

NOTES

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2. The program, designed as a three-day workshop, provides a foundation of basic campaign-related skills while focusing on ethical campaign conduct and the effect of various campaign tactics on the public. Since receiving the first grant in 1997, the institute has sponsored three sessions of the Candidate Training Program, each involving approximately eighteen candidates for office in Virginia. Over the remaining two years of the current grant, the institute is working to refine the curriculum and begin collaborating with partners to sponsor the program in at least three other states.
3. Although there are over 200 media markets in the United States, over 80 percent of the population lives in the top seventy-five markets. In Virginia, approximately 90 percent of the population lives in one of the top four markets (Washington, D.C., Richmond, Norfolk, and Roanoke).
4. Compared with data from the U.S. Census, Virginia's Juno users are more likely to be male (57 percent) than Virginians at large (49 percent), wealthier (only a third make less than \$30,000 a year, compared to 42 percent of the population in general), and a little older (40 percent of Juno subscribers are under forty, versus 44 percent of Virginians.)
5. All of the surveys were conducted by the University of Virginia's Center for Survey Research. The surveys employed a list-assisted RDD sample for initial panel selection and for the fresh cross-section in wave IV. Panel participants were given a small monetary incentive. We used a last-birthday method to randomly select registered respondents within households. The panel and cross-section data have been weighted to reflect the demographic composition of the Commonwealth.
6. In past work we employed an experimental research design to explore more precisely the relationship between campaign criticism and turnout (Freedman, Lawton, and Wood 2001). Drawing on two telephone surveys of citizens in Virginia conducted in 1998 and 1999, we investigated perceptions of campaign criticism, and asked whether such perceptions mattered for voter turnout. We found that in a series of experimental campaign vignettes, the impact of campaign messages on reported vote intention was dependent upon the nature and mix of messages the respondent was exposed to. Being exposed to an exchange of fair criticisms lead to a much higher probability of voting than exposure to an exchange of moderate criticisms. In contrast, exposure to an exchange of unfair attacks led to the lowest level of intended turnout. In general, we found that estimated turnout rose as the fairness of charges and countercharges increased: for any given charge, turnout tended to be higher when the countercharge was more fair, lower when the counter was less fair. We take these findings as establishing probable cause for the hypothesis that perceptions of fairness may matter for voter turnout in the context of an actual election campaign.
7. These ads, broadcast exclusively in the Washington, D.C., market, were aired by interest groups on behalf of Bush (14 spots) or Gore (251 spots).
8. This figure includes ads determined to have an election objective, and does not include approximately 2,600 genuine "issue advocacy" ads aired mainly in the Washington, D.C., market.
9. The UVa and Wisconsin coders agreed perfectly in forty-six out of fifty-three cases. Most of the disagreements involved contrast ads that had been improperly coded as attack spots by one coder. These disagreements were resolved by the authors; all were classified as contrast spots.
10. Note that the data in this table and those that follow reflect the spots actually aired, rather than simply the ads produced by the campaigns, parties, and groups.



PAY TO PLAY

PARTIES, INTERESTS, AND MONEY IN FEDERAL ELECTIONS

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Campaign finance is one of many areas on which the U.S. Constitution is silent. The Constitution provides for the election of federal officials, but says very little about how the process should work. Where would candidates be found? How would voters be informed? How would it all be funded? Political parties emerged partly to answer these questions, particularly the first two, and from the start private interests have been part of the answer to the third question. But what has been the electoral relationship between parties, candidates, and interests historically? Political scientists often posit an inverse relationship between political parties and interest groups—when parties, the representatives of broad, aggregate interests, are strong, narrowly-based interest groups are weak (Richardson 1995; Schattschneider 1960). To some extent, this story is satisfactory. In certain periods, for example, parties dominated the campaign landscape, grooming candidates, communicating with voters, and raising money—effectively diminishing the roles of individual candidates and private interests. In other periods, parties have acted as service organizations for candidates, with interest groups exercising considerable clout resulting from their organizational and financial strength.

There are, however, at least two problems with this account. First, there are periods in which parity might best define the relationship between parties and interests. Second, even for those periods in which an inverse relationship appears to hold, the standard account does little to explain *why* this relationship is inverse. To address these two shortcomings, we begin with the premise that parties, candidates, and interests desire power and influence. The purpose of that power and influence might be strictly personal—

reelection, for example—or it might be more systemic and social, such as advancing a particular vision of the proper ordering of social, economic, and political life. One way to obtain power and influence is through elections, and that is the focus of our attention. For candidates, victory can lead to personal influence. For parties, legislative majorities, or at least large minorities, greatly assist the exercise of influence. For interests, influencing those in elected office and influencing *who* is elected to office can further their agendas. Interests need the assistance of public officials and, on the flip side, political parties and candidates require resources to corral the necessary votes for victory. Those resources might well be dispensed by organized interests. We argue that the relationship between parties, interest groups, and individual candidates depends upon the electoral resources necessary for political victory at a given historical juncture and how dependent parties are on interest groups for those resources.

To understand the pulling and hauling between political parties, interests, and candidates, we examine the evolution of the electoral and monetary rules of the game. Are there any recurrent patterns in the parade of reforms that affect the parties-interests-candidates triad? We suggest there are at least four. First, and perhaps most obvious, reforms follow perceived corruption or scandals in the electoral process. Second, significant expansion or contraction of the national state is a critical catalyst for campaign finance abuses and reforms. Third, there has been an increasing willingness by private interests to use independent means to influence the electoral process. And fourth, the relative strength of parties, groups, and candidates in the electoral process depends on the need for resources and on the scale of mobilization deemed necessary for victory. We first present an overview of the reforms and then discuss each of these themes in more detail.

THE FIRST REFORMS: MUGWUMPS AND PROGRESSIVES

The connection between private money and public politics was not always a political issue around which major political movements formed. With the rise of the mass political party and political machines in the 1830s, charges of corruption might hound a party or politicians in particular cities and states. A national organized movement to reform the relationship between parties, interest groups, and money, however, would not emerge until the late nineteenth century. Why then? The key reason is that the expanded activity of government greatly increased the centrality of the state to the fortunes of private actors. With this increased centrality came more political activism by organized interests, and with this activism came new perceptions of corruption.

In this period of major transition, middle class citizens were uneasy with

the new scale of the cities, the trusts, and the financial giants, rising around them like colossi from dragons' teeth. The shame [Muckrakers and Progressives generally] decried . . . was the purchase of public power for private ends, the degeneration of politics into a mere auction house for interested bidders. Before the eyes of the startled readers of the slick, new, middle-class magazines, the muckrakers unveiled the mechanisms of a commodified politics. The world they revealed was one in which . . . the State itself had been put up for sale, transformed into a thriving, open market for private interests. (Rodgers 1987: 180)

The word "interests" emerged in the Progressive Era to describe the penetration of money and private power into politics. "The Interests were, by definition, alien and predatory: sores on the body politic" (Rodgers 1987, 181–182). The reformers of the age, at first Mugwumps and later Progressives or Muckrakers, sought reestablishment of a politics of the center—a politics of the "best men," of those sober, enlightened individuals who were guided by the social welfare rather than selfish or narrow interests (Miller 1983: 85). The reformers' concerns resonated with Americans weaned on the republican, antifactional ideology of the early United States. Having grown from commerce and trade, interests were inherently suspect (Miller 1983, 11). With the franchise open to all males whether or not they owned real estate, and reins of government held increasingly by party professionals rather than an aristocratic elite, those who perceived themselves as beyond the petty concerns of commerce developed a fear of the corrupting potential of private monetary interests. Even those engaged in commerce, the alleged source of corrupting interests, feared money's corrosive influence. Although there was no single business interest—some preferred tariffs, others did not, manufacturers and railroads were frequently at odds, and so on (Miller 1983, 88)—there was always a fear that someone wealthier and savvier would arrange a better deal with government. In the end, the balancing act between interests, parties, and individual politicians was intricate and complicated. How money related to influence depended on how candidates and parties marshaled the resources necessary for political victory.

