MONEY IN AMERICAN ELECTIONS

Frank J. Sorauf

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FRANK J. SORAUF
University of Minnesota

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(continued on page 398)

For Shelly and Gerry,
in friendship

Preface

The plan of this book should be evident from its structure and text, even from its table of contents. But an author's hopes for a book may be less apparent. I have written this one to bring what have been disparate materials into a summary and interpretation of what we know about a single subject: the way we finance American election campaigns. I hope it will help to organize and define, both for research and for teaching, what can easily seem to be a mixture of arcane data, insiders' lore, and heated judgments.

I also want to acknowledge some debts. I could not have written the book without the help of three research assistants: David Linder, Tracy Tool, and Scott Wilson. Their hard work, mastery of the data, and ingenuity in the library made it possible to produce a manuscript without ending the rest of my personal and professional life. All the people at the Federal Election Commission have been unfailingly helpful, but I am particularly indebted to Bob Biersack, Kent Cooper, and Fred Eiland. Gerald Elliott was, as always, a peerless source of materials within the Beltway. Mary Ellen Otis effectively took care of formatting and printing the manuscript as deadlines loomed. I am grateful to my editor, John Covell, for his enthusiasm for the project and his continuing patience and support.

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Contents

1
An Orientation

Eras do not have specific dates of origin. The kind of massive, dramatic change that marks their onset is really a cluster of related changes happening only more or less at the same time. And so it has been with campaign finance in the United States. The stirrings of a new era, the contemporary era, began some time in the 1960s, but it arrived full-blown in the 1970s with the coming together of a number of trends and changes in American politics. It is not, however, the onset of the new era that marks it most indelibly, but rather the ways in which the current era differs from the one that preceded it.

Nothing characterizes the new era as vividly as the increase in the sheer sums of money spent in campaigns for public office. In 1972 all of the candidates for Congress spent a total of $77,305,769 in their campaigns; by 1976 the total had edged up to $115,500,000. By 1986 the total cost of congressional campaigns had jumped dramatically to $450,049,177, an increase of 482 percent since 1972.[1] Even allowing for the increase of 162 percent in the Consumer Price Index from 1972 to 1986 — that is, correcting for the effect of inflation — the increase in purchasing power dollars is still a very substantial 122 percent.

Other less visible, but scarcely less fundamental, changes

[1]The data for 1972 and 1976 come from Joseph E. Cantor, *Campaign Financing in Federal Elections: A Guide to the Law and Its Operation*, rep. 86-143 of the Congressional Research Service of the Library of Congress (Aug. 8, 1986). The 1986 data come from the reports of the Federal Election Commission.

altered American campaign finance in the 1970s and 1980s. In earlier years the large contributor — the fabled "fat cat" — had dominated it. Congress ended that domination in 1974; and at least partially in compensatory response, political action committees (PACs) began a period of unprecedented expansion. At bottom, however, the new system of campaign funding came to rest on the political generosity of millions of individual contributors, whether they gave their money directly to candidates or indirectly through PACs and political parties. Finally, a burgeoning of data and information marked the new era. Congress and a good many states began in the 1970s to require parties, PACs, and candidates to report their financial transactions; and a rich and detailed body of data on money in campaigns resulted. Drawing on those data, the mass media have reported the details of campaign finance for the American public in ways unimaginable in earlier years or eras.

I. The New Ways of Politics

All of these characteristics of the new era in American campaign finance are evidence of more fundamental changes in American politics. Most especially they are reflections of changes in the American way of campaigning. It is *campaign* finance we are talking about, and changes in American campaigns are bound to have an effect on the ways we fund them.

A very shrewd observer of politicians and campaigns wrote almost prophetically in 1961:

> The media have done to the campaign system what the invention of accurate artillery did to the feudal kingdom — destroyed the barons and shifted their power to the masses and the prince. A candidate now pays less attention to district leaders than to opinion polls.[2]

What seemed prophetic in 1961 seems commonplace in the 1980s. But in truth it is not only the media that wrought the changes. The technologies that revolutionized campaigning

[2]Stimson Bullitt, *To Be a Politician* (New York: Anchor, 1961), 65.

embrace all of the arts of modern communication and persuasion: the sample survey (i.e., the poll), computer-based information and analysis, specialized accountancy and legal advice, systematic fund-raising, and strategic scheduling and planning. The men and women who master these skills have become the new campaign technocrats, the campaign managers and consultants who so dominate contemporary electoral politics.[3]

In the decades after World War II, the major American political party slipped into decline. The fabled urban machines were ailing virtually everywhere; only Mayor Richard Dailey's in Chicago survived a few years longer. Party organization in places other than big cities were never models of vitality or effectiveness and now declined even further. Voters loosened their party loyalties a bit more in each decade after the war. The percentage of self-styled independents rose, and even voters who continued to profess a loyalty to a political party often became more casual about their commitment. Since loyalty to party governed a smaller part of the voting decision for millions of voters, split-ticket voting increased. Party lines in the Congress and many state legislatures also softened after World War II. Disciplined, cohesive legislators of one party faced similarly disciplined legislators of the other party less and less often. So, in a number of ways political parties began to count for less in the politics of the nation.[4]

Inevitably, the political parties were able to control less and less of the campaign for public office. Gone were the days when their ranks of local workers and committeemen canvassed the local voters — the equivalent of polling in those days — and gone, too, were the days in which party publications and party parades and rallies were the stuff and excitement of the campaign. The skills and labor the party mobilized were no longer the main resource of the campaign; they were

[3]For a good account of the rise and power of the campaign technicians, see Larry Sabato, *The Rise of Political Consultants: The New Ways of Winning Elections* (New York: Basic Books, 1981).

