. Under conditions where voters' are less informed, disclosure of the major donors to a campaign can help individuals to make better decisions.