IMPACT OF CAMPAIGN SPENDING AND 20TH NATIONAL ASSEMBLY ELECTION IN KOREA

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This article starts with the limits of existing literatures on campaign funds. They include three categories; Personal asset, Campaign contributions, and Party subsidy. The empirical results of this paper reveal that influence of campaign fund is highly favorable to challengers than incumbents, which is opposite to conventional arguments. In other words, the more campaign contributions and party subsidies, the more challengers have chance to win. Such finding suggests sub-group detailed research be conducted for the future research.

Keywords: campaign spending, campaign contribution, jacobson effect

I. INTRODUCTION

Recent studies on election tend to focus factors that influences on candidate's chance of winning an election. Such researches tend to mention that candidate's area of affiliation, incumbency, and ideological tendency. Yet out of such factors, there is one factor, where no consensus has been reached that is campaign cost.

Most of studies tends to reach agreements that the capacity on mobilizing campaign fund, does have significant effects on election; Yet on the matters of direct influences of campaign fund, opinions tend to vary.

Researches upon campaign fund's influence are largely indicates two tendencies, first on whether campaign finance works better for incumbent or opposition challenger, second analyze influences between polling rate of candidate and campaign funds.

According to researches on impact of campaign finance towards candidate argues that amongst all campaign funds, funds that are utilized by non-incumbent candidate tends to show positive effects for candidate to win(Abramowitz 1988, 1991; Gierzynski and Breauz 1991; Jaconbson 1980, 1990, 2006;). Such result is since more campaign costs means increased possibility for non-incumbent candidates to increase contact with more electorates, and thereby increase its chance of win through gaining more recognition, whereas for incumbent, campaign costs have effects, since its activities during active service period increases recognition for in-office candidate, and thereby spending more funds has less validation for incumbent than challenger.

There are researches, which refutes ideas of Jacobson and Abramowitz which posits campaign funds only have influences upon challengers, also does exist as

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well. These sorts of papers argue that the quality of non-incumbent candidate does have an impact on campaign funds, and this influences on incumbent as well, and therefore impact of campaign funds does appear both non-incumbent as well as incumbent candidate. (Ansolabehere and Gerber 1994; Gerber 1998; Green and Krasno 1990). Particularly Gerber refutes that Jacobson's arguments begins from its own methodological errors and thereby campaign finance's impact could exist in both incumbent and challenger.

A side from how campaign finance works for both incumbent and challenger, there is a research case based on correlations between candidate's gained votes and campaign funds. (Cox and Thies 2000, Holbrook and Weinschenk 2014).Such researches are useful as a result to find out conditions where campaign funds influence on votes.

Even though there are various researches, discussions about campaign funds in abroad, whereas in Korea, researches about campaign funds are limited to, implications of political fund law normative proposals relation to it, and how political funds influence upon election results (Kim 2004; Kim and Jung 2016; Moon 2006; Eom 2011; Lim 2010; Jung, Kim ,Kim 2013).

This type of researchers' arguments is limited to normative suggestions, and there is a need for detailed analysis on under what conditions, how campaign funds become effective to election results.

Therefore, what this researchers' lack is what this paper would look at, how campaign funds influences are conceptualized, under which specific conditions. For the research, this paper has built the data based on 'Political funds income, expense report' from all candidates who has contested for 20th National assembly election of Korea in 2016.

While existing researches provide one dimensional analysis by defining campaign funds as independent variables, and number of votes, elections results as dependent variables, this paper differs from such prevalent trends, by providing analysis based on detailed classifications of conditions where such influences occurred. Also, existing literatures only used elected candidates as analysis object, this research attempts a difference from those literatures by utilizing all candidates in the 20th national assembly election who were registered in National Election commission's register, thereby providing research implications through thorough analysis to all registered candidates.

This paper is consisted by four chapters, the chapter 2 will introduce what constitutes political funds, and significance of campaign finance in election through providing a general data from 20th National assembly election.

The Chapter 3 would conduct analysis based on a data being mentioned above, defining collected fund amounts as independent variables, and status of being elected or not as dependent variable. The paper would conclude with summary of

overall contents of this research, and discuss future directions of further required researches in the future.

II. RESEARCH DESIGN

A. Campaign Funds

The Key subject for this research is campaign fund, particularly personal asset, campaign contribution and political party subsidy, its compositions are indicated in Figure 1. Definitions about campaign finance are indicated in article 119 of Public Official Election act. It defines campaign finance as "all materials, money, debts, all other values could be an asset which will be expensed by concerned candidates"[1].