Even before a political movement emerged, however, there was federal reform of campaign financing. Reform first appeared after the Civil War, in the Naval Appropriations Bill of 1867. This bill banned the solicitation of naval yard workers by officers and employees of the government. More significantly, the conduct of local and state political machines during the 1870s and 1880s instigated the first major round of political finance reform. The corruption and graft of party machines such as New York's Tweed Ring

and Philadelphia's Gas Ring are legendary. In New York City under Boss Tweed, "contractors expected to pay 10 percent of a contract to the political machine" (Griffith 1974, 70). Worse than kickbacks were the city ordinances designed to wrest money from businesses. City officials' enforcement of various regulations was—to be generous—flexible. Businessmen who may have committed no violation found their shops closed or heavy penalties levied if they did not contribute a kickback to the machine (Callow 1965, 191).¹

The excesses of Boss Tweed and the perceived inefficiency of machine government spurred the creation of the New York Civil Service Reform Association in 1880 and demands for the establishment of a merit-based system in government bureaucracy. Controlled by business interests and the emerging professional middle class, the reform movement spread rapidly throughout the states and by 1881 merged into a national organization (Schiesl 1977). The Mugwumps (as the reformers were known) triumphed when President Chester Arthur signed the Pendleton Act into law in 1882. While improving the efficiency and professional nature of the civil service, the Pendleton Act also seriously undermined the financial resources of political parties. No longer could elected officials count on assessments (monetary kickbacks) of officeholders to fill their coffers, as the law forbade assessments by federal career civil service officials. Although candidate assessments still provided some of the monies necessary to conduct elections and mobilize voters, parties needed new revenue sources.

The most obvious place to turn was big business. The Pendleton Act's passage had the consequence of increasing the stature of business in the electoral process. "Business became a prime source of campaign funds [and] some large corporations gave regularly to both parties in order to buy protection and favors" (Thayer 1973, 38). The increasing need for money in an era of escalating campaign costs—resulting from the expansion of the franchise, the development of new communications technology, and the beginning of the advertising era in campaigns (McGerr 1986)—led party financiers essentially to levy businesses.² In the 1896 presidential election, McKinley campaign manager Mark Hanna took money raising to new heights. According to various estimates, the Republican National Committee raised some \$3 to \$3.5 million, the equivalent of about \$60 to \$70 million in the year 2000, on behalf of McKinley's campaign (Subcommittee of the Committee on Privileges and Elections 1912, hereafter referred to as the Clapp Committee Hearings 1912; Overacker 1932; Pollock 1926). Much of this money Hanna raised himself with the assistance of railroad tycoon (and Democrat) James Hill.³

The 1904 presidential election brought the issue of campaign finance into full public view. Late in the fall campaign, Democratic presidential aspirant Alton B. Parker charged Roosevelt campaign chairman, Georges

Cortelyou, of using his cabinet position to wrest campaign money for the Republican effort. Roosevelt vigorously denied the rumors at the time and eight years later during the Clapp Hearings investigating the financing of the presidential contests of 1904, 1908, and the pre-convention campaign of 1912 (Clapp Committee Hearings 1912: 186). Similarly, Cortelyou flatly rejected the suggestion that any contribution was made on a quid pro quo basis (Clapp Committee Hearings 1912: 21).

Shortly after Parker leveled his charges, Roosevelt announced his support for eliminating corporate contributions to candidates for federal office in both his 1905 and 1906 State of the Union addresses. In 1907, after repeated attempts, Congress passed the Tillman Act to do just that. Corporate contributions to campaigns were outlawed and punishable by fine and imprisonment.

The fervor over corporate donations in the 1904 election did not cease upon successful passage of the Tillman Act. Parker's allegations led to the founding of the Publicity Law Organization of the State of New York (Pollock 1926, 10). This organization successfully secured the passage of the nation's first campaign publicity law and later developed into a national organization seeking similar reporting requirements for all federal candidates. Although Congress did not pass a law until 1910 requiring committees operating in two or more states to report any contributions or expenditures made in connection with campaigns for the House of Representatives, Overacker reported that the pressures of the publicity movement led both national party committees to publish accounts voluntarily of contributions in the 1908 election in compliance with New York's publicity law (Overacker 1932, 237).⁴ Later amendments to the Publicity Act in 1911 established spending limits for federal campaigns; required House and Senate campaigns to report receipts and expenditures; mandated campaign committees to report their finances before and after primary and general elections, and limited House campaign spending to \$5,000 (about \$89,000 in 2000) and Senate spending to \$10,000 (about \$180,000 in 2000) or an amount set by state law, whichever was less (Corrado 1997). The Supreme Court later struck down the reporting requirements and primary expenditure limits in *Newberry v. United States* (256 U.S. 232, 1921).⁵

Campaign reform began anew after the Teapot Dome revelations in 1924. Interior Secretary Albert Fall was charged with leasing the Naval Oil Reserves located at Teapot Dome, Wyoming, to private businessmen. Further allegations contended that, in exchange for the leases, contributors donated to the Republican National Committee to clear its debt from the 1920 campaign (Overacker 1932, 148–149). Although the complete story behind the Teapot Dome scandal would not become known until the Senate's Walsh Committee renewed the investigation in 1928, public outcry pushed Congress to pass the Corrupt Practices Act of 1925.

Conforming to the *Newberry* decision, the Corrupt Practices Act removed all regulations concerning primary election finance. The disclosure rules now required all multi-state political committees as well as House and Senate candidates to file quarterly reports with the Clerk of the House listing all contributions of \$100 or more (about \$975 in 2000). Spending limits were also put into place: \$25,000 for the Senate and \$5,000 for the House (about \$249,000 and \$49,000, respectively, in 2000), unless state laws called for less. This act, with some amendments to the contribution limits to congressional candidates and the addition of expenditure limits for multi-state party committees made in 1940, governed federal elections until its replacement by the Federal Election Campaign Act of 1971.

The campaign finance reforms of the early twentieth century demonstrated the Progressive fear of concentrated power and the desire to expand participation in the political process. Banning corporate contributions prevented the outward appearance of corrupt elected officials; publicity of campaign contributions allowed public debate regarding the propriety of individual campaign contributions; and limiting campaign spending was seen as leveling the political playing field. The other democratic reforms established by the Progressives, such as the institution of primary elections, the direct election of U.S. senators, the adoption of the Australian ballot, and the extension of the franchise to women, flowed from the same philosophic underpinnings.

These early money reforms failed. The Corrupt Practices Act of 1925 contained several loopholes through which parties and candidates could drive armored truckloads of money. By limiting the scope of the reporting requirements to multi-state committees, money could evade regulation by operating in only one state. The act's expenditure limitations collapsed when candidates created more than one committee to conduct campaign business. By applying the limits to committees rather than each individual candidate for office, candidates and parties evaded the law by spawning several committees to fund their election activities. (This last loophole remained open until the Federal Election Campaign Act of 1971 required candidates to register one official committee as its campaign organization.) The regulations did little to stem the flow of money to political parties or candidates, and the minimal reporting requirements still meant large sums of money remained hidden from public scrutiny.

