

Campaign Finance Rules: The Good, The Bad, & the Ugly

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Topics For Us

- Candidate-Centered campaigns
- Campaign Finance rules, in general
- Newer, recent campaign finance rules
- Differences between REGULATION, REPORTING, & REFORM?

Money & Campaigns

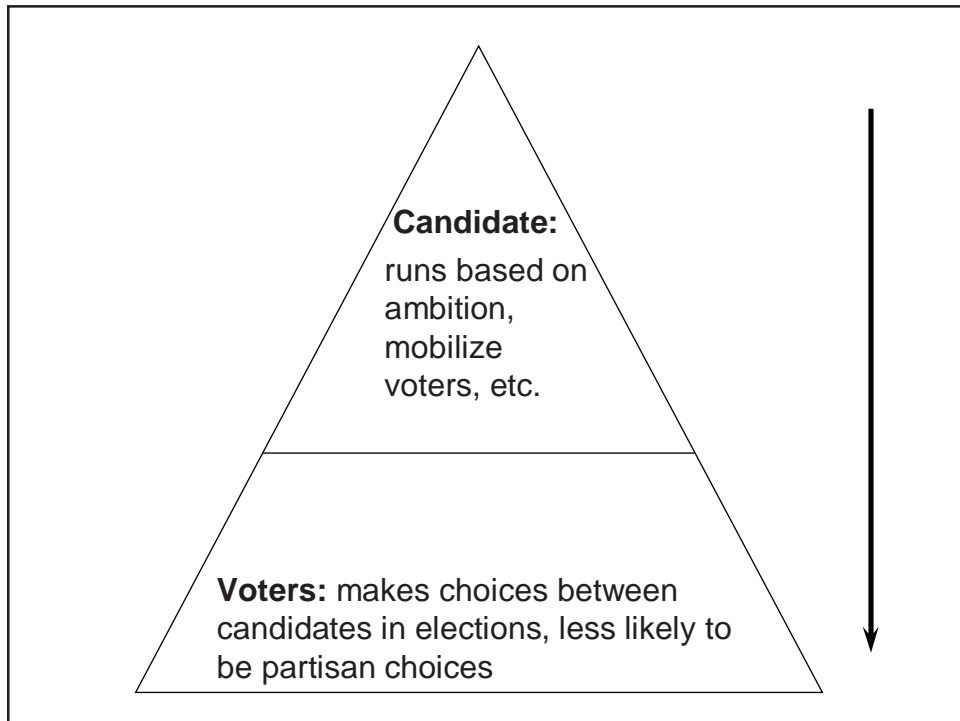
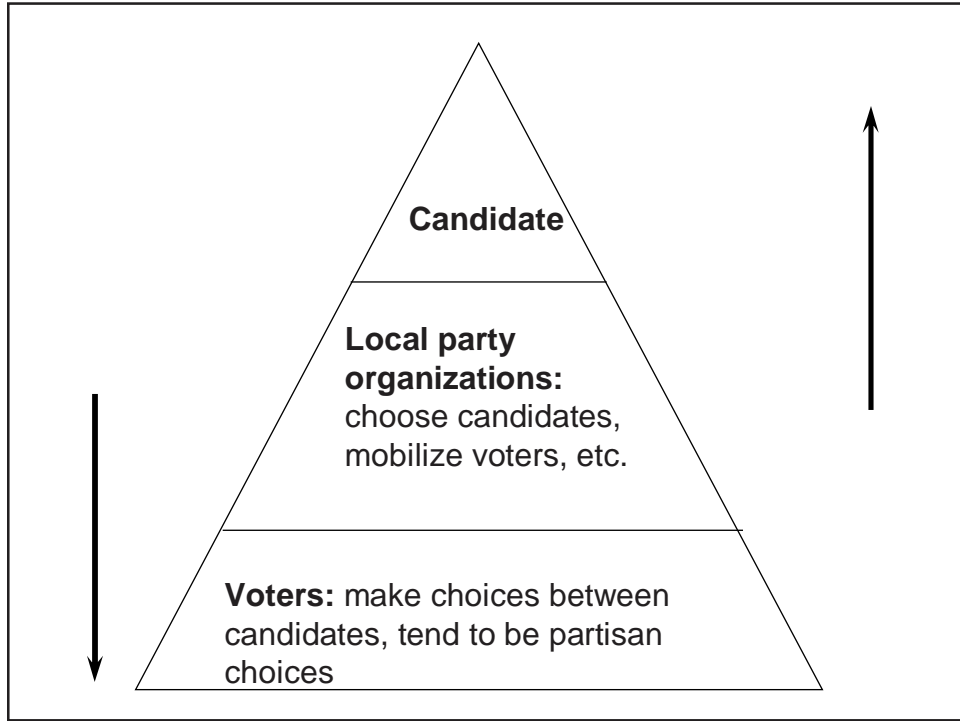
- Important issues
 - How much money is raised?
 - From what sources is money raised?
 - To whom does campaign money go? (why?)
 - Who raises the money?
 - Why is money raised?
 - How is the money spent?
 - What impact does money have on elections?

