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By Jonathan D. Salant

Dec. 26 (Bloomberg) -- Presidential candidates spent \$1.7 billion in the 2008 U.S. election campaign, more than double the amount four years ago, [Federal Election Commission](#) filings show.

President-elect [Barack Obama](#), the first major-party nominee to reject federal funding for the general election, spent \$740.6 million. That eclipsed the combined \$646.7 million that Republican President [George W. Bush](#) and Democratic nominee [John Kerry](#) spent four years earlier.

The FEC filings, covering the campaigns through the end of November, marked the first time that total spending by all presidential candidates surpassed \$1 billion.

“A billion dollars may not go far to bail out Wall Street, but it’s still an enormous sum for a presidential race,” said [Sheila Krumholz](#), executive director of the [Center for Responsive Politics](#), a Washington-based research group.

By contrast, all candidates spent a total of \$820.3 million in 2004 and \$500.9 million in 2000.

Obama’s fundraising was a key to his emergence from the pack in the early primaries. He raised \$24.8 million during the first three months of 2007, leading the field of Democratic hopefuls including New York Senator [Hillary Clinton](#), who took in \$19.1 million.

“His early fundraising, particularly his ability to match Senator Clinton, immediately separated him off into the top tier,” said [Anthony Corrado](#), a professor of government at Colby College in Waterville, Maine.

#### Other Candidates

In any other year, the fundraising by Clinton and Republican nominee [John McCain](#) would have stood out. Clinton spent \$250 million, compared with Kerry’s previous Democratic record of \$228.4 million.

McCain spent \$227.7 million; among Republicans, that was second only to Bush’s \$269.4 million in 2004.

Arizona Senator McCain, unlike Obama, accepted \$84.1 million in public financing for the general election, a decision that barred him from raising money privately. Obama outspent him by a 4-1 margin between Sept. 1 and Nov. 24, FEC records show.

McCain had little choice than to accept the taxpayer money, said [Julian Zelizer](#), a professor of history and public affairs at Princeton University in New Jersey.

“It’s not clear he would have been able to sustain sufficient levels into November,” Zelizer said. “Also, for McCain to reject the campaign finance system he has staked his reputation fighting for would have devastated any chance for him to use his maverick argument.”

### Borrowed Money

The Arizona senator paid back the \$3.9 million he borrowed that helped him win the New Hampshire primary. Clinton last month wrote off the \$13.2 million in personal loans she made to her campaign.

Former Massachusetts Governor [Mitt Romney](#), who loaned his campaign \$44.6 million, and former New York City Mayor [Rudy Giuliani](#), who loaned his campaign \$800,000, still have their loans on the books. Federal election law limits repayment of such personal loans by the candidate to \$250,000. Romney previously said he would forgive the loans.

With so much money raised privately, the amount of taxpayer funds spent on the 2008 election fell to \$104.6 million from \$176.4 million in 2004.

Most of the top candidates in both parties -- Obama, McCain, Clinton, Giuliani and Romney -- shunned taxpayer matching funds that would have limited their spending in the primaries.

### Broken System

“These presidential public funding figures make it official,” Krumholz said. Public campaign financing is “broken.”

Senator [Russell Feingold](#), a Wisconsin Democrat who with McCain co-sponsored the 2002 law banning corporate, union and unlimited individual donations to the political parties, has introduced [legislation](#) to revamp presidential financing and increase public funding.

Obama, Clinton, Vice President-elect [Joe Biden](#) and Representative [Rahm Emanuel](#) of Illinois, the next White House chief of staff, are co-sponsoring the overhaul measure.

The [League of Women Voters](#), Democracy 21 and the U.S. Public Interest [Research](#) Group are among the organizations urging congressional overhaul of campaign financing.

“The way Washington works is not going to change until we fundamentally change the nation’s campaign finance laws,” they said.

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# AIER AMERICAN INSTITUTE FOR ECONOMIC RESEARCH

## [Fit for a King: Presidential Campaign Spending](#)

Written by Richard M. Ebeling

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George Washington may have shunned the opportunity to become king of the United States, but it is nonetheless the fact that the expenses of running for the presidency nowadays are costs truly fit for an emperor.

