

Chapter 7: The Electoral Process

Section 3

Lecture Notes

AMERICAN GOVERNMENT

PEARSON

► Objectives

1. Explain the issues raised by campaign spending.
2. Describe the various sources of funding for campaign spending.
3. Examine federal laws that regulate campaign finance.
4. Outline the role of the Federal Election Commission in enforcing campaign finance laws.
5. Distinguish hard money from soft money.

▶ Key Terms

- **political action committee (PAC):** the political arms of special interest groups
- **subsidy:** a grant of money, usually from the government
- **hard money:** campaign contributions given directly to candidates and subject to legal limits
- **soft money:** campaign contributions given to parties and other political organizations in unlimited amounts

▶ Introduction

- What role does money play in electoral politics?
 - The amount of money spent on political campaigns is huge and grows with each election cycle.
 - Some of the rising campaign expenses include items like advertising (with TV ads being most expensive), polls, mass mailings, campaign staff, and travel.
 - The ability to raise money is thus critical for federal office seekers.

▶ Campaign Spending

- In 2008, presidential candidates spent some \$2.5 billion.
- In September alone, Obama and McCain each spent an average of:
 - \$25.2 million on TV and radio ads
 - \$4.1 million on travel
 - \$2 million on campaign worker salaries
 - \$800,000 on polls



▶ Campaign Spending, cont.

- Some \$1.5 billion was spent on House and Senate contests in 2008.
- It now costs about \$1 million to run for a House seat, and up to 20 times that to campaign for a Senate seat.
- What factors may account for the rise seen in the chart to the right?

Total Campaign Spending, 1964–2008

Year	Estimated spending	Voter turnout*	Spending per voter
1964	\$200 million	70.6 million	\$2.83
1968	\$300 million	73.2 million	\$4.10
1972	\$425 million	77.7 million	\$5.47
1976	\$540 million	81.6 million	\$6.62
1980	\$1.2 billion	86.6 million	\$13.87
1984	\$1.8 billion	92.7 million	\$19.42
1988	\$2.7 billion	91.6 million	\$29.48
1992	\$3.2 billion	104.4 million	\$30.65
1996	\$4.0 billion	96.5 million	\$41.45
2000	\$5.1 billion	105.4 million	\$48.39
2004	\$6.0 billion	120.2 million	\$49.92
2008	\$7.0 billion	127.5 million	\$54.90

*Presidential elections

SOURCES: Federal Election Commission; Herbert E. Alexander, *Financing Politics*

► Sources of Funding

- Checkpoint: Where do campaign contributions come from?
 - Most money comes from private givers, such as small contributors, wealthy individuals, political action committees (PACs), temporary fundraising groups, and candidates themselves.
 - Campaigns, particularly presidential campaigns, receive public funds from federal and state treasuries as well.

► Sources of Funding, cont.

- The Internet has become a major fundraising tool, particularly for outsider candidates.
- Barack Obama raised some \$230 million via the Internet in 2008, mostly in sums of less than \$100.



► Sources of Funding, cont.

- Candidates also raise money through telethons and fundraising dinners.
- People typically give money because they believe in a party or candidate, wish to influence public policy, or want improved access to government.



▶ Regulating Finance

- Congress regulates the use of money in federal elections. It passed the most recent campaign finance law in 2002.
 - Federal laws require the disclosure of campaign finances, limit contributions and expenditures, and provide federal funding for presidential elections.
- The **Federal Election Commission** often struggles to enforce campaign finance laws due to a lack of staff and funds.

▶ Limits on the FEC

- Understaffed and underfunded - Only consists of 6 people (usually 3 Rep, 3 Dem)
- Conflict of Interest
- Loopholes
- Supreme Court

▶ Disclosure Requirements

- Each candidate has a single committee responsible for all campaign spending and recording all campaign contributions.
 - Contributions over **\$200** must be identified by date, purpose, and the name of the giver. Contributions of more than **\$5,000** must be reported to the FEC.
 - Cash gifts of more than **\$100** are prohibited, as are contributions and spending from foreign sources.

