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2008

Campaign Finance, Politics of

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THE POLITICS OF campaign finance in the United States and beyond showcases the tension between the two most important values in liberal democracies: liberty and equality. For those who prize untrammeled freedom of expression, there should be no constraints upon campaign contributions or expenditure. For those who value full equality, the capacity of large-scale donors to finance campaigns and out-spend opponents must be regulated so that political choice is not dominated by economic wealth. Most political systems have established regulatory regimes that attempt to balance freedom and equality in the pursuit of campaign justice. Those who are currently promoting greater equality, and those who favor greater freedom, are building upon well-established ideological principles.

Political organizations and political campaigns require large-scale financial resources in order to succeed. Party organizations need to be staffed, accommodated, and equipped. In a political campaign, the costs of advertising, marketing, events, tours, and related activities have become enormous. Political friends need to be rewarded and activated, enemies must be targeted, and the neutrals must be persuaded. Each of these activities costs money. In the American federal election of 2004, the presidential candidates combined spent over $800 million, while congressional candidates spent in excess of $1.5 billion.

LIBERTY AND EQUALITY
States in the modern world have emerged in market economies. Market economies are arenas where there is freedom of production and exchange, and in which distribution is ideally based upon the automatic balancing of supply and demand. If the central task of the state is to maintain order, the central task of markets is to promote the most adequate networks of exchange through freedom of accumulation. In liberal democratic states, the government that governs least is said to govern best. The state ensures that order is maintained, and intervenes in civil society only to the limited extent of enforcing contracts.

The growth of mass democracy has modified this **laissez-faire** conception of the state. Since the onset of the universal adult franchise, toward the end of the 19th century, voters have demanded that their states become more interventionist in order to positively promote social equality. In so doing, they have added to the state's role of maintaining order and stability, the role of promoting the good society. The instruments chosen to promote such goals have included laws and regulations that promote forms of equality: both equality of opportunity, and equality of condition or outcome. In so doing, they necessarily place restrictions on certain liberties.

GREATER EQUALITY IN FINANCING
Those who support greater equality in campaign financing are concerned with the power of large-scale donations and unlimited spending to distort the campaign process. Supporters of greater equality make reference to the consequences of inadequate regulation in scandals such as Watergate, in which unacknowledged millions of dollars were raised and then spent clandestinely in 1972 by the Nixon Campaign to Re-Elect the President. Other scandals include questionable donations received by the Clinton presidential campaign in 1996, and the soft political money associated with the Enron scandal in 2001.

A fundamental concern among proponents of greater equality is that federal elections have come to be dominated by individuals, and organizations, such as Political Action Committees (PACs) which give disproportionate amounts of money to the incumbents. Not only does this strongly limit the chances of non-incumbents to get elected, regardless of their merits as candidates, but it also promotes the narrow politics of private advantage over the promotion of a broad public good. Moneyed supporters are focused on the financial advantages of having their candidate win, rather than the general promotion of a set of political ideals.
Supporters of equality fear that unlimited contributions and campaign spending will result in economic power dominating the political scene as the favored constituency of congresspersons and the president ceases to be the district or the party and becomes instead those who donate, and among them, specifically the large donors. Even if there is no direct contention that money buys votes, it may influence committee voting and deal-making in the legislatures. Lobbyists who command large resources can shape the emergence or disappearance of initiatives, the tone of legislation, and most importantly, can gain access to key decision-makers. In so doing, they enhance their opportunities to be heard, to persuade, and to shape the worldview of the legislator. The sheer existence of ranks of large donors and their lobbyists creates a climate in which there is greater support among elected representatives for the existing economic system, regulatory structure, and distribution of wealth, and a resistance to further reform.

While the McCain-Feingold Act is known as the Bipartisan Campaign Reform Act, (BCRA) (2002), it was predominantly supported by Democrats. In practice, around 80 percent of Republican senators and congressmen voted against it, while more than 90 percent of their Democratic colleagues voted in support. Despite this, those promoting equality at the federal level want to go further than the BCRA by strengthening the Federal Elections Commission (FEC) and rendering it less partisan. They hope to grant the FEC greater resources to do its job by giving it more teeth to enforce compliance and to conduct random audits. Equality seekers want to see more done to promote a greater number of small contributors, perhaps through tax breaks. They support the enhancement of the range of free or subsidized public funds and subsidies for candidates and parties, as well as legislated free or reduced-cost broadcasting time for candidates willing to agree to spending limits. Equality supporters promote more public affairs programming.

GREATER FREEDOM IN FINANCING
Those who support greater freedom argue that space and time in the media cost money and so attempts to restrict campaign financing limit free speech. They reason that limiting fundraising and campaign spending actually gives an advantage, both to those who already have a great deal of personal wealth, and to those with incumbency. Some even draw analogies between campaign and war and the state, that to be left penniless is to be left defenseless. Supporters of greater freedom make reference to the powerful ethic of freedom of expression contained in the First Amendment.