Indeed, these expenditures have exploded over the last several presidential election cycles. In 1992 total spending by all presidential candidates came to a little over \$192 million. Eight years later, in 2000, they had grown to more than \$343 million. So far in 2008, all candidates that have been running for this highest office had spent almost \$834 million, practically a two-and-a-half fold increase since the last presidential race – and this year's campaign still has several months to go!

So far this year, all of the presidential contenders combined have spent the equivalent of .06 percent of the U.S. Gross Domestic Product in trying to win the brass ring to the White House. This means that we are that much poorer in terms of real goods and services that might have been produced if that \$834 million had been used in private-sector business activity geared toward consumer demand instead.

To win the Democratic Party nomination, Barack Obama has spent, through June 2008, over \$267 million, with an additional \$71.6 million in cash on hand. His leading opponent in the primaries, Hillary Clinton, spent more than \$233 million.

Over on the Republican side, John McCain expended almost \$110 million to win his party's candidacy, and had \$35.6 million available in cash at the end of June. McCain's closest rival in the primaries, Mitt Romney, spent \$107 million in his unsuccessful bid for the nomination, with \$35.4 million coming out of his own pocket.

Ron Paul, with his very successful online fund-raising effort, raised \$35.5 million, in spite of the relatively low number of votes he accumulated in the Republican primaries. His far more voter-successful opponent, Mike Huckabee, only got \$16 million in donations.

Through the end of July, the Democratic Party has raised over \$416 million, and has spent a bit less than \$300 million with well over \$100 million in cash for the fall campaign. The Republican Party has raised \$457 million, almost 10 percent more than the Democrats, and has spent \$337 million with about \$129 million in ready cash.

Where have the donations come from, geographically? The top five states with generous presidential campaign contributors have been: California (\$92.4 million); New York (\$82 million);

Texas (\$41 million); Florida (\$39.2 million); and Illinois (\$30.7 million).

Based on data collected by the Center for Responsive Politics, the table below shows the leading sectors from which the two major parties have raised these huge sums of money.

<b>Professional/Economic Sectors Contributing to the Two Main Parties</b>			
<b>Sector</b>	<b>Total</b>	<b>To Democrats</b>	<b>To Republicans</b>
Agribusiness	\$6,528,585	\$2,678,155	\$3,840,030
Communications/Electronics	\$30,624,717	\$22,536,817	\$8,046,978
Construction	\$14,967,276	\$6,564,854	\$8,393,122
Defense	\$1,812,071	\$963,165	\$845,956
Energy & Natural Resources	\$7,811,167	\$3,095,530	\$4,713,887
Finance, Insurance & Real Estate	\$104,772,201	\$55,790,670	\$48,944,110
Health	\$26,157,744	\$16,156,860	\$9,980,026
Lawyers & Lobbyists	\$68,333,394	\$51,563,974	\$16,746,470
Transportation	\$5,729,006	\$2,066,798	\$3,658,483
Misc Business	\$52,030,026	\$30,866,758	\$21,119,094
Labor	\$694,684	\$668,439	\$25,595
Ideological/Single-Issue	\$17,554,061	\$12,997,033	\$4,556,127
Other	\$95,598,937	\$58,012,583	\$37,413,890

*Source: Center for Responsive Politics, data as of June 30, 2008*

For the presidential candidates, respectively, the sectoral donations have come from the following sources:

<b>Professional/Economic Sectors Contributing to the Two Main Candidates</b>		
<b>Sector</b>	<b>Barack Obama</b>	<b>John McCain</b>
Agribusiness	\$934,241	\$1,493,783
Communications/Electronics	\$11,229,970	\$2,741,176
Construction	\$2,365,955	\$2,539,672
Defense	\$337,135	\$339,604
Energy & Natural Resources	\$1,214,896	\$1,940,195
Finance, Insurance & Real Estate	\$20,980,655	\$16,449,829
Health	\$7,357,213	\$3,405,445
Lawyers & Law Firms	\$19,045,203	\$6,943,729
Transportation	\$720,126	\$1,384,601
Misc Business	\$12,510,544	\$6,847,113
Labor	\$112,042	\$7,650
Ideological/Single-Issue	\$3,381,241	\$1,835,087
Other	\$29,372,117	\$17,504,456

*Source: Center for Responsive Politics, data as of June 30, 2008*

The Democratic Party in general as well as the Obama campaign have been succeeding far better than the Republicans and McCain in raising money from their diverse sectoral and professional groups. Certainly in those sectors from which the largest contributions have come – Communications/Electronics; Financial/Insurance/Real Estate; Lawyers/Law Firms; and Misc. Business; and “Other” – the Democrats and Obama have been heads-and-shoulders over the

Republicans and McCain.