Progressive campaign finance regulations also neglected to address spending by noncandidate or nonparty organizations. The Tillman Act, rather than remove corporate influence from elections, merely shifted it from the corporation to individual businessmen. The centrifugal forces of primary campaigns, direct election of senators, increasing campaign costs, and the removal of a source of party finance undermined parties' control over the electoral process. Other independent forces beyond corporations,

such as interest groups organized around specific issue concerns, began asserting their political will by entering election contests outside formal partisan channels.

One prominent participant in the new form of political activity was the Anti-Saloon League. Formed in the late 1890s in Oberlin, Ohio, the Anti-Saloon League employed campaign tactics familiar to students of modern interest group politics. The League intervened in congressional races, published voting records of candidates on the issue of prohibition, engaged in party platform discussions, submitted pledges to candidates, and lobbied incumbents on Capitol Hill to support legislation that prohibited the sale of intoxicating beverages (Kerr 1985: 192, 140; Odegard 1928: 88, 91). The power of the Anti-Saloon League frightened some politicians, and the League's track record convinced skeptics of their influence. "The average member of Congress," wrote Louis Seibold, "is more afraid of the Anti-Saloon League than he is even of the president of the United States. He does not hesitate to take issue with the chief executive of the country over important matters of state; but his courage vanishes into thin air when the whip of the Anti-Saloon League cracks a command" (quoted in Odegard 1928, 128). According to League lobbyist Wayne Wheeler, "We went into every congressional district where there was a chance to elect a dry and waged as strong a fight as candidates have ever seen" (quoted in Kerr 1985, 192). Political scientist Peter Odegard reported that even in the days shortly after the League's founding, it wielded extensive political clout: "In Ohio, between 1895 and 1903, over seventy members of the legislature, who were entitled by the custom of their parties to renomination but who had been antagonistic to the League's legislative program, were opposed and every one of them was defeated" (Odegard 1928, 97).

In 1926, Senator James Reed of Missouri launched an inquiry into the League's financial involvement in campaign activities, itself a sign of the League's perceived clout. The League cooperated in the investigation, but disputed whether or not it had to submit statements of its activities in accordance with the publicity acts of 1910 and 1911, as well as the more recently passed Corrupt Practices Act. The League maintained it did not fall under the provisions of the 1911 act as "the activities of the League are educational, scientific, and charitable rather than political as intended by the law" (Pollock 1926, 200). This distinction, between educational and political activity, became a frequent line of defense for interest groups involved in electioneering-style activities. Unions hewed to this same position in the 1950s when expenditures made from their general fund were under attack (see the Subcommittee on Privileges and Elections of the Committee on Rules and Administration 1956; hereafter referred to as the Gore Committee Hearings), and so did other interest groups and corporations engaging in independent expenditures nearly seventy years later.

THE NEW DEAL TO THE 1970S: THE POWER OF LABOR AND THE COST OF CAMPAIGNS

Progressive reforms largely concerned the influence of business money in politics and the need for publicity. Developments from the 1930s to the 1970s changed the focus of campaign finance reform efforts. After the passage of the Wagner Act in 1935 and the success of Roosevelt's New Deal coalition, conservative forces became concerned with labor's new-found electoral strength (Corrado 1997, 30; Sousa 1999, 381). Unions had relatively little electoral impact before this time, but the appearance of the Non-Partisan League of the AFL and CIO worried conservatives. Corporate money, in the form of individual contributions by businessmen, most likely dwarfed the financial resources of the Non-Partisan League, but the two unions had contributed nearly \$750,000 (equivalent to \$9.1 million in 2000), mostly to Democrats, in the 1936 election (Sousa 1999: 381). With labor's emergence as a serious player in electoral politics, calls began for the curtailment of labor's authority and the extension of the Tillman ban on corporate contributions to labor. Conservatives temporarily accomplished this in 1943 with the Smith Connally Act (the War Disputes Act), which prohibited labor from using general treasury funds for contributions to political candidates. This act expired six months after the war, but was permanently extended in 1947 when Congress overrode President Truman's veto to pass the Taft-Hartley Act (the Labor Management Relations Act).

In 1939, the scope of the Pendleton Act was enlarged by the Hatch Act to include those federal workers not previously covered. The Hatch Act prohibited federal employees from engaging in political activity and specifically from soliciting political contributions. The legislation responded to the unprecedented expansion of the New Deal administrative state and fear that the Democratic majority would benefit from dispensing the spoils with a federal political machine (Corrado 1997, 30; Thayer 1973, 71). Amendments to the act in the succeeding year placed a \$3 million spending limit on party committees operating in multiple states and a \$5,000 annual limit on individual contributions to federal candidates, or about \$36 million and \$60,000, respectively, in 2000 (Corrado 1997, 30; Thayer 1973; Sorauf 1992, 7). Once again, the limits were easily evaded with multiple committees and contributions to state and local committees that did not fall under the act's jurisdiction.

In 1956, the Senate Subcommittee on Privileges and Elections, chaired by Senator Albert Gore, Sr., held a series of hearings addressing a mounting problem—the rising cost of campaigns. Testimony before the committee indicated that the federal nomination and election campaigns in 1952 cost about \$140 million (equivalent to about \$900 million in 2000), an increase of roughly 60 percent from 1940 (Gore Committee Hearings 1956, 10). The chairmen

of the Democratic and Republican National Committees testified separately that the rising costs of campaigns were driven in large part by television. Between 1940 and 1956, television and radio advertising had become staples of modern campaigns, especially in presidential contests. DNC Chair Paul Butler called for free television time to “greatly reduce the dependence of political parties upon special interest contributors” (Gore Committee Hearings 1956: 14). According to figures provided by Alexander Heard, both party committees expended more than 30 percent of their national committee budget on television and radio in 1952 (Gore Committee Hearings 1956, 239).

The committee also was interested in the channels by which money flowed into politics. As the committee discovered, Taft-Hartley did not remove labor influence from politics any more than Tillman removed corporate influence. Testimony to the Gore Committee about union use of their general treasuries to fund so-called “educational” activities relied on the same defenses employed by the Anti-Saloon League concerning its electoral activities.⁶ Other organizations took advantage of this distinction between the political and the educational, working around the spirit of the law by adhering to its letter. For example, Americans for Democratic Action defended their production of voter guides as educational despite their clearly partisan goal of electing Democrats (Gore Committee Hearings 1956, 283). Interests had become increasingly willing to work outside the parties and candidates to influence elections.⁷

THE FEDERAL ELECTION CAMPAIGN ACT OF 1971

The Federal Election Campaign Act (FECA) of 1971, the work of two years of deliberation, was the most significant and important change in the rules of campaign finance since the 1925 Corrupt Practices Act it was designed to replace. A review of the floor debates, committee reports, and *New York Times* articles from the era suggests that the rising cost of campaigns was lawmakers' central concern. Incumbent senators and representatives pushed reform to protect themselves from well-financed challengers. Kolodny suggests “the 1968 election was particularly important for motivating extensive reforms because of serious questions that arose regarding political advertising on television” (Kolodny 1998, 127). Witnesses at hearings held by the Senate Commerce Committee in 1969 noted that “many House races cost at least \$100,000—of which 40 to 50 percent is often spent on broadcast time” (*Congressional Quarterly Weekly Report* 1969, 12).⁸ The cost per vote in the presidential races had soared from 29 cents in 1960 to 60 cents in 1968 (CQ 1969, 12). In September 1970, the House passed HR 18434, limiting broadcast spending by candidates. The Senate had passed a

similar bill earlier in the year, and both houses passed overwhelmingly the conference report (S3637).⁹ President Nixon, however, vetoed the bill on October 12.

