

Inquiring Minds Topic – 17 July 2015

Moderator: Alan Fiellin

This is a good and fitting time to focus on Campaign finance. The most important part of the “financial stage” of the campaign has already begun — the “pre-primary primary” in which wealthy individuals will be decided on their nominees. Important alliances will be formed, leaving some candidates with millions to spend on TV and radio ads, with others hardly able to pay their staff (think Gingrich/Adelson in 2012). And remember, the election is still more than a year away.

A brief look at the orderly British system with its short campaign and strict financial rules will help put in perspective the salient characteristics of our American system.

Should the U. S. emulate Britain?

Adapting to American style and moderation?

Limit

- personal and corporate campaign contributions?
- campaign expenditures - **with transparency?**
- TV ads - but provide limited free TV and radio ads?
- Length of campaigns — to 1 month, 2 months or the existing 18-24?

Should we have public funding of candidate campaigns? At what level — federal or state?

If we want to adopt any of these measures, **what options are available** and what are the constraints?

Does the U. S. system **create or maintain inequality?**

- *offered by Alan Fiellin for Inquiring Minds discussion*

Campaign finance in the United States [from Wikipedia.org]

"Soft money" redirects here. Soft money may also refer to soft currency or fiat money.

Campaign finance in the United States is the financing of electoral campaigns at the federal, state, and local levels. At the federal level, campaign finance law is enacted by Congress and enforced by the Federal Election Commission (FEC), an independent federal agency. Although most campaign spending is privately financed, public financing is available for qualifying candidates for President of the United States during both the primaries and the general election. Eligibility requirements must be fulfilled to qualify for a government subsidy, and those that do accept government funding are usually subject to spending limits on money.

Races for non-federal offices are governed by state and local law. Over half the states allow some level of corporate and union contributions. Some states have limits on contributions from individuals that are lower than the national limits, while four states (Missouri, Oregon, Utah and Virginia) have no limits at all. This article deals primarily with campaigns for federal office.

Campaign finance numbers

In 2008, candidates for office, political parties, and independent groups spent a total of \$5.3 billion on federal elections. The amount spent on the presidential race alone was \$2.4 billion, and over \$1 billion of that was spent by the campaigns of the two major candidates: Barack Obama spent \$730 million in his election campaign, and John McCain spent \$333 million. The total amount spent by Obama and McCain was a record at the time.

In the 2010 midterm election cycle, candidates for office, political parties, and independent groups spent a total of \$3.6 billion on federal elections. The average winner of a seat in the House of Representatives spent \$1.4 million on his or her campaign. The average winner of a Senate seat spent \$9.8 million.

The money for campaigns for federal office comes from four broad categories of sources: (1) small individual contributors (individuals who contribute \$200 or less), (2) large individual contributors (individuals who contribute more than \$200), (3) political action committees, and (4) self-financing (the candidate's own money). In the 2010 Congressional races, the sources of campaign contributions broke down as follows:

	Small Individual Contributors	Large Individual Contributors	Political Action Committees	Self-Financing	Other
House Democrats	9%	47%	38%	3%	3%
House Republicans	14%	48%	24%	12%	3%
Senate Democrats	12%	53%	15%	12%	8%
Senate Republicans	18%	42%	12%	20%	8%

Sources of campaign funding [\[edit\]](#)

US NEWS – by Gabrielle Levy – 21 January 2015

Five years ago Wednesday, the Supreme Court handed down a decision that dramatically reshaped the business of politics in the U. S.

In its *Citizens United v. Federal Election Commission* decision, the Court opened the campaign spending floodgates. The justices' ruling said political spending is protected under the First Amendment, meaning corporations and unions could spend unlimited amounts of money on political activities, as long as it was done independently of a party or candidate. The result has been a deluge of cash poured into so-called super PACs – particularly single-candidate PACs, or political action committees – which are only nominally independent from the candidates they support. What's more, the legal protections for corporations mean much of this spending, known as "dark money," never has to be publicly disclosed.