Some historians and contemporary political commentators have referred to America's "imperial presidency." Certainly in terms of the vast sums of money expended in pursuit of winning the White House it reflects the high authority that the office represents to those handing over their private dollars to the candidate of choice.

It also tells us how much centralized power has come to reside in the office of the president that so many citizens consider it so important to invest in assuring that the person sitting in the Oval Office will use that power to serve their interests rather than someone else's.

We have come along way from the earlier conception of government under which all citizens possessed equal rights under the Rule of Law, with favors for none at others' expense. If that older conception of government and the presidency still prevailed there would be no need to invest so much in deciding who will become the Chief Executive of the United States.

Source:

<http://www.aier.org/research/commentaries/449-fit-for-a-king-presidential-campaign-spending>

(accessed March 22, 2009)

# Interest-Group Campaign Spending Nears Record

Figure for First Time

Could Top \$1 Billion;

IRS Reports on 527s

By T.W. FARNAM and BRODY MULLINS

February 5, 2008; Page A13

## *Wall St Journal*

Spending by interest groups in the current presidential campaign is on pace to far exceed the record amount spent by outside groups in the last presidential election -- and could top \$1 billion for the first time, according to new campaign-finance reports.

The data show that spending by 50 of the largest independent political groups -- ranging from American Federation of Teachers on the left to Swift Boat Veterans for Truth on the right -- jumped to \$130.8 million in 2007, up 55% from 2003, the year before the last presidential election. There were 28 groups that spent more than \$1 million each on politics in 2007, twice as many as in 2003, according to the reports released this week.

If that pace continues in 2008 -- and there is every indication that it will -- the amount of money spent by interest groups to influence elections will exceed \$1 billion. Outside political entities spent at least \$800 million during the 2003-04 campaign season.

## OUTLAYS SOAR

**The News:** Fifty of the largest independent political groups spent \$130.8 million in 2007, up 55% from 2003.

**Background:** Groups called 527 organizations drew criticism for their spending when they came to the fore in 2004.

**What's Next:** Interest groups are on pace to spend more than \$1 billion this campaign season.

The figures come from new disclosure reports released over the weekend by the Internal Revenue Service. They cover one large set of outside political groups that are called Section 527 organizations for the name of the tax code under which they were incorporated.

Groups formed under Section 527 are obligated to make public their donors and spending. In 2004, the 527 organizations spent \$650 million on elections, according to forms the entities are required to file with the IRS.

Spending by another type of interest group, Section 501(c) nonprofit corporations, wasn't included in the IRS report because they don't need to disclose their spending for the most part.

Although no disclosure is required, a Wall Street Journal survey of the largest 501(c) political organizations found \$150 million in campaign spending by the organizations in



## Run for the Money

Independent political groups that accept unlimited donations have increased spending from their levels before the last presidential election.

	2003	2007
Total spending by 50 largest, in millions	\$84.6	\$130.8
Number of contributors giving more than \$1 million	6	9
Number of groups spending more than \$1 million	14	28

Source: IRS

2004, and that those entities also plan a huge increase in spending this year. Just one of these 501(c) organizations, the conservative Freedom's Watch, plans to spend as much as \$250 million on the election.

The 527 organizations were widely criticized for injecting big money into the political system when they first came to prominence in 2004. In August, the Federal Election Commission fined the largest Democratic group, America Coming Together, more than \$775,000 for accepting large donations from donors with the premise that the money would be used to defeat President Bush. The fine amounted to less than 1% of the \$78 million that group spent in 2004.

Among Section 527 groups, a new Democratic organization called the Fund for America plans to spend \$200 million in this election cycle. The group, formed in November, is run by John Podesta, a former chief of staff for President Clinton; Rob McKay, a prominent Democratic philanthropist; and Anna Burger, the secretary-treasurer of the Service Employees International Union. The SEIU gave \$2.5 million to the effort. Hedge-fund manager George Soros, who bankrolled massive campaign efforts in 2004, also gave \$2.5 million.