[4]On the decline of party, see Frank J. Sorauf, *Party Politics in America*, fifth ed. (Boston: Little, Brown, 1984), especially chap. 17. On the changing party loyalties of the American electorate, see Norman Nie, Sidney Verba, and John Petrocik, *The Changing American Voter* (Cambridge, Mass.: Harvard University Press, 1976).

increasingly replaced by the new media, the new technologies, and the new people with the new skills. In short, a new style of campaigning emerged; and the parties were less and less central to it.

Candidates increasingly found themselves free to run their own campaigns — provided they could raise the money to "rent" the new campaign expertise and media of the campaign. In the days of greater party control, the candidates had come by the resources for their campaigns by bartering their loyalty for the resources the party amassed. Candidates now found themselves in a cash economy. Fund-raising suddenly became a vastly more important part of the business of being a candidate or even of being a potential candidate. But for all this trouble in finding cash, candidates literally "purchased" a kind of political freedom. Campaigns were theirs to manage or, more accurately, to arrange the management of. The need to raise large sums of money was at once a weighty burden and a charter of independence from the party and its claims.

Behind all of these shifts and changes in the resources it takes to mount a campaign, there was also a shift in what one might call the resource constituency. In earlier eras the campaign resources, heavy in manpower from the locality, were mobilized by the political party. The resource constituency was, therefore, largely congruent with the electoral constituency. In the new era, the resource constituency is much more apt to be located outside of the party organization and, increasingly, outside of the electoral constituency. Candidates for Congress raise more money nationally or regionally; PACs and parties raise it centrally (i.e., nationally) and disburse it back to the candidates in the states and the congressional districts. The consequences of that divergence of electoral and resource constituencies have been momentous.

When Jesse Unruh, then the Democratic speaker of the California Assembly, laid down his dictum that "money is the mother's milk of politics," it had all the freshness of a new insight. That was in the early 1960s.[5] To be sure, some of the fundamental changes in American politics had begun before then. Extensive

[5]Mr. Unruh's office dates the earliest use of the phrase in print to the article, "Big Daddy's Big Drive," *Look* (Sept. 25, 1962).

TV coverage of campaigns was becoming common in the late 1950s, for example. Other changes were just beginning; the number of independents in the American electorate turned upward in the late 1960s. But by the time all the changes and developments were consolidated and shaped in the 1970s by a major body of regulatory legislation, a new era in campaign finance was upon us; and Unruh's dictum — still the most famous one-liner in campaign finance — had begun to seem almost commonplace.

Campaigns and their funding, in turn, reflect the broader context of the entire political system. Above all, the nature of campaigns and campaign finance reflects the centrality of the individual candidate in American politics. With very few exceptions, Americans nominate candidates not by some internal party process but by an election, a primary election. Especially in the states and localities, we choose public officials, such as public utilities commissioners and local assessors, not by appointment but by election. The resulting proliferation of elections and candidates in them extends campaigning to a scope no other democracy knows. And those campaigns are for candidates, not for a party. In much of the rest of the world, voters choose between or among political parties, largely because either parliamentary institutions or proportional representation in elections frame the combat in terms of party outcomes and party control of government.

Even more broadly than that, American campaign finance reflects American society, especially its voluntarism. Raising money for candidates, parties, and PACs has a great deal in common with raising money for the arts, for hospitals, or for charities. The ease with which a little persuasion can coax money from Americans for a worthy purpose has no parallel in the rest of the world, nor is there any parallel to the extensive and thriving American fund-raising industry. The skills and techniques of that industry — the art of the fund-raising letter and the use of computer-based mailing lists, for example — have nourished the new campaign fund-raising. While campaign finance may not replace apple pie in the American pantheon, it is every bit as indigenously American as a United Way campaign.

II. Actors and Events

The actors, the events, and the transactions in American campaign finance are all defined by legislative fiat. And as with all other things in American electoral politics, that means by 51 legislatures: the Congress and those of the fifty states. Congress regulates its own campaigns and those for the presidency, and the state legislatures regulate those for state and local office. (Some states do permit local councils and other governing authorities to exert some control over campaigns for local office.) But, unhappily, campaign finance is not even that simple. Legislation often defines different funding and regulation for different offices at the same level of government. Just at the national level, for instance, there are three systems of campaign finance: one for the two houses of Congress, a second for presidential candidates before the nominating conventions, and a third for the major party candidates for the presidency after the conventions. There is no public funding for the first, partial public funding for the second, and full public funding available for the third. Given all the options and varieties, no one really knows how many systems exist in the American states and localities.

Certainly the most celebrated, documented, and varied of the campaign finance systems is the one for congressional campaigns. It is the one this book will explore at greatest length; and it offers, therefore, the most useful "bare bones" model of the actors and events in campaign finance (Figure 1-1). Movement in the model is from left to right, as it is in all such flowcharts of a political process. The flow of money begins at the left with the willing individual. That person may give money to a PAC, to a party, or directly to a candidate; or he or she may decide to spend the money autonomously and independently to urge the election or defeat of a candidate. In reality, individuals spend virtually all of their money in the first three options; and among these three well over half of their money goes directly to candidates.

Political parties and PACs, for their part, may contribute funds directly to candidates; they also each have another, though different, political option. PACs may spend "independently" — in TV or newspaper ads or direct mail messages,