Congress again tackled the issue of campaign costs and restricting broadcast expenditures in March 1971. Senator Mike Gravel (D-Alaska), alarmed by political broadcasting costs of \$59 million in 1968, cosponsored a bill calling for extensive free airtime for federal, state, and local candidates (CQ 1971a, 521). Republican Senators Hugh Scott of Pennsylvania and Charles Mathias of Maryland sponsored a bill providing for lower campaign advertising costs during the four weeks prior to the election. Their stated intent was "to shorten election campaigns by encouraging candidates to use time during the period immediately prior to elections rather than three or four months ahead" (CQ 1971b, 553). Senator Edmund Muskie (D-Maine) recommended that "media spending should be limited so that no candidate can overwhelm his opponent or the electorate with an advertising campaign of monumental cost, and in effect, buy his way into office" (CQ 1971b, 554). No mention was made of special interest media efforts.

Committee hearings and floor debate throughout the spring focused on the high cost of campaigns. By April, the Senate Commerce Committee unanimously reported Senate bill 382, which restricted spending on television and radio advertising to 5 cents per voter and placed a \$5,000 cap on individual contributions. Further, the bill prohibited any campaign spending not authorized by the candidate—finally closing the loophole from the 1925 Corrupt Practices Act and the 1940 Hatch Act. Provisions added later limited the amount candidates could contribute to their own campaigns and strengthened regulations concerning public disclosure.

The bill received strong bipartisan support, winning a majority of both parties in both chambers. The measure may have received bipartisan support because it shielded incumbents; if anything, the bill disadvantaged Republican candidates as a whole because they did not hold the majority in either house. But if individual members were concerned with their own reelection first and party control second, the broad support of incumbents makes sense. The bill, as signed by Nixon, did not concern itself with the party's role in campaign financing or interest group campaigning. The congressional campaign committees "were still limited in operations, largely invisible to anyone off Capitol Hill" (Kolodny 1998, 127).¹⁰

FEDERAL ELECTION CAMPAIGN ACT: THE 1974 AMENDMENTS

Abuses by the 1972 Nixon campaign instigated the 1974 campaign reform drive. Unlike 1971, the debate was more concerned with corruption than it had been three years prior, harkening back to the discussion during the Progressive Era. The 1974 bill grew out of a failed measure advanced by Senator

Claibourne Pell (D-RI) in the previous Congress. As passed by the Senate Committee on Rules and Administration in February 1974, the bill capped candidate spending at 15 cents per voter or \$175,000 for the Senate (whichever was greater) and at \$90,000 for the House. Public financing would also be available via a check-off system, but candidates could choose how to fund their campaigns (choosing public, private, or a mix of the two) as long as they remained within the expenditure caps. In addition to candidate expenditure limitations, parties were restricted to spending no more than 2 cents per voter in general elections while individual donations were capped at \$3,000 per candidate with an aggregate limit of \$25,000 per year (CQ 1974, 629). Interest groups and organizations were limited to \$1,000 in independent expenditures in each race and restrictions were placed on individual candidate contributions to their own campaigns.

For the first time, major provisions dealt with political parties and organized interests directly. The committee majority believed the bill would strengthen political parties (CQ 1974, 629). Presumably, the strengthening of parties was accomplished by restricting the financial activities of interest groups, providing public financing to candidates, and allotting a large financial role to the parties. The committee also saw the bill's public financing as a means to prevent corruption (U.S. Congress, Senate, Committee on Rules and Administration 1974, 4). Pell argued in defense of the 1974 bill, noting "we can, through enlightened legislative action, create a climate which minimizes the cause of abuse, and we can return to our voters their rights to choose candidates who are not beholden to the large, and so often compromising, political contribution" (U.S. Congress, Senate 1974, 4439).

As the Senate debate continued in the spring of 1974, the House Administration Committee held hearings on public financing. Here, the idea faced stiffer opposition. The chairman of the committee, Wayne Hays, opposed public financing for federal elections. Unlike the Senate bill, the House bill coming out of committee put less stringent restrictions on party contributions and independent expenditures by individuals and groups. The vote was unanimous, but the Republicans did offer a minority report suggesting the regulations would undermine the role of political parties in the American system:

The minority strongly believes that the national and state committees of the major parties should be excluded from the definition of political committee for the purposes of contribution limitation. The national and state committees have been traditionally the policy-making bodies of the major parties and are cornerstones of our political system. The definition in the bill presently treats these important committees equally with all other committees, even small special interest committees. The national and state committees must be permitted the ability to assist candidates as the need arises so that a strong and dynamic party system can be maintained. (U.S. Congress, House 1974, 117)

The final version of FECA amendments signed into law by President Ford was stripped of its public funding provisions for Senate and House campaigns. Restrictions on expenditures by candidates personally and by their organizations were established, as well as individual contribution limits of \$1,000 per candidate per race (capped at a yearly maximum of \$25,000 to all federal candidates) and political action committee (PAC) contribution limits of \$5,000 per candidate per race (with no yearly aggregate limits). Political action committees, a feature of the political landscape since the appearance of Labor's Non-Partisan League in the 1930s and COPE in the 1950s, were, for the first time, recognized explicitly by statute.¹¹ Party organizations were restricted to \$5,000 in direct contributions to candidates. They could also spend an additional \$10,000 "on behalf of" each House candidate and an additional \$20,000 or 2 cents per eligible voter, whichever was greater, "on behalf of" a Senate candidate.¹² The spending limits placed upon House and Senate candidates, as well as national party spending on behalf of candidates, were indexed to inflation, but the contribution limits of \$1,000 for individuals and \$5,000 for PACs and organizations were not. The media limits imposed by the 1971 act were repealed. Candidates, parties, and PACs were required to report the names of their contributors. The bill also established a commission to oversee federal elections, implement provisions, and enforce the regulations of campaign financing.¹³

THE COURTS STEP IN: INTERPRETING FECA FROM 1976 TO 1996

The constitutionality of the FECA amendments was challenged immediately by Senator James Buckley of New York and former U.S. Senator George McGovern of South Dakota. As Congress had provided for expedited review in the legislation, the Court considered and handed down its decision a little more than a year after the FECA amendments became law. In *Buckley v. Valeo* (424 U.S. ___, 1976), the Court held all limits on expenditures to be unconstitutional violations of First Amendment rights, while upholding campaign contribution limits. They also found that the Federal Election Commission (FEC), the body constructed by Congress to oversee implementation of FECA, undermined the separation of power between the executive and legislative branches. Congress immediately acted to reconstitute the FEC to meet the court's objections, most notably making the commissioners presidential appointees.