Figure 1:   Compositions of Campaign funds

Also, Campaign contribution is defined as monetary, securities, all other material contributions from individuals who has an intention to sponsor politician's support organization, and donated contributions are will be handed over to candidate through registered supporters associations.[2] Such systems are devised to prevent corruptions which could occur in case of direct contributions to create fair electoral competition structure.

B. Hypothesis and Data

Purpose of this paper is to determine factors that influenced upon candidates winning chances. The paper aims to verify especially probability of win an election through detailed usage of expenditure items of campaign expenses by each candidate. To do this a set of hypotheses has been enlisted.

- **Hypothesis 1**: More campaign money means more chance to win for a candidate.
- **Hypothesis 2:** Effectiveness of usage of personal assets could be more effective to incumbent candidate than a challenger.
- **Hypothesis 3**: Effectiveness of campaign contributions from supporter organizations are likely to be positive towards incumbent than non-incumbent.
- **Hypothesis 4:** Influence of party subsidy could be more effective to incumbent rather than non-incumbent.

Hypothesis 1 is based on Korean cases which lacks empirical research, it is a hypothesis to verify whether more money brings positive influences on election results. hypothesis2, hypothesis3, and hypothesis4 has been set to verify whether Jacobson effect is applicable within Korean case, through verification this research aims to determine limits of existing literatures analysis between campaign cost and winning chances., as well as to provide new analysis ground by detailing expenditure items under three sub-categories of 'personal asset', 'campaign contribution', and 'Party subsidy'.

C. Dependent variables

Dependent variable for this research is whether a candidate has won or not, for analysis, winning candidate has been coded as "1", and lost candidate has been coded as "0". The number candidates who actually has participated for the 20th national assembly election was 1,096, the number of candidate, which this research included for analysis is 938. Among these 938 candidates, independent or those who comes from parties which held no seats during previous national assembly's session was 134, and 3 candidates who has been elected based on single candidate agreement, or return without vote cases has been coded as missing value. These types of candidates were also used in this analysis.

D. Independent variables

Independent variables for this research used factors that previous literatures argued for to make candidate to be elected. First, party factors, vote of candidates' party in its own electorate district. Kostroski measured party support within a specific area to analyze correlations between party support and probability of win. (Kostroski 1973). The result was, if there is a more support to candidate's party, it has positive impact for candidates from support party to win an election, also such variables impact has been reaffirmed by research of Jacobson, Green and Krasno. Therefore in this research, as previous researches have indicated, party support has been utilized as independent variables.

Second, for Candidate factors, usage of personal assets, whether candidate is incumbent or not, usage of campaign contribution has been utilized. To measure incumbency of candidate, whether candidate who decided run for 20th assembly election was also a member of nation assembly for previous session of national assembly has been considered and being used as variable.

In case of seniority, candidate's political quality has been determined by Green and Krasno as key factors of win an election. The political quality in this context in general, includes candidate's previous experience of being an elected member, therefore as a factor to indicate political quality of a candidate, seniority has been used as independent variable.

Also on usage of personal asset, campaign contribution and party subsidy, the accounting expenditure factors, has been gathered from each candidate's declared campaign finance expenditure reports has been used, and based on this report. Natural logarithms have been extracted and being used for this analysis.

III. EMPIRICAL ANALYSIS

Before proceeding a key analysis, this paper would like to examine whether candidate has won or not by usage of campaign contributions. As indicated by Table 2 whether candidate have used campaign contributions or not determined win or loss of election for a candidate. Among elected candidates, those who used campaign contribution was 244 candidates, and those who did not was 9 candidates, what is certain from this figure is that campaign contribution makes huge difference for candidate's chance to win up to 27times.

TABLE 1: ANALYSIS ON ELECTION RESULT AND USAGE OF CAMPAIGN
CONTRIBUTION

	Loss	*Win*	*Total (n)*
Campaign contribution X	139	9	148
	20.29%	3.56%	15.78%
Campaign contribution O	546	244	790
	79.71%	96.44%	82.30%
Total	685	253	938
	100%	100%	100%
Pearson chi2 = 38.94 / p=0.000			

If campaign contributions indicate such strong effects, if combining of both personal assets, and campaign contributions, how does influence occur with what characteristics?

To do this, candidates were categorized into two groups 'incumbent', 'non-incumbent' to compare differences. According to existing literatures, due to so called 'Incumbency advantage', there is a high chance for incumbent candidate to

win an election, thereby it is anticipated that an impact of campaign funds would differ by status of candidate, also campaign contributions, therefore it is anticipated that between incumbent and non-incumbent there would be certain differences in chance of win an election, determined by usage of campaign contributions and personal assets. (Gerber 1998; Green and Krasno 1990; Jacobson 1990).