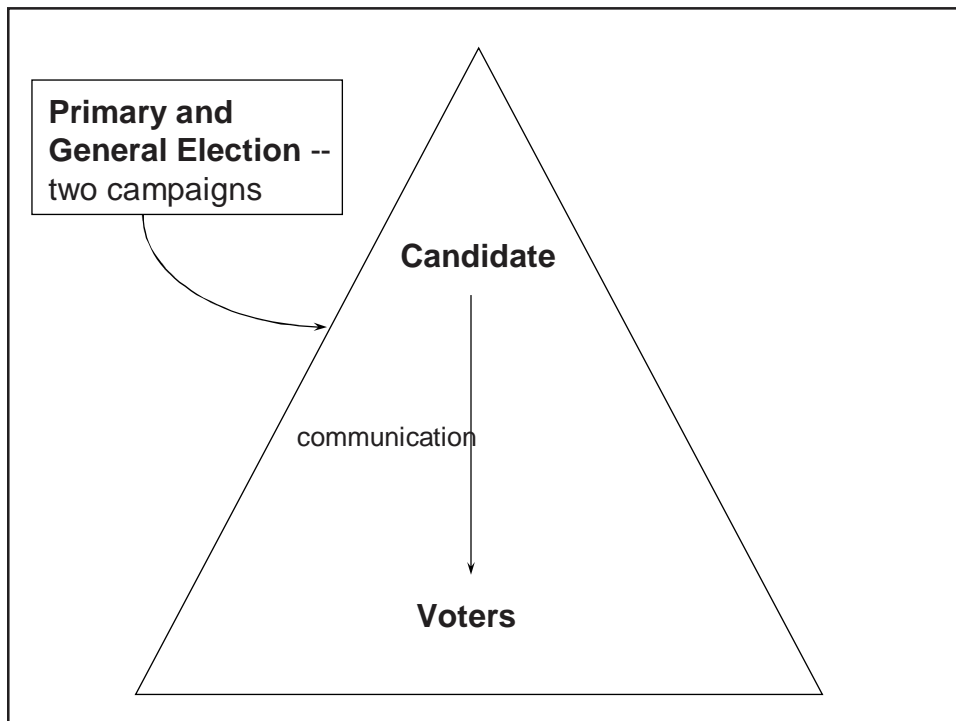
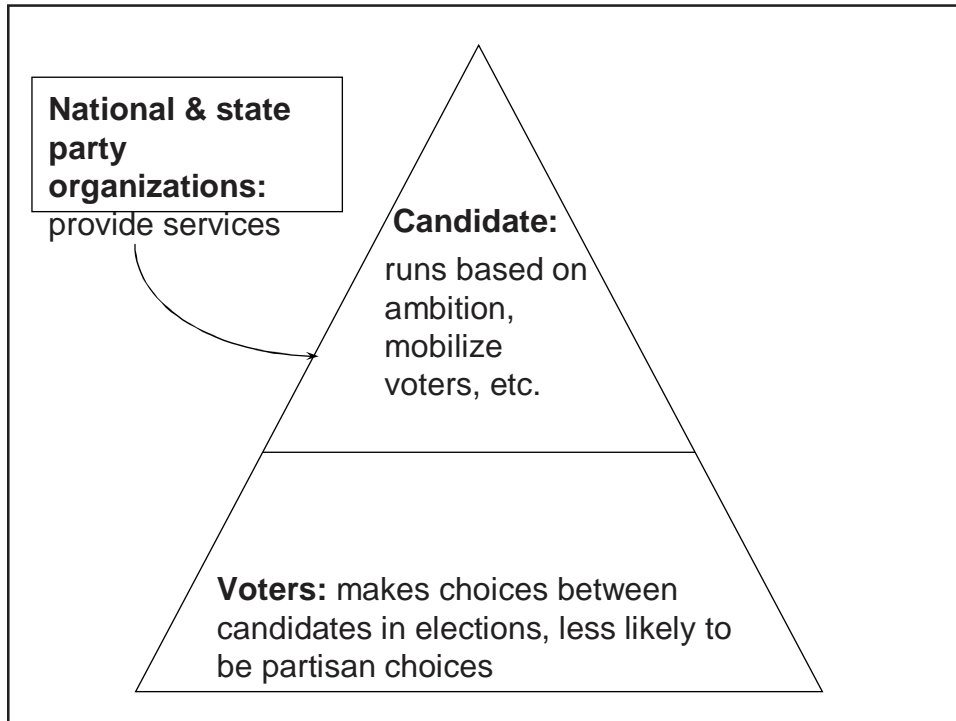
Candidate-Centered Campaigns