Buckley seemed to boost interest group strength in the electoral process while diminishing the role of parties. Non-indexation of individual and PAC contribution limits would have shrunk the volume of money parties could

marshal in support of their candidates in any event, but the Supreme Court struck the sharper blow. The candidate spending limits imposed by Congress in 1974 would have restricted the flow of individual and special interest contributions to candidates, preventing party assistance to candidates from being swamped by funds from these other sources. Its rejection of limits on candidate spending created strong incentives for candidates to build prodigious fundraising machines that did not rely on the generosity of the party. For candidates, the pool of party money might well seem insignificant in comparison to the money offered by individual donors and political action committees.¹⁴

Another important facet of the *Buckley* decision was the distinction made by the Court between express advocacy and political speech more generally. The Court suggested that if groups did not engage in campaign activities or advertising containing "explicit words of advocacy of election or defeat" they would be free to spend as they wished. The distinction between educational and political advertising, established in practice by the Anti-Saloon League in the 1920s and aggressively expanded by labor post-Taft-Hartley, had received the Court's legal sanction. Although FECA paved the path for legitimate special interest assistance to the candidate directly via PACs, the Court gave its tacit consent to interest group activity external to parties and candidates that was political but not expressly seeking the election or defeat of a candidate. In a series of court cases since *Buckley*, the courts have further defined and expanded the ability of interest groups to independently spend money on these controversial issue ads.¹⁵

The role of special interests in the electoral process, legitimized by the legislative endorsement of the legality of PACs in 1974, was enhanced by the FEC's ruling regarding the funding of PACs. In 1975, the FEC ruled that corporations and unions could pay directly from their treasuries for the overhead costs of their political action committees (the SUN PAC advisory opinion).¹⁶ This decision, according to Frank Sorauf, "removed the final impediment to the race of groups to organize PACs and enter electoral politics" (Sorauf 1997). The decision encouraged corporate interests to establish PACs, something they had been largely reluctant to do despite labor's introduction of PACs in the 1940s.

Congress again reformed the campaign finance system in 1976 and 1979 with amendments to FECA. The 1976 amendments largely concerned the reconstitution of the FEC to meet the Supreme Court's objections in *Buckley*, but it also revised some of the contribution limits established by the 1974 act—most notably allowing the national party committee and the party senatorial committee to contribute a combined \$17,500 to individual Senate candidates and restricting individual contributions at \$5,000 to PACs and \$20,000 to political parties. PACs were also limited to giving no more than \$15,000 to political parties in direct contributions.

As noted previously, Republicans in 1974 were concerned about the impact the new regulations would have on political parties. Fearful that local and state parties were disadvantaged by the new rules, Congress sought protection of their role by allowing them to raise and spend unlimited sums on get-out-the-vote drives, voter registration activities, and other "party building" efforts (Corrado 1996). Through what would become known as "soft money" (in contrast to "hard money" contributions intended specifically to assist candidates), individuals, corporations, labor unions, and other organizations could now give money directly from their treasuries to fund party building activities. Congress had now legitimized another avenue by which private interests could influence the process; unlike the issue advocacy ads allowed by *Buckley*, this avenue funneled money from interest groups through parties to candidates. The ability of interest groups to engage in issue ads independently had shifted control of the electoral process away from candidates and parties; the 1979 soft money loophole seemed to tip the balance toward parity between the parties and interest groups potentially at the expense of candidates. Exactly how "soft money" would operate was not fully defined in the 1979 amendments, but the amendments legitimized this form of expenditure. Later, decisions by the FEC would clarify specifically what was and was not permissible under the rubric of soft money.

Most importantly, in 1995, the FEC ruled that the parties could spend soft money dollars to run "issue ads." These ads were clearly intended to affect election outcomes but avoided the use of "magic words" such as "vote for" and "vote against." The ads could be run regardless of the wishes of the candidate purportedly helped by the ad. As the national parties spent unlimited funds on what were effectively campaign advertisements, the parties' demand for soft money dollars grew tremendously along with concerns about the propriety of such funding. Private interests constantly tapped for additional funds, including the chief executive officers of Fortune 500 corporations, eventually would complain that the parties' requests for funds were incessant and intimidating.

The most important court case arising from FECA regulations after *Buckley* in 1976 was the Court's 1996 ruling in *Colorado Republican Federal Campaign Committee v. Federal Election Commission* (518 U.S. 604, 1996). This landmark decision allowed political parties to engage directly in independent expenditures and express advocacy ads. While parties had previously been able to spend soft money on issue advocacy, the Court decided that they could also engage in express advocacy so long as it was done so independently of candidates and paid for by federal "hard" dollars. Unlike the amounts parties could contribute to candidates, or could spend in coordination with candidates,¹⁷ these independent expenditures would not be limited. Parties, independent of candidates, could spend what they wished to

assist the candidate. Control of the election process shifted somewhat toward parties and special interests, while candidates lost some control of their own electoral destinies. This sense that candidates had lost control of campaigns, along with an outcry about the vast sums being raised in soft money, resonated loudly in the ultimately successful legislative efforts after the mid-1990s to restrict the ability of interests to conduct issue advocacy during the election season and to restrict the soft money being collected by political parties. Candidates were pushing back against a system leaning increasingly toward the parties and interests.

CYCLES, TRENDS, AND THEMES IN THE PARTY-GROUP-CANDIDATE MONEY RELATIONSHIP

History is not "simply one damn thing after another," as has sometimes been asserted. Our brief overview of campaign finance reform in the United States over the past 150 years demonstrates that certain patterns recur, suggesting more than a simple linear progression of events. Indeed, we believe that four consistent themes can be teased out of the historical sequence: First, reforms follow perceived corruption or scandals in the electoral process; second, significant expansion or contraction of the national state is a critical catalyst for campaign finance abuses and reforms; third, there has been an increasing willingness by private interests to use independent means to influence the electoral process; and fourth, the relative strength of parties, groups, and candidates in the electoral process depends on the need for resources and on the scale of mobilization deemed necessary for victory. These four themes lend a better understanding both to the institutional reform efforts of the past and the likely effect of such efforts in the present and near future on the party-group-candidate money nexus.

REFORMS FOLLOW PERCEIVED CORRUPTION

No doubt the most obvious pattern is that each of the most significant reform moments of the past one hundred years—the Progressive Era, the 1970s, and the early twenty-first century—followed crises of legitimacy for that system.¹⁸ The perception that private money had lined the parties' pockets in the late nineteenth century and the abuses in the 1904 election led to the demands for reform in the first decade of the twentieth century. Large donations received by the Nixon campaign helped spark the reforms of the early 1970s. Perceptions that soft money contributions corrupted the policy process pushed along the reform effort at the end of the 1990s. And the very

fact that elections were becoming more expensive was itself converted into a corruption-prevention argument: At least part of the concern with expensive campaigns was the dependent relationship they might foster between private interests with funds and candidates, along with their parties, in need of those funds.

To be sure, corruption or perceived abuses were not the only galvanizing factors behind reforms, but these prominent scandals provided a public advertisement for campaign finance reform that encouraged some legislators to endorse reforms they might not otherwise have rushed to support. Congressional investigations of both major parties' fundraising practices during the 1996 presidential campaign, and the financial improprieties involving the Enron corporation, for example, provided publicity weapons that would prove valuable to political entrepreneurs such as Senators John McCain and Russell Feingold.

If campaign finance abuse might be said to be a necessary condition for significant reform in the party-group money relationship, it is not a sufficient condition. After all, major reform periods followed a long stretch of complaints about finance and an equally long stretch in which politicians did nothing to address the problem. It is clear enough, then, that corruption does not automatically self-correct and produce a set of reforms that eliminate abuses.

SIGNIFICANT STATE EXPANSION OR CONTRACTION CATALYZES MONEY ABUSES AND REFORMS

In his analysis of cycles of political culture in the United States, Samuel Huntington (1981) suggests that Americans grapple continuously with the gap between their institutions and their ideals. How Americans resolve this gap at different times, he suggests, can be described as cynicism (tolerate the gap), complacency (ignore the gap), hypocrisy (deny the gap), or moralism (eliminate the gap). If Americans do indeed often perceive that their institutions do not honor their ideals, why is it that Americans only rarely reach a point of moralism and reform? Similarly, we noted in our first theme previously that there is a ready supply of questionable behavior or outright abuse in campaign finance, but those abuses do not always translate into reforms. At certain historical points, however, the perceived gravity of corruption sparks a movement for reform. Why?