Polluted Political Games

By Nicholas Kristof – The New York Times, 28 May 2015

I've admired the Clintons' foundation for years for its fine work on AIDS and global poverty, and I've moderated many panels at the annual Clinton Global Initiative. Yet with each revelation of failed disclosures or the appearance of a conflict of interest from speaking fees of \$500,000 for the former president, I have wondered: *What were they thinking?*

But the problem is not precisely the Clintons. It's our entire disgraceful money-based political system. Look around:

- **Gov. Chris Christie of New Jersey accepted flights and playoff tickets from the Dallas Cowboys owner, Jerry Jones, who has business interests Christie can affect.**
- **Senator Marco Rubio of Florida has received financial assistance from a billionaire, Norman Braman, and has channeled public money to Braman's causes.**
- **Jeb Bush likely has delayed his formal candidacy because then he would have to stop coordinating with his "super PAC" and raising money for it. He is breaching at least the spirit of the law.**

When problems are this widespread, the problem is not crooked individuals but perverse incentives from a rotten structure.

"There is a systemic corruption here," says Sheila Krumholz of the Center for Responsive Politics, which tracks campaign money. "It's kind of baked in."

Most politicians are good people. Then they discover that money is the only fuel that makes the system work and sometimes step into the bog themselves.

Money isn't a new problem, of course. John F. Kennedy was accused of using his father's wealth to buy elections. In response, he joked that he had received the following telegram from his dad: "Don't buy another vote. I won't pay for a landslide!"

Yet Robert Reich, Bill Clinton’s labor secretary and now chairman of the national governing board of Common Cause, a nonpartisan watchdog group, notes that inequality has hugely exacerbated the problem. Billionaires adopt presidential candidates as if they were prize racehorses. Yet for them, it’s only a hobby expense.

For example, Sheldon and Miriam Adelson donated \$92 million to super PACs in the 2012 election cycle; as a share of their net worth, that was equivalent to \$300 from the median American family. So a multibillionaire can influence a national election for the same sacrifice an average family bears in, say, a weekend driving getaway.

Money doesn’t always succeed, of course, and billionaires often end up wasting money on campaigns. According to The San Jose Mercury News, Meg Whitman spent \$43 per vote in her failed campaign for governor of California in 2010, mostly from her own pocket. But Michael Bloomberg won his 2009 re-election campaign for mayor of New York City after, according to the New York Daily News, spending \$185 of his own money per vote.

The real bargain is lobbying — and that’s why corporations spend 13 times as much lobbying as they do contributing to campaigns, by the calculations of Lee Drutman, author of a recent book on lobbying.

The health care industry hires about five times as many lobbyists as there are members of Congress. That’s a shrewd investment. Drug company lobbyists have prevented Medicare from getting bulk discounts, amounting to perhaps \$50 billion a year in extra profits for the sector.

Likewise, lobbying has carved out the egregious carried interest tax loophole, allowing many financiers to pay vastly reduced tax rates. In that respect, money in politics both reflects inequality and amplifies it.

Lobbyists exert influence because they bring a potent combination of expertise and money to the game. They gain access, offer a well-informed take on obscure issues — and, for a member of Congress, you think twice before biting the hand that feeds you.

The Supreme Court is partly to blame for the present money game, for its misguided rulings that struck down limits in campaign spending by corporations and unions and the overall political donation cap for individuals.

Still, President Obama could take one step that would help: an executive order requiring federal contractors to disclose all political contributions.

“President Obama could bring the dark money into the sunlight in time for the 2016 election,” notes Michael Waldman of the Brennan Center for Justice at the New York University School of Law. “It’s the single most tangible thing anyone could do to expose the dark money that is now polluting politics.”

I’ve covered corrupt regimes all over the world, and I find it ineffably sad to come home and behold institutionalized sleaze in the United States.

Reich told me that for meaningful change to arrive, “voters need to reach a point of revulsion.” Hey, folks, that time has come.

A version of this op-ed appears in print on May 28, 2015, on page A25 of the New York edition with the headline: Polluted Political Games.