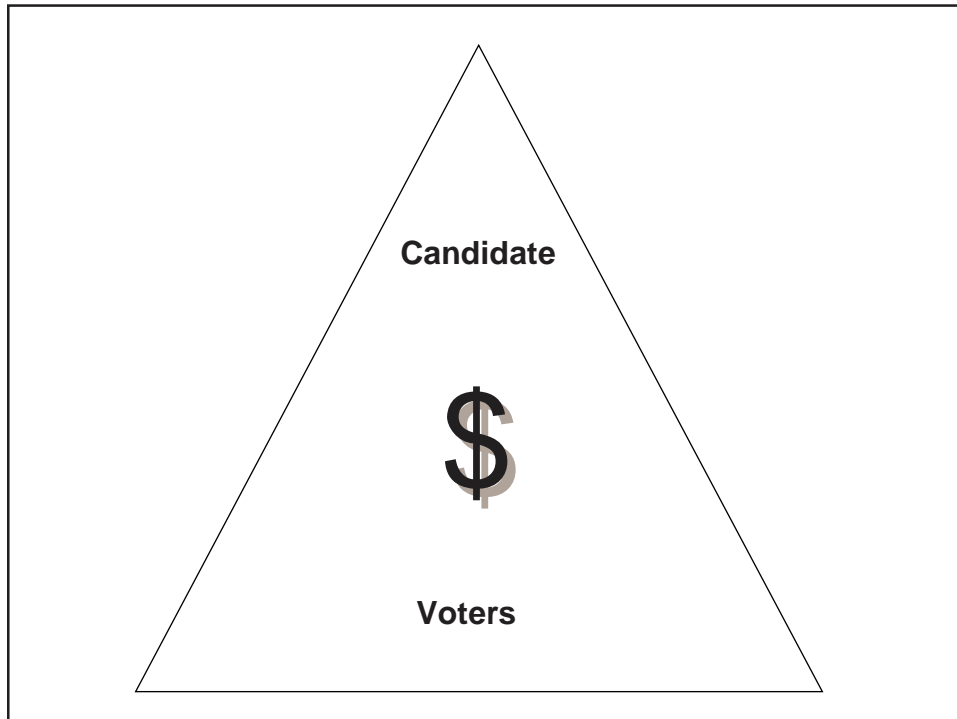
- What is the “candidate-centered” campaign?
- Coined by Martin Wattenberg, UCI, refined to:

“Candidates, not political parties, are the major focus of congressional campaigns, and candidates, not parties, bear the ultimate responsibility for election outcomes.”

Herrnson, *Congressional Elections*, p. 8







Candidate Centered Campaign Ops

- The BIG implications
 - Candidates are now responsible for raising the money, not the parties
 - Campaigns are more expensive now than they used to be
 - Reporting & regulating CF has increased compliance, but paradoxically, campaigns begin earlier than ever and are more costly than ever.
 - Moral: Reform = Backfiring of goals

Campaign Finance Rules

- A little historical context
 - “Fat cats”
 - Examples
 - Professional politics & “marketing” of campaigns & elections

Campaign Finance Rules

- FECA
 - Enacted in 1971
 - Goals
 - Limit impact of large donors, increase that of small donors
 - Improve accountability of campaigns and donors
 - Consequences
 - PACs
 - Procedures for public disclosure
 - Limited personal contributions of candidates

Campaign Finance Rules

- Revenue Act of 1971
- Main goals:
 - Encourage individual political contributions through credits and deductions
 - Create system of public financing
- Consequences
 - Tax check-off
 - Deductible political donations
 - Provision for “matching funds”

Campaign Finance Rules

- FEC Amendments of 1974
- Further goals of 1971
- Consequences
 - Caps on donations
 - Spending limits
 - Subsidizing of nominations, complete funding for general election
 - Limits on independent expenditures
 - Established the FEC

Campaign Finance Rules

- FECA Amendments of 1976
- Consequences
 - Changed reporting requirements
 - “Soft” money provision

Campaign Finance Laws

- Bipartisan Campaign Reform Act of 2002
- Goals
 - Close soft money loophole
 - Address proliferation of “issue ads”
- Consequences
 - National party organizations can only spend hard money
 - State party organizations can only spend hard money on “federal election activities”
 - Only hard money can be spent on ads that refer to a clearly identified candidate
 - Altered contribution limits to parties and candidates

Campaign Finance Rules

- Four types of direct donors
 - Individuals
 - Groups
 - Party organizations
 - Self-donation

Campaign Finance Rules

- Three types of hard money expenditures
 - Direct contributions
 - Coordinated contributions
 - Independent expenditures

Impact of the Rules on the Political Parties

- Contributed to the decline of party-based campaigns
- Made candidates more independent of political parties

Impact of the rules on Pressure / Interest Groups

- Created incentives for MANY groups to become involved in campaign funding
- Altered the strategy of donations by interest groups in election campaigns

Impact of the Rules on Candidates for Office

- Need to spend more time raising money, especially from a broader array of sources
- Gives them more independence from the political party

Other Impacts

- Increased “professionalization” and
- Earlier time periods;
- Increasing role of “small” donors
 - Presidential elections
 - Congressional elections

Loopholes in the System

- State level loopholes;
- Focus on candidate-level regulation;
- Soft money loophole;
- Independent expenditures loophole;
- Services loophole;

Reform?

- *Do we need more reform? Why or why not?*
- *What suggestions would you make?*