TABLE 2: T-TEST RESULT OF CAMPAIGN FUND CATEGORIES BY
CANDIDATE TYPE

	Index	Mean	t-value	P-value
Personal asset	Challenger	18.10	4.14	p<0.00
	Incumbent	17.57		
Campaign contribution	Challenger	16.86	-14.41	p<0.00
	Incumbent	18.46		
Party subsidy	Challenger	16.38	8.65	p<0.00
	Incumbent	15.36		
Total Campaign Spending	Challenger	51.57	0.73	p=0.46
	Incumbent	51.40		

Facts that needs to be addressed from table 2 is that for the 20th national assembly election, there is a clear difference in usage of expenditure within different categories of campaign funds. Such results would not occur if analysis were conducted without categorizing type of campaign funds in detail.

This research used logistic regression, to analyze how usage of campaign funds influence upon chance of win an election, to conduct analysis, the campaign funds were divided into three sub-groups of personal asset, campaign contribution, party subsidy.

As results indicated by Model 1 to 3 of Table 3, there is a more chance for challengers to win than that of incumbent, also if an area where a candidate stood for an election votes more for candidate's party, chances for candidate to win also increases as well. Furthermore, if candidate used more of campaign contribution, there is a clear chance for such candidates to win an election.

On the other hand the result of Model 4 has been conducted to see effect of how all three sub-groups of fund, effects upon incumbency of candidate. The result was that if an incumbent candidate uses more of campaign contribution, party subsidy, winning possibility for incumbent decreases.

In other words, in case of challengers, by utilizing more of party subsidy and campaign contributions, winning chance tends to increase for challengers. Such result is an opposite to recent trends of other literatures which doubted impact of "Jacobson effect", also this result can be regarded as unseen effects of existing researches ,which analyzed campaign funds as whole without establishing sub-divisions.

TABLE 3: LOGISTIC REGRESSION RESULT, BASED ON USAGE OF
CAMPAIGN SPENDING

Dependent Variable: Whether winning *an election or not*	*(1)* Model	*(2)* Model	*(3)* Model	*(4)* Model
PARTY (Base: The People's Party)	0	0	0	0
Saenuri Party	0.11	-0.87	-0.41	-0.98*
	(-0.42)	(-0.48)	(-0.45)	(-0.49)
The Minjoo Party	2.60***	1.62***	1.49**	1.22*
	(-0.43)	(-0.48)	(-0.50)	(-0.51)
REGION (Base: Seoul metropolitan)				
Yeongnam	-0.80*	-0.41	-0.66	-0.40
	(-0.37)	(-0.41)	(-0.39)	(-0.42)
Honam	-1.42**	-1.35**	-1.51**	-1.43**
	(-0.48)	(-0.49)	(-0.48)	(-0.50)
Chungcheong	-0.27	-0.18	-0.50	-0.32
	(-0.36)	(-0.39)	(-0.38)	(-0.40)
SENIORITY	0.32*	0.12	0.24	0.13
	(-0.14)	(-0.14)	(-0.14)	(-0.14)
AGE EFFECT	-1.24	-1.28	-1.19	-1.27
	(-1.09)	(-1.13)	(-1.11)	(-1.14)
PARTY VOTE SHARE	19.13***	16.26***	15.66***	14.75***
	(-2.86)	(-2.97)	(-2.86)	(-2.96)
INCUMBENT EFFECT (Base: Challenger)	1.30***	0.99**	54.18***	46.66***
	(-0.33)	(-0.35)	(-10.63)	(-13.72)
Personal asset		-0.06		0.41
		(-0.13)		(-0.32)
Campaign contribution		1.05***		1.49***
		(-0.20)		(-0.27)
Party subsidy		0.05		0.35*
		(-0.08)		(-0.16)
Total Campaign Spending	0.09		0.78***	
	(-0.05)		(-0.16)	
Personal asset * Incumbent effect				-0.73
				(-0.40)
Campaign contribution * Incumbent effect				-1.30**
				(-0.43)
Party subsidy * Incumbent effect				-0.54*
				(-0.21)
Total Campaign Spending * Incumbent effect			-1.00***	
			(-0.20)	
Constant	-12.44***	-24.44***	-47.34***	-45.44***
	-2.87	-4.93	-8.54	-9.73
Observations	516	516	516	516
Pseudo R-squared	0.31	0.38	0.37	0.40
log-likelihood	-232.30	-210.10	-213.30	-201.90

Standard errors in parentheses*** p<0.001, ** p<0.01, * p<0.05

As Figure 3, Figure 4 indicates, for non-incumbent candidates, as campaign contribution expenditure increases, so does winning possibility, such changes in winning possibility increased up to 70%, also more party subsidy expenditure indicated similar effects, yet in case of candidate's personal asset, as Figure 2's result indicated, there was not much of significant differences in terms of changing winning possibility.