Another 527 organization, run by the SEIU, spent \$14 million in 2007, more than any other organization, though it didn't make the list of top 527 organizations in 2003. Seven of the top 10 organizations were liberally oriented, the same as in 2003.

The reports showed a large amount of spending by another Democratic group, America Votes. The group, which tries to coordinate get-out-the-vote efforts among independent progressive groups, spent \$5.4 million in 2007, according to the filings.

It paid \$459,000 for services from Catalist LLC, an organization that uses corporate marketing techniques to find Democratic voters and get them to the polls on Election Day.

Former House Speaker Newt Gingrich, a Republican, in late 2006 formed a group called American Solutions for Winning the Future, which spent \$6.8 million in its first year of operation. The group's largest expenses were \$1.2 million for telemarketing and \$1 million for services of Moby Dick Airways, a charter-jet company.

That group's largest donation was \$1 million from Sheldon Adelson, owner of the Sands Casino. Mr. Adelson was the second-largest individual contributor to 527 organizations last year, after Mr. Soros.

### <sup>1</sup> MORE ON ELECTIONS

- [Complete coverage: Campaign 2008<sup>2</sup>](#)
- [Washington Wire: Updates from campaign trail<sup>3</sup>](#)



Mr. Adelson is also backing Freedom's Watch, the group that plans to spend as much as \$250 million this election. Freedom's Watch, which is active in the Iraq war debate, comes under the 501(c) tax rules, so isn't required to file disclosure.

Hotel and casino executive Bill Young, real-estate developer Fred Godley and hedge-fund manager Donald Sussman each gave \$1 million as well to 527s.

The newly filed reports show that the group called Alliance for a New America, which ran advertisements backing John Edwards's presidential bid, spent a total of \$4.1 million last year, more than the \$2.4 million already reported to the Federal Election Commission. The group's largest donations, \$3.5 million, or 73% of the total, was from a partnership whose sole member was Bunny Mellon, the wife of late philanthropist Paul Mellon.

A Republican group called the Presidential Coalition LLC spent \$3.7 million, about half for polling, but rent and salary expenses were sent to another group called Citizens United, which recently produced a movie critical of presidential candidate Hillary Clinton. A separate political arm of Citizens United recently paid \$100,000 for television advertisements against Arizona Sen. John McCain.

# Top 50 Federally Focused Organizations: 2008

527 groups are tax-exempt organizations that engage in political activities, often through unlimited soft money contributions. Most 527s on this list are advocacy groups trying to influence federal elections through voter mobilization efforts and so-called issue ads that tout or criticize a candidate's record. 527s must report their contributors and expenditures to the IRS, unless they already file identical information at the state or local level. The figures below are taken from 527 group filings with the IRS. (To view 527s for state party or candidate committees, such as the Republican Governors Association and the Democratic Governors Association, click [here](#).)

For ease of identification, the 527 organization names used in this section are those of the connected organization, rather than the official name of the 527 account. For example, the "NEA Fund for Children and Public Education" is simply listed as "National Education Assn."

## 2008: Top 50 Committees

<u>Committee</u>	<u>Total Receipts</u>	<u>Expenditures</u>	Federal PAC	2004 Major Player Profile
<a href="#">Service Employees International Union</a>	\$27,432,667	\$27,839,177	X	X
<a href="#">America Votes</a>	\$25,959,173	\$24,491,324		X
<a href="#">American Solutions Winning the Future</a>	\$22,722,547	\$22,966,088		
<a href="#">EMILY's List</a>	\$13,659,555	\$12,910,515	X	
<a href="#">The Fund for America</a>	\$12,142,046	\$12,142,044		
<a href="#">GOPAC</a>	\$9,322,764	\$9,407,146		
<a href="#">Patriot Majority Fund</a>	\$8,266,627	\$8,108,121		
<a href="#">College Republican National Cmte</a>	\$6,826,285	\$7,537,976		
<a href="#">RightChange.com Inc</a>	\$6,736,563	\$5,578,187		
<a href="#">Citizens United</a>	\$6,477,080	\$6,016,215	X	
<a href="#">Intl Brotherhood of Electrical Workers</a>	\$5,686,540	\$5,892,463	X	
<a href="#">Club for Growth</a>	\$5,001,412	\$5,930,565	X	X
<a href="#">Alliance for New America</a>	\$4,890,621	\$4,890,620	X	
<a href="#">United Brotherhood of Carpenters</a>	\$4,461,701	\$2,207,336		
<a href="#">United Food &amp; Commercial Workers Union</a>	\$4,376,008	\$4,701,030	X	
<a href="#">Gay &amp; Lesbian Victory Fund</a>	\$4,262,817	\$6,143,620	X	