We suggest that the perceived gravity of campaign finance abuses, of the mismatch between institutions and ideals, will be more severe when there is a significant expansion or contraction of national state activity. Consider first government expansion. As the role of government in society and economy expands, the umbrella of federal control over private activity broadens. To simplify, private interests respond to this expansion in one of

two ways: They seek to capitalize on the expansion of federal services and rules, or they seek ways to get out from under the yoke of federal control, perhaps by selling services and goods to government, perhaps by disadvantaging competitors in the marketplace. Whether they see expanding federal control and power as a threat or an opportunity, these interests have a genuine reason to want to win friends in high federal places. Campaign contributions or assistance is one means to accomplish that. Significant expansions in the state encourage new political activity by private interests, and sometimes this activity may cross the border of "acceptable" behavior. The explosion of federal regulation in the early twentieth century and the vast expansion of social and regulatory programs in the 1960s and early 1970s encouraged political activity by private interests (see Budde 1980; Gais 1996). The expansion of the bureaucracy during the 1930s led to fears that government officials would not only influence other members of the bureaucracy, but could effectively hold private interests hostage at the behest of benefactors such as labor unions. Campaign finance reform was passed in each of these periods to address the perception that private interests were gaining a strong grip on the national polity. The irony, of course, is that a good portion of this private action was a *reaction* to policy actions in the national polity itself.

Consider next government contraction. The 1990s may not have produced the revolution in government scope hoped for by Republicans after the 1994 election, but the decade was notable for contraction in a variety of programs and services. Just as with government growth, retrenchment in government programs and services or changes in regulatory rules invite private pressure on government to shape these developments in particular ways. In the 1970s, private pressure took the form of political action committee contributions; in the 1990s, this action increasingly took the form of soft money contributions. Neither was illegal, but both generated dismay about the prevalence of private money in elections.

Aside from generating demands among affected interests, periods of significant state expansion or contraction can also affect public perceptions of the political process. In particular, as new expansionist or contractionist policies emerge, citizens gain a sense of the relative power of competing social forces in the U.S.—and if they do not gain this sense themselves, there will be interest group activists who will tell them. Citizens will hear about the conflict between broad and narrow interests and, precisely because government is doing so much, the argument that narrow interests are benefiting at the expense of the public good will have some heft. Precisely because government is doing so much to grow or shrink the state, and interests are doing so much to get parties and candidates to listen, the gap between institutions and ideals may newly appear, to many citizens, to be unacceptably large.

INTERESTS INCREASINGLY TURN TO INDEPENDENT POLITICAL ACTION

These first two historical tendencies are somewhat cyclical or episodic, but the growth of independent action by interests has been more secular in nature. Over time, interests increasingly have been able to influence the electoral environment independent of candidates and political parties. This process seems to have relatively little to do with law and much to do with political learning. That is, interests have experimented with new forms of participation and, facing no legal sanctions, these new forms spread. Between the turn of the century and the 1940s, interests participated most often through the political parties in the form of individual contributions by wealthy donors (corporations and unions were prohibited from contributing to federal candidates). Beginning in the 1940s, labor became an increasingly important force in Democratic party politics, and although labor nearly always assisted Democratic candidates, much of labor's activity was determined by its own political calculations rather than the party's calculations. Labor's success in motivating workers with get-out-the-vote drives and informational campaigns would prove to be a model followed by other groups, particularly those appealing to conservative Christians. Although unable to contribute labor union funds to the parties or candidates, labor and its imitators found independent means to influence election results on a party's behalf.

Labor was also an early player in political action committees, along with some industrial organizations and professional associations. Again, other groups were slow to pick up on this model until PACs were explicitly recognized in the reform legislation of the 1970s. With the PAC model now embraced by law, a flood of interests sought to develop this form of influence in the election process. But PACs were tied to parties and candidates—PACs could obviously make independent decisions about whom to support, but the money was given over to candidates and parties rather than spent by the interests themselves.

This next level of independence, campaign spending that remained in control of the interest, was facilitated by independent expenditures. Again, some experimenting and pushing the legal envelope led to an embrace of independent expenditures by the Supreme Court. Whether in the form of express advocacy or issue advocacy, independent expenditures allowed interests direct involvement in the art and science of election persuasion, often to the dismay of candidates and their parties.

As far as we can discern, none of these activities was prohibited at any time following the Progressive Era. In theory, PACs, private persuasion efforts, and independent expenditures were every bit as legal in the 1920s as in the 1990s. Soft money contributions to political parties were, similarly, the result of experimentation. Although soft money contributions do not afford the same level of independence as independent expenditures, they

allow corporations and unions to engage in activity that is remarkably close to activity specifically prohibited by federal law. What changed over time was not so much law as practice, with private interests playing entrepreneurial roles in discovering new and independent ways to advance their programs in the electoral process.

PARTY AND GROUP ELECTORAL STRENGTH DEPENDS ON PARTIES' NEEDS FOR RESOURCES AND THE SCALE OF MOBILIZATION PERCEIVED NECESSARY FOR VICTORY

Political machines created during the mid-nineteenth century contended with a relatively small voting universe. Because the voting universe was small, minimum winning coalitions were also not very large and were easily maintained by expending such resources as patronage positions and social services for newly-arrived immigrants. As the potential voting universe expanded through increased suffrage and a liberalization of registration laws, successful machines were able to expand their revenue base by increasing taxes on the middle class or annexing additional lands to increase the tax base, producing the financial resources necessary to incorporate the new voters into the winning coalition. Machines that either could not expand their resource base to incorporate these new voters, or alternatively, failed to prevent the expansion of suffrage to these new elements, collapsed upon their own weight.

Steven Eric (1988) paints the problem facing nineteenth and twentieth-century political bosses as one of obtaining sufficient resources to build and maintain a minimum winning coalition in the face of an increasingly open political process. Eric's approach informs our understanding of the relationship between parties, groups, candidates, and money. Parties, interest groups, and candidates need to mobilize resources in order to win elections. The relationship between candidates, political parties, and interest groups cannot be understood, however, merely as a function of the openness of the political process. Eric's model assumes that an expanded voting universe, such as that faced by political machines during the wave of suffrage expansion in the 1830s and the wave in the 1920s, leads to increased resource needs because there are more voters to mobilize into electoral coalitions. Mass mobilization, however, is not a prerequisite for victory at the polls. Assuming a two-party race, one needs only a majority of people choosing to vote on election day. If many voters can and do participate, then mass mobilization efforts are required by parties and candidates. If few voters are able to participate, or alternatively, few choose to, then mass mobilization is not a prerequisite for victory. What truly drives the resource need equation, then, is whether or not mass mobilization efforts are required to achieve victory.

Efforts to mass mobilize may require substantial resources, but these efforts can benefit from economies of scale and from high degrees of certainty about the targets of resource deployment. When faced with an expanded electorate that participates less, however, the costs of mobilization can increase along with the uncertainty of resource deployment. When the target audience is the total audience, a strategy of doing as much as possible and getting it in front of as many eyes as possible makes sense. When the target is but a slice of the whole, calculations become more complicated. Individual voters must be targeted and appealed to based upon their personal interests and motivations. This invariably increases communication costs as economies of scale are lost. It also increases uncertainty: Which voters should be targeted? What appeals will be effective and to which voters? Because it is not certain who in this large pool of potential participants will in fact decide to participate, parties and candidates may perceive a need for substantial resources.