What shall be emphasized at this point is the difference in results between this literature and previous literatures of this kind. As mentioned before, if analysis was conducted as in Model 2 of Table 3, where compositions of campaign money was treated in a comprehensive manner, there could be a misunderstanding results where existing literatures argument of more campaign contribution expenditure means more favorable results for incumbent candidate. But with the ways of Model 4 of Table 3, and Figure 2, Figure 3, and Figure 4; by dividing campaign fund's each composition factors into incumbent and non-incumbent, and testing which side has more positive effects, the result can differ from existing literatures, through this experiment, the limits of previous researches which doubted effects of 'Jacobson effect' has been reaffirmed, and established meticulousness of this research.

Then why has such result occurred? Where non-incumbent has more favorable chances than incumbents. In case of campaign contributions, it is already a reflective on support of a candidate, and usage of campaign contribution is highly correlated

Figure2. Effect of Personal asset   Figure3. Effect of Campaign contribution   Figure4. Effect of Party subsidy
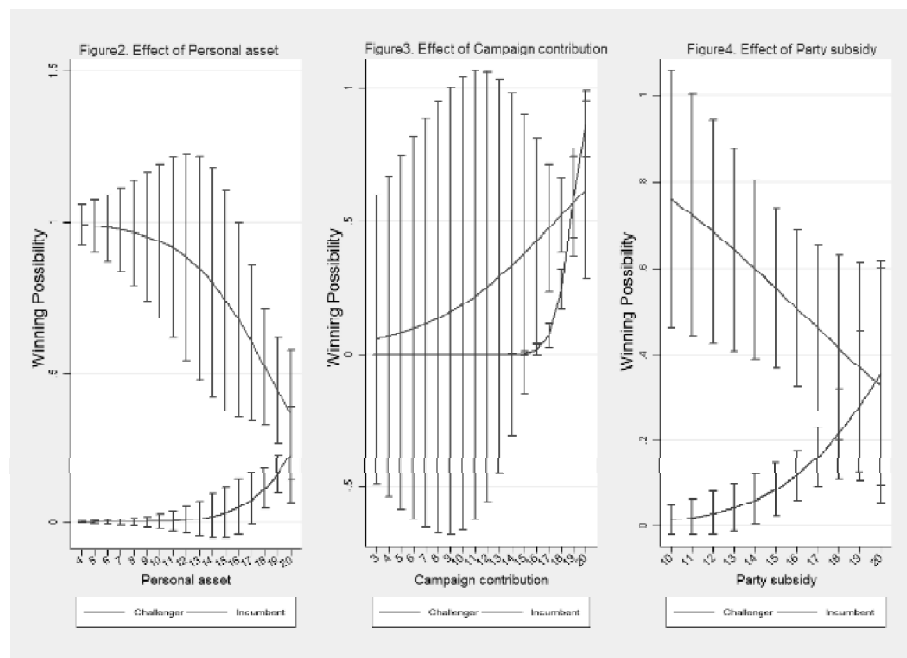
with amount of received donations, what could be argued here is that the amount of received donation reflects voters' support to candidate. Thereby it could be assumed that the candidate who uses more of campaign contribution is likely to have received high amount of donation, because such candidate is already supported by large number of electorates, therefore could overcome obstacles of incumbent candidate.

IV. CONCLUSIONS AND IMPLICATIONS

This research investigated effects of personal assets, campaign contributions and party subsidies on winning chances for candidates in 20th Korean national assembly election of 2016. Consequently, 'Jacobson effect' has been reaffirmed in Korea cases, and challengers has more chance to win than incumbent by usage of campaign contribution, party subsidy. Such results enabled to establish limits of existing literature's argument on effects of campaign funds, and by sub-categorizing campaign funds into three categories, and utilized these categories into analysis, resulted to encouraging discoveries on impacts of campaign contributions, as well as party subsidies.

Of course, such findings were only limited to candidates of 20th national assembly election, and therefore this research's finding cannot be generalized yet. However, what has been cleared through this research is that campaign contributions does matter for winning chances for candidates.

In other words, this research opened possibilities that in terms of research about campaign funds, rather than conducting macroscopic ways of treating election funds as a whole without establishing sub-categories, Sub-group analysis, the microscopic method shall be suggested for future studies about campaign funds.

Notes

1. Public official election act article 119, Paragraph 1.
2. Political Finance Act, Article 3, Paragraph 4, Paragraph 7.

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