

The Real Campaign Finance Problem

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Which of the following problems are caused by our federal laws on campaign finance?

- a. The demeaning hunt for money that all but the richest candidate have to engage in
- b. The explosive growth of spending by political action committees (PACs)
- c. The increase in the number of wealthy candidates for federal office
- d. The lack of nonwealthy candidates with any new or interesting ideas

The answer: all of the above. Here's why. Prior to the early '70s, someone who wanted to contribute \$100,000 or even \$1 million to a presidential candidate was free to do so, and the limit on contributions to congressional candidates was fairly high. A federal law passed in 1971 and another one in 1974 changed all that. Since 1974, it has been illegal to contribute more than \$1,000 directly to a candidate for federal office. Congress has not even adjusted this limit for inflation: \$1,000 today, properly indexed for inflation, is worth less than \$400 in 1974 dollars. Result: nonwealthy candidates making a serious run for office must spend a large part of their time on the phone and at fund-raisers soliciting money in amounts of \$1,000 or less. To minimize this problem, politicians often have accepted PAC money from various special interests because the people running the PACs do the hard work of raising small amounts from their members and then bundle the amounts together into larger PAC contributions. Thus the explosive growth in PACs over the last 20 years. The original law also put a strict limit on how much of their own money candidates could spend. But in 1976, the Supreme Court threw out that part of the law on the grounds that it violated candidates' freedom of speech. The law thus increased the advantage of wealthy candidates and has led to a higher proportion of them. And because candidates must espouse ideas that a large number of people are each willing to give a small amount of money to support, their ideas are, at best, inoffensive orthodoxies, and the nonwealthy maverick is a dinosaur in American politics.

Privileges of frank

On top of these four problems caused by federal campaign finance laws, add one more: the difficulty of unseating an incumbent. Incumbency has always presented advantages. Federal incumbents, for example, have the franking privilege, which allows them to mail to constituents, without paying for postage, thousands of pieces of thinly veiled campaign literature. To overcome this advantage, a challenger must often outspend the incumbent. But without large contributors, this is hard to do. Thus the 1974 law has made incumbents even harder to topple.

One way Mr. Clinton has tried to focus attention away from his own actions has been to push for the McCain-Feingold bill, which would ban soft money altogether. The bill, authored by Senators John McCain (R: Arizona) and Russell Feingold (D: Wisconsin), would dramatically increase the federal government's intervention in the political process. Under McCain-Feingold, the Federal Election Commission would have the power to restrain spending by various groups that try to influence elections. According to *The New Republic*, Mr. Clinton is even considering asking the commission to limit soft money without any new legislation. But as the American Civil Liberties Union has pointed out, such measures would blatantly violate the First Amendment, which states, "Congress shall make no law . . . abridging the freedom of speech . . ." What part of "no law" do Mr. McCain, Mr. Feingold, and Mr. Clinton not get?

Soft money is not all bad. Much of it is really protection money. When independent groups spend money to defeat politicians who threaten their interests and offer to support politicians who favor their interests, they constrain both groups of politicians. Given the government's great power over our society and its constant grab for more power, constraints on what politicians can get away with are often useful. If Mr. Clinton had not had to worry about raising money from Silicon Valley, for example, the government's attempt to mandate the Clipper chip would probably be further along than it is. When the Japanese Automobile Dealers Association, a U.S. trade group, gives money to politicians, it is mainly trying to get them to keep allowing Japanese auto imports into the United States. If they were unable to spend money that way, the U.S. Congress could more easily impose import quotas.

The idea of paying protection money is inherently repugnant. But blaming interest groups for paying politicians to regulate them less is like blaming the shopkeepers who paid protection money to Al Capone. The perpetrators of extortion, not their victims, are the ones morally culpable.

Interestingly, some of the most vociferous advocates of limits on campaign and soft-money contributions also want to give Congress and the president a freer reign to regulate and control the economy. For example, the people most outraged at the soft-money donations of cigarette companies seem to be those who advocate new federal laws to limit the advertising and sales of cigarettes.

Roll over, Thomas Jefferson

Restrictions on election spending are creating a society of privilege. If Peter Jennings doesn't like what Newt Gingrich did this week, he can exercise his First Amendment right to say so, and he can use millions of dollars' worth of TV time to do it. But what about the software writer in Sunnyvale who has political views but lacks Peter Jennings's perch? His main way of expressing himself might be to give \$2,000 to a candidate. The current law doesn't recognize his freedom of speech. The last words of the Declaration of Independence read: "we mutually pledge to each other our Lives, our Fortunes, and our sacred Honor." Had the founding fathers been subject to today's laws, they would have been able to pledge their lives, their sacred honor, and up to \$1,000.

There is a kind of soft money that cannot be defended. That is the kind that various interest groups spend--not to buy protection for themselves but to buy favors. Archer-Daniels-Midland, for example, contributes to politicians in both major parties so that these politicians will vote to keep subsidizing the ethanol that ADM produces and to keep import quotas on sugar, raising the demand for ADM's corn sweetener. But you can't limit the soft money spent to seek favors without limiting the soft money spent to buy protection. And even people advocating bad causes should have their freedom of speech respected. Moreover, both kinds of spending are only a symptom. The disease is government power. Why is the liquor lobby such a small force in Washington, D.C., but such an important presence in Sacramento, Albany, and other state capitals? Answer: state governments are the main regulators of the liquor business. As political commentator Dan Walters pointed out years ago, the heavy money in California

politics flows not just from the liquor industry but also from lawyers, insurance companies, bankers, horse-racing tracks, doctors, and public-employees unions. What they all have in common is that their fortunes are directly affected by political decisions in Sacramento.

Raw deal

Similarly, the increase in the buying and selling of political influence in federal politics in this century is due to the enormous growth in the federal government's power over the same time period. The legendary grafter Tommy "the Cork" Corcoran, for example, got his start when Franklin Roosevelt's New Deal dramatically expanded the size and scope of government. Lyndon Johnson became powerful at 32 years of age not because he gave two minor speeches in the House of Representatives during his first four years in Congress, but because in 1940 he collected hundreds of thousands of dollars from federal contractors and Texas oilmen wanting to save their tax breaks, and then sent the money to Democrats running in tight congressional races around the country. (Also, as biographer Robert Caro has painstakingly documented, LBJ also got his allies at the Federal Communications Commission to approve the sale of Austin radio station KTBC to his wife and then to approve longer hours on a much more desirable part of the AM band. The result was instant wealth for the Johnson household.)

The more power government exerts over people's lives, the more people are willing to pay to have a say in how that power is used, for good or bad. Those who want serious campaign reform should call not for further violations of the Constitution but for federal government compliance with the Constitution. Were the federal government to limit itself to its constitutionally granted powers, it would have only a fraction of its current power over the economy. The only way to take the money out of politics is to take the politics out of money.