The ease and certainty by which parties and candidates mobilize these resources intimately affects their mutual relationship. It also determines the power of interest groups in the electoral process. If parties and candidates have funding mechanisms they independently control that provide them with their resource needs, the ability of interests to affect the process is minimal. If, however, parties and candidates require resources that outstrip their funding apparatus, then interest groups are empowered relative to parties and candidates.

By examining at any given point in time the ability of parties to provide the electoral resources they and their candidates require, and the necessity of mass mobilization for electoral victory, we can develop scenarios suggesting how interest groups and political parties might be advantaged or disadvantaged in the electoral process. These scenarios are presented in Table 7.1.¹⁹

1860s–1890s In the mid-nineteenth century, parties dominated politics. Controlling both the nomination process and the production of ballots, parties held the key to elected office. The price for the key typically took the form of party loyalty and forfeiting a portion of one's salary to fund the armies of voters and poll watchers necessary to maintain electoral coalitions. The official machinery of government was employed to cement political loyalties further. Patronage and a host of social services were provided at the municipal level in exchange for support on Election Day. The ability of the party to create winning electoral coalitions and maintain them with the official machinery of the state allowed them financial self-sufficiency. As a result, the need to gather electoral resources outside the state apparatus or party-loyal, patronage-holding local and state officials was low. Political participation was high and widespread, so mass mobilization efforts were required to win elections. Parties and their local machines were well-suited to

TABLE 7.1 THE NEED FOR VOTES AND MONEY AS THE CORE OF THE PARTY, GROUP, CANDIDATE RELATIONSHIP

RELATIONSHIP BETWEEN VOTES AND VICTORY	STATUS OF PARTY'S RESOURCE NEEDS	
	NEEDS MET	NEEDS UNMET
High need for mass mobilization	Individual candidates weak Interest groups typically blackmailed Party strength high 1860s–1890s	Individual candidates weak Interest groups utilize party electoral strategies Party strength high 1890s–1950s
Low need for mass mobilization	Individual candidates and parties on more equal footing Interest groups balance party and candidate access strategies Interest group parity with parties 1980s–present	Individual candidates strong Interest groups engage in candidate access strategies Parties weak 1960s–1970s

provide both the manpower and money to fund these activities with money from the state (Yearley 1970). In a system of self-perpetuating party power and finance, interest groups were disadvantaged in their efforts to engage in electoral politics. Party politicians typically utilized their positions of power to extract resources from interest groups not for electoral purposes, but to enhance their personal wealth.

1890s–1950s The Pendleton Act's passage in 1882 put the funding of the party machine in doubt. No longer able to rely as heavily upon the state to fund mass-based politics, parties had to turn to another source for money. At first, this source was big business. Later, it became individuals and labor, as well as other assorted interest groups. The lack of financial security for political parties and candidates gave interest groups more political influence than they held in the earlier part of the nineteenth century, and that need grew as the advertising style in campaigns became the dominant mode of campaigning during this period (McGerr 1986).

Political coalition building still required mass mobilization of voters, however, and interest groups were ill-suited to engage in politics of this type by themselves. Voting rates, though lower than the mid- and late-nineteenth century, were still high, and female suffrage expanded the voting universe. Some interest groups such as the Anti-Saloon League engaged in political activities affecting individual elections, but much of their power and influence still had to be channeled through the political party.

1960s–1970s The era of mass-mobilized politics did not last forever. After the 1890s, parties were under siege. They could no longer sufficiently finance their activities; they no longer controlled the nomination process; and the erosion of patronage hurt the party's ability to mobilize voters and maintain secure electoral coalitions for their candidates. To make matters worse, the boom in radio and television broadcasting allowed for communication to occur directly between the candidate and voters, and even interest groups and voters.

These conditions led to the development of a more candidate-centered politics. Both the need for resources and the parties' ability to fund their candidates were affected. Candidates needed substantial sums to finance their individualistic appeals to the populace, and they built organizations that were well-suited to raise the sums necessary without extensive help from the parties. With fewer voters participating, and with those who did vote identifying less with either political party, the mass-based mobilization efforts of parties became less relevant to political success. Parties had become weak and individual candidates strong. In this situation, resource-needy candidates sought interest group money to fund their campaign efforts. The legitimization of special interests by FECA encouraged interest groups to become more involved in electoral politics, as did the FEC's favorable decision regarding corporate and union monies funding PAC overhead costs. Special interest groups began to form PACs in substantial numbers and became a major source of money for individual candidates. In a time when it mattered less to get everyone to the polls and more to get select groups activated, interest groups, with their funds and their established means for reaching specialized constituencies, flourished in the electoral process.

1980s–Present The 1974 reforms and their subsequent interpretation by the courts ultimately shifted the balance between interest groups and parties. At first, parties seemed disadvantaged by the limits on what they could contribute to and spend on behalf of their candidates, but their position would improve over time. Individual and PAC contribution constraints put candidates in nearly full-time fundraising mode. PACs found that they faced a blizzard of funding requests from candidates, but most PACs were shoestring operations that did not have the political expertise to know where best to deploy their funds. Ironically, the very demand for PAC funds that arose from the candidate-centered campaign provided an opening for a new role for parties (Kayden 1980: 276). According to Hermson, FECA "allowed the [Congressional campaign committees] to become major brokers with the PAC community and devote staff and resources exclusively to the purpose of matching PACs with appropriate candidates for their donations" (quoted in Kolodny 1998, 132). Candidates realized that even if parties were not necessarily providing the funds, parties played a critical role in directing PAC

funds toward their campaigns. And parties of course could contribute directly to candidates as well.

Interest groups, whose heyday had been in the 1960s and 1970s, now had to operate through both the party and the candidate to become an electoral force. The advent of soft money merely replicated this pattern at a much higher scale, because now interests could donate hundreds of thousands of dollars directly to the parties, which the parties could then, for all practical purposes, deploy on behalf of specific candidates through issue advocacy and independent expenditures. Candidate dependence on parties and interests grew, though candidates still certainly did substantial fundraising on their own via individual contributions. Parties needed soft money to fund their new efforts, while interests needed to donate ever larger sums to be noticed in the ocean of soft money. Interest groups and political parties had reached a rough parity in campaign finance by the mid-1980s, and this parity continues at the onset of the twenty-first century.

CONCLUSION

Reform is difficult. Reforms attempting to channel the flow of money have met with the ingenuity of candidates, parties, and interests seeking to provide the electoral resources necessary to win. The most egregious examples of this behavior seem to occur during periods of significant state expansion or contraction. The evasion of the spirit if not letter of the law, however, is also the product of political learning. Labor's development of the PAC in the 1930s and 1940s, for example, was not against the law, but can be seen as circumventing the spirit of the law by providing a continuous flow of financial resources to candidates and parties.

Reforming money in politics is a problem of both supply and demand. Nearly every campaign reform effort in the past has dealt with the supply side of the equation: Tillman eliminated corporate contributions, Taft-Hartley labor money, and FECA constrained individual donors and parties. Each of these efforts restricted some form of money supply from entering the political process directly, and yet, those sources found some way of entering the process. Labor money funded "educational" campaigns, while corporations and wealthy individuals made soft money contributions.