AN AFFINITY FOR AMERICAN-STYLE POLITICS MEETS TOUGH SPENDING RULES IN BRITAIN

From The New York Times, 4 May 2015

LONDON — When the U.K. Independence Party received a donation of 1 million pounds a few weeks ago — about \$1.5 million — it seemed like a big lift heading into the British general election on Thursday.

But the populist, anti-immigration party then faced an unusual problem: spending its cash.

In a country where television election spots are banned, billboards are booked long before voting day, and other strict laws constrain election spending, that task proved so hard that the party says it is unlikely to use all the money before Britons go to the polls.

Britain is not unusual in running short, relatively inexpensive campaigns. But few nations combine enthusiastic fascination with American-style politics — the governing Conservatives and the opposition Labour Party both hired top advisers to President Obama this election cycle — with campaign finance rules so stringent that they would seem better suited to City Council races in the United States.

Hillary Rodham Clinton is aiming to raise at least \$1 billion for her presidential campaign. Mr. Obama and his opponent in 2012, Mitt Romney, combined to spend nearly \$2 billion. Mr. Obama's campaign spent \$25,000 on flower arrangements months before the general election even got underway; in 2008, his campaign shelled out at least \$140,000 to companies that make American flags.

In Britain, by contrast, each party is limited to spending \$29.5 million in the year before the election. The last time around, in 2010, the Conservatives actually spent about \$25 million, and Labour less than half that. American presidential candidates spent about as much money on raising money in 2012 — around \$37 million, according to the Center for Responsive Politics — as the two main British parties spent on their entire campaigns in 2010.

Reflecting the strict spending limits as well as a parliamentary system in which the outcome of a national election is determined in 650 constituencies, much of the campaigning in Britain remains local, with candidates pounding the streets, knocking on doors, issuing leaflets and sending mail.

Even these expenditures have to be recorded in minute detail and submitted to the election authorities. Spending limits also apply to organizations like charities or unions that want to campaign ahead of elections.

Justin Fisher, a professor of political science at Brunel University London, said the American system was seen in Britain “as the worst of all worlds,” focused on “raising money and not about getting ideas across.”

Oliver Coppard, the Labour Party's candidate in Sheffield Hallam, volunteered in New Hampshire during Mr. Obama's campaign in 2012 and was struck by the resources available to American candidates — down to the number of bumper stickers, balloons and campaign leaflets.

“I was pretty stunned by the number of garden signs and by the sheer volume of adverts on TV,” he said.

A crucial difference with the United States lies in Britain’s ban on advertising on commercial television and radio.

Instead, the parties are given pre-election broadcasts that are screened both on commercial television and by the British Broadcasting Corporation. They are also starting to spend considerable sums on digital advertising as they try to reach voters online and through social media.

Complex rules also govern spending by the parties’ local candidates for the five months before the election. There is a ceiling of about \$60,000, plus an amount calculated according to the number of voters in each region and whether they live in a rural or urban area.

(In the United States last year, the 10 most expensive races for the 435 seats in the House of Representatives each ran up more than \$8 million in total spending, according to the Center for Responsive Politics.)

The election of 1880, Mr. Badcock said, is thought to have cost more than £100 million in 2002 prices, as opposed to the £45.5 million spent by parties and their candidates locally in the weeks immediately before the 2010 British election.

Some of the expenses incurred by 19th-century politicians, such as getting voters to register, have been taken over by the public authorities, he said. But vote-buying was so rife that a law was introduced in 1883 to curb the practice.

Since then, election spending figures have tended to disprove the common belief that there is an inexorable “linear upward path for expenditure,” Mr. Badcock said, adding that politicians “don’t spend money where it is not going to be effective.”

Mr. Fisher of Brunel University said that resources in individual electoral districts were “much better focused” than those devoted to national campaigning, generating “more bang for your buck.”

While digital advertising offers new opportunities, Mr. Fisher said, so far “there is no evidence that it is making a big difference.”

The U.K. Independence Party has spent money on its digital campaign in recent weeks but has few other options for a last-minute spending splurge, particularly since the prime billboard locations are already booked.

“Obviously, we are not complaining,” said Gawain Towler, a senior official in the party. “We are not worried about the thought that we might have a couple of beans left after May 7.”

