American Government

Campaign Finance
Money in Congressional Elections

• The Cost of U.S. House Seat
  – $1 million for incumbents (4x as much as average challenger)
  – $1.2 million in open seat elections

• The Cost of a U.S. Senate Seat
  – $8 million
What does Money Buy...

• For challengers?
  – name recognition

• For incumbents?
  – ward off potential challenges
  – maintain on-going campaign organizations

• Money has a greater marginal effect on the number of votes a challenger gets...
The Effects of Money on Outcomes

- Challengers begin with less money and less committed votes.
- Incumbents begin with more money and votes.
- On average, the return from each dollar for a challenger is better than for an incumbent.
Money in Presidential Elections

• Spending in 2004 election:
  – Bush: $345 million
  – Kerry: $310 million

• Total raised so far by presidential candidates for 2008 election: $420 million (and the election is still a year away!!)

Campaign Finance Law

• $ in federal elections is policed by the Federal Elections Commission (created in 1974)

• Originally intended to do two things:
  – Reduce the importance of personal wealth and incumbency
  – Shift influence from the rich and corporate interests to the citizenry

• Types of regulations:
  – Reporting requirements
  – Contributions limits
    • See: http://www.opensecrets.org/basics/law/index.asp
Why FEC has failed to achieve its goals

• *Buckley v. Valeo* (1976)
  – struck down limits on what a person may spend on their own campaign
  – *Money = Speech*

• Loopholes in the law
  – Soft money
  – PACs
Recent Reforms

• Bipartisan Campaign Reform Act of 2002
  – Banned use of soft money
  – Raised limits for hard money
    • Individual: $2000 primary, $2000 general, per candidate
    • Organization (PAC): $5000 primary, $5000 general per candidate
Impact of BCRA

• Rise of new independent, but Democratic leaning groups: 527s (named after a provision of the tax code)
  – www.moveon.org
  – www.pfaw.org

• 527s don’t directly campaign for candidates, but they do things like:
  – Voter mobilization
  – Issue advocacy

• In 2006 elections, these groups spent $428 million!!!
527s: The Constitutional Question

• Independent spending
  – 527s don’t make contributions to candidates
  – 527s don’t sell access to candidates

• Is it constitutional to limit independent spending?
Campaign Finance Reform Proposals

• Let’s assume we would like to:
  – Reduce the importance of personal wealth and incumbency
  – Shift influence from the rich and corporate interests to the citizenry

• Come up with 1 reform proposal—explain what your proposal is how it will achieve these goals. Identify any potential drawbacks.

• Be creative—For inspiration, check out your POV reading:
  – Patriot Dollar Plan
  – Secret Donation Plan