<u>Committee</u>	<u>Total Receipts</u>	<u>Expenditures</u>	Federal PAC	2004 Major Player Profile
<a href="#">Majority Action</a>	\$3,896,000	\$4,002,351		
<a href="#">Friends of Fred Thompson</a>	\$3,462,355	\$625,743		
<a href="#">American Leadership Project</a>	\$3,459,035	\$3,451,887		
<a href="#">National Public Education Action Fund</a>	\$3,300,000	\$401,463		
<a href="#">ActBlue</a>	\$3,169,517	\$3,375,159	X	
<a href="#">Citizens for Strength and Security</a>	\$3,153,000	\$2,996,457		
<a href="#">Public Campaign Action Fund</a>	\$2,948,345	\$3,018,270		
<a href="#">Young Democrats of America</a>	\$2,728,207	\$2,848,073		
<a href="#">Laborers Union</a>	\$2,584,940	\$2,547,876	X	
<a href="#">Alliance for North Carolina</a>	\$2,455,000	\$2,462,621		
<a href="#">National Education Assn</a>	\$2,224,145	\$2,561,624	X	
<a href="#">Citizens for Progress</a>	\$2,172,432	\$1,978,486		
<a href="#">Progressive Media Action</a>	\$2,124,430	\$2,124,430		
<a href="#">Sheet Metal Workers Union</a>	\$2,042,664	\$2,007,978	X	
<a href="#">Plumbers/Pipefitters Union</a>	\$1,747,079	\$1,556,645	X	
<a href="#">Unity 08</a>	\$1,584,539	\$1,731,571		
<a href="#">League of Education Voters of America</a>	\$1,546,300	\$1,376,772		
<a href="#">Pioneer Majority</a>	\$1,541,921	\$1,507,085		
<a href="#">League of Conservation Voters</a>	\$1,508,635	\$1,386,825	X	X
<a href="#">National Federation of Republican Women</a>	\$1,287,763	\$2,987,436	X	
<a href="#">California 2008 GOP Delegation Corporate</a>	\$1,281,425	\$1,069,008		
<a href="#">American Dental Assn</a>	\$1,219,616	\$1,372,598	X	
<a href="#">Grassroots Democrats</a>	\$1,201,181	\$1,259,806		X
<a href="#">Ironworkers Union</a>	\$1,174,896	\$1,295,399	X	
<a href="#">Foundation for the Future</a>	\$1,105,000	\$1,097,265		
<a href="#">Democrats 2000</a>	\$1,067,500	\$333,468		
<a href="#">Planned Parenthood</a>	\$950,000	\$988,996	X	
<a href="#">CA Corrections Peace Officers Assn</a>	\$946,180	\$3,840,215		
<a href="#">Illinois Hospital &amp; Health Systems Assn</a>	\$883,168	\$1,380,678		
<a href="#">Democracy for America</a>	\$820,150	\$820,149	X	
<a href="#">Defenders of Wildlife</a>	\$700,000	\$820,448		

<u>Committee</u>	<u>Total Receipts</u>	<u>Expenditures</u>	Federal PAC	2004 Major Player Profile
<u><a href="#">American Family Voices Voters' Alliance</a></u>	\$651,025	\$645,278		
<u><a href="#">Blue Texas</a></u>	\$637,075	\$36,181		
<u><a href="#">BornAliveTruth</a></u>	\$617,772	\$864,730		

This data is based on records released by the Internal Revenue Service on Monday, February 16, 2009.

Source: OpenSecrets.Org, <http://www.opensecrets.org/527s/527cmtes.php> (accessed March 22, 2009).