Addressing the demand side of the equation has proved even more intractable. Reformers have attempted to deal with resource demand directly, most notably in the original version of FECA in 1971 and its subsequent amendments in 1974. In 1971, Congress implemented media expenditure restrictions and in 1974, spending limits indexed to inflation were imposed. The first were eliminated by the 1974 reforms; the second were overturned by the Supreme Court in *Buckley*. The difficulty has been in developing a system of

reforms that limits the demand for money in a manner with which both the reformers and the Court can live.

Reforming money in politics is also a problem of self-interest: Reformers have very rarely enacted a reform that hurt their electoral fortunes. Consider the demand-side reforms—limits on media advertising, on overall campaign spending, and on expenditure of personal funds. What impact would these have had on congressional reformers? Those who passed the law were already in Congress—of course, this will always be the case—and many of them feared wealthy candidates spending enormous sums of money to unseat them. Similarly, since challengers typically need a large sum of money to compensate for the name recognition and other advantages of the incumbent, one might see “leveling the financial playing field” as an act of incumbent protection. These reforms might address the demand for money, but they might also arguably undermine the competitiveness of elections.

All this is not to say that reform should not be attempted in the future, but rather that those who have not learned the lessons and patterns of the past do truly seem destined to repeat them. The Bipartisan Campaign Reform Act (BCRA) signed into law in 2002 is a case in point. Proponents expect that banning issue advocacy advertisements sixty days prior to a general election (thirty days prior to a primary election), in combination with prohibiting soft money contributions to federal party committees, will curtail severely special interest influence in elections. But with parties financially weakened nationally, interest group resources will become even more prominent. Because campaigns still require significant resources targeted to segments of the electorate (rather than mass mobilization), candidates will turn increasingly to PAC and individual campaign donations to fill the party gap. Furthermore, efforts by special interests might simply shift from the national to state and local arenas—safe havens from federal campaign finance laws. Lastly, rather than reducing their electoral involvement, interests might simply shift their independent electoral action from issue advocacy to express advocacy.

To succeed, future reform must be institutionally aware, understanding how electoral contexts create and constrain the efforts of political actors engaging in campaigns *relative* to each other. It must also grapple with both the supply and demand side of the resource equation. Moreover, reform must recognize constitutional limitations as defined by the courts. The BCRA falls short by these measures. As we indicated previously, the institutional interplay between parties, groups, and candidates may lead to increasing the prominence of interests, despite the intent of the law’s proponents to do precisely the opposite. Second, the law constrains supply but ignores demand. Lastly, the Court may well play the spoiler again, overturning parts of the law, with the ban on issue advocacy ads being perhaps the most vulnerable to rejection.

In reviewing the history of campaign finance reform, we have explained how the rules structuring the campaign finance system can determine the relationship between parties, candidates, and interests. Campaign finance laws, in combination with the relative need for mass mobilization, shape the electoral relationships between parties, interests, and candidates by determining whether electoral politics can be adequately funded by parties or candidates alone. The expansion and contraction of state capacity shakes the existing electoral system by pushing private interests into electioneering activities to protect their interests. This scramble for resources produces opportunities for candidates and parties to capitalize on the uncertainty facing private interests, creating the possibility of campaign finance abuses, which may then lead to calls for a restructuring of the campaign finance system. The campaign finance regime established under the new reforms changes the relationships governing interests, parties, and candidates. These relationships, as we have shown, are dynamic and, we would suggest, predictable. They also are diverse. As we have demonstrated, party and group electoral strength may well be inverse—when one is weak, the other is strong—but this need not be the case. Parity among parties, groups, and candidates is also possible. The task for reformers is to decide which of these diverse possibilities is best for democratic linkage and governance.

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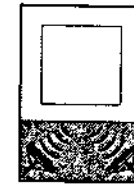
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NOTES

1. Some historians paint the political machine in a more sympathetic light. Leo Hershkowitz suggests that the embittered publisher of the *New York Times* had been denied machine largesse, and thus began a public campaign to demonize Tweed (see Hershkowitz 1978). More broadly, Robert Merton maintains that political machines performed an important societal function by providing city services that outmoded municipal governments were unable to supply (Merton 1972).
2. States began limiting campaign contributions by corporations in the 1890s.
3. According to Hanna's biographer, Herbert Croly: "In the case of the banks, a regular assessment was levied, calculated, I believe, at the rate of one-quarter of one percent of their capital, and this assessment was for the most part paid. It is a matter of public record that large financial institutions such as the life insurance companies, were liberal contributors" (Croly 1912: 220).
4. Both national party committees were headquartered in New York City during this period.
5. The Court ruled that Congress could not regulate primary elections as these were within the purview of the states and the parties. This ruling was overturned nearly twenty years later when the Court allowed Congress to regulate primaries when they were an integral part of the general election process. See *United States v. Classic* (313 U.S. 299, 1941).
6. The co-directors of Labor's COPE (Committee on Political Education) asserted that "Our committee is a nonpartisan organization. Our purpose is to keep our members informed of these issues we have outlined here and of their ramifications as they extend down from the level of national policy to the home of the individual citizen. . . . We are not interested in the formation of a third party nor are we interested in becoming the appendage of any existing party. We have no desire to capture any party nor any ambition to attain personal political power" (Gore Committee Hearings 1956: 47).
7. A report commissioned by President Kennedy and published as the President's Commission on Campaign Costs in 1962 echoed many of the same concerns regarding the spiraling costs of elections. The committee did not denounce the insertion of money in the electoral process but, instead, recognized the need for money and recommended ways in which it could be generated while still protecting the system's integrity.
8. Rather than convert each of the dollar figures from the 1970s, we provide the following rule of thumb for interested readers: Dollar figures from 1971 should be multiplied by about 4.3 to obtain the equivalent amount of 2000 dollars; figures from 1974 should be multiplied by 3.7; and figures from 1979 should be multiplied by 2.5.
9. The measure passed the House by a vote of 247-111, and the Senate by 60-19.
10. The congressional campaign committees are the Democratic Congressional Campaign Committee, National Republican Congressional Committee, Democratic Senatorial Campaign Committee, and National Republican Senatorial Committee. These committees raise and disburse funds for their party's candidates; House candidates for the first two committees, Senate candidates for the latter two.
11. PACs are the campaign finance arm of corporations, unions, and groups but are legally separate from these organizations. A corporation cannot directly contribute to a House candidate, for example, but the corporation can establish a PAC, and that PAC can contribute.
12. This "on behalf of" spending would later become known as "coordinated expenditures."

13. For more extensive information about the reforms and the changes they underwent since, see Corrado 1996.
14. Of course, party money still might be appreciated by candidates as seed money, and party direct contributions combined with coordinated expenditures are more than any other single interest could offer a candidate directly.
15. For example, *FEC v. Massachusetts Citizens for Life, Inc.* (470 U.S. 238, 1986); *Austin v. Michigan State Chamber of Commerce* (494 U.S. 652, 1990).
16. SLN PAC also allowed corporations to form limitless numbers of PACs, each with its own \$5,000 maximum individual contribution limit. The 1976 amendments to the FECA changed this by summing the total contributions across an organization's PACs and applying the statute's PAC maximum contribution amount per election to that total. So even if a corporation had thirty PACs, it could still contribute no more than \$5,000 total to an individual.
17. In June 2001, the Court in *FEC v. Colorado Republican Federal Campaign Committee* (533 U.S. 431, 2001) upheld the coordinated expenditure restrictions contained in the FECA.
18. As of this writing in 2001, the fate of campaign finance reform is uncertain. We include the early twenty-first century here as a period in which the volume of discussion about reform, from 1993 on, has been extraordinary.
19. Thanks to Michael Franz for discussion of this two-by-two schema.



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