Those supporting free expression regard campaign contributions and expenditures as forms of political speech. The Supreme Court's 1976 ruling in Buckley v. Valeo backs this argument. The Supreme Court argued that limiting spending on political communication in a campaign period is unconstitutional because it diminishes the quantity of opportunities for political expression. Media are commercial and indispensable for the dissemination of ideas, and therefore, any restriction on purchasing media space or time is a restriction on freedom of expression.

The political culture of liberal individualism, suspicion of government, and the power of First Amendment rights have prompted many Americans to reject limitations regarding the raising and spending of money. Those who support greater freedom accuse those who wish to restrict money in politics of taking a step toward artificially equalizing political influence, which will result in the confiscation of wealth. In other words, there is an inherent anti-American, anti-freedom and arguably socialist element inherent in the ambitions of campaign finance reformers. Those who support greater freedom promote the American creed, grounded in natural rights, limited government, and individual freedom. Because money is a greater asset of Republicans, then any legislation restricting its use must favor the Democrats, who depend on other sources to support their campaigns, notably people power.

Some advocates simply suggest that all limits currently in place should be repealed and that only full disclosure is needed to remain to allow the political marketplace to regulate itself. Analogous to the "hidden hand" theory of economic market self-regulation, those who wish to remove the state from campaign spending regulation argue that citizens are sufficiently rational and well-informed to make up their own minds regarding who spends how much and to what political ends. Libertarians such as John Samples (2006) support this position of untrammeled freedom.

Most liberal democratic countries employ some measure of disclosure requirements, contribution prohibitions and limits, public subsidies, and expenditure limits. When it comes to the politics of campaign financing, the United States is more egalitarian
than most other countries with respect to disclosure, which must be conducted in real time rather than after the election. The same is true of restrictions and limits on contributions. However, the United States favors freedom more by allowing campaign spending. Other countries have more public money and much more free public broadcast time, evidence of the freedom orientation of the United States in contrast with the equality orientation elsewhere.

SEE ALSO: Campaign Finance, Federal Elections; Campaign Finance, State and Local Elections; Campaign Spending; Fundraising, Federal Campaigns; McCain-Feingold Campaign Finance Reform.


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Campaign Finance, State Elections

The states are often neglected in the study of campaign finance, despite the fact that they oversee the vast majority of American elections. The candidate who raises the most money wins the election most of the time, and when incumbents run, they almost always enjoy a funding advantage. Second, the average cost of a state election varies. For example, California's $300,000 average candidate expenditures for the general assembly election of 2006 dwarf those of even other large states. In New York, for instance, average expenditures were about $75,000, and they were slightly lower than $150,000 in Texas. The norm for most states is well below $50,000, and in smaller ones such as Maine, Wyoming, or North Dakota, the costs are often less than $10,000. The spending gap between states can be explained in part by population differences and the competitiveness of the district. Candidates in more densely populated areas must turn to more expensive campaign methods to get their messages out, and when a race is close, there is a greater impetus to spend. These factors can explain variation within the same state as well, as candidates in different districts can differ considerably in spending depending on the character of the race and the composition of the district. In Texas, for example, four candidates for the state house raised more than $1 million in 2006, while more than 70 spent less than $50,000.

The most important factor in explaining spending variations between states is the wide-ranging spectrum of legislative professionalization. Seats in more professionalized legislatures typically come with higher salaries, more staff, and other perks that make them more prized. Contenders are willing to raise and spend more money to win election to those bodies. In Michigan, for instance, where the legislative base salary is roughly $80,000 a year, a typical 2006 house race cost less than $40,000, while in Montana, the average candidate for the state house spent about $7,000 for a job that pays only $83.67 per session day with no staff assistance.

The cost of gubernatorial contests also varies by state. Candidates for governor often spend several million dollars, or about the same cost as a campaign for U.S. Senate catering to the same statewide constituency. Again, there are large differences in total outlays from one state to another. In the 2006 California gubernatorial election, nearly 30 candidates to spend more than $137 million combined, more than any non-federal race in American history. During the same cycle in Hawaii, 18 candidates spent less than $5 million, and in Maine, 10 contenders spent a combined total of just over $2.5 million. The costs of other statewide races, such as secretaries of state, judicial candidates, or attorneys general, are typically somewhere between the legislative and gubernatorial figures, but rarely come close to the spending levels of the latter.

Despite such wide disparity in average spending, the vast majority of state elections are much less expensive than federal ones. State legislative races are less costly because districts are smaller in population and geographical area than all but the tiniest congressional districts. With fewer voters to reach, candidates for many state legislatures are able to put a personal stamp on their campaign. In federal elections, the price of media advertising is usually a substantial factor in the overall