▶ Limits on Contributions

- No person can give over **\$2,300** to a federal candidate in a primary or general election.
- No person can give more than **\$5,000** to a PAC or **\$28,500** to a national party in a single year.
- No person can give more than **\$108,200** total in a two-year election cycle.
- Before these limits were imposed in 1974, individuals often gave larger amounts.

▶ PAC Contributions

- More than 4,000 political action committees (PACs) are active today:
 - Most represent special interest groups such as business associations and labor unions. They can raise money only from members.
 - Other PACs are unconnected committees that can raise money from the public.
- No PAC can give more than **\$5,000** to a candidate in a primary or general election. But a PAC can give to as *many* candidates as it chooses and give up to **\$15,000** a year to a political party.



Super PACs

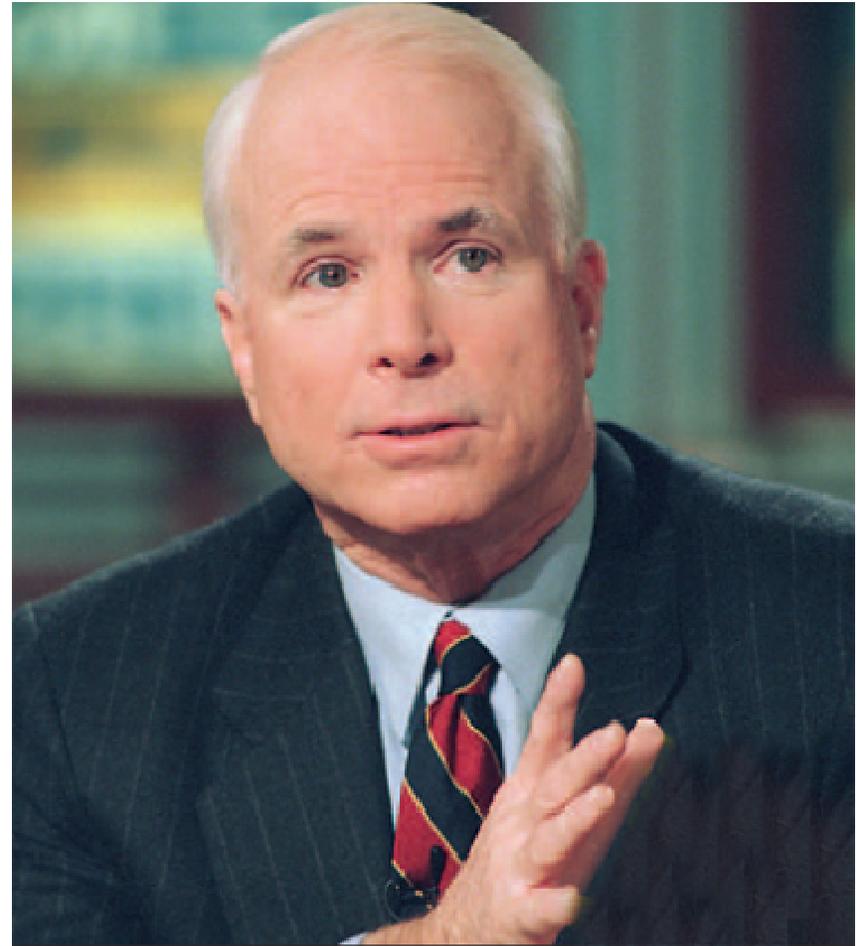
- Super PACs were created by two court decisions
- *Citizens United v. FEC (2010)* - Supreme court ruled that limitations could not be imposed on unions and corporations who are contributing to independent political organizations
- *Speechnow.org v. FEC (2010)* - a federal court of appeals ruled that PACs that did not make contributions to candidates, parties, or other PACs could accept unlimited contributions from individuals, unions, and corporations

▶ Super PACs vs. PACs

- PAC contributions are limited, and they many donate money directly to candidates and political parties
- Super PACs must operate independently of candidates and parties and may accept unlimited contributions
- [WSJ Super Pac spending web site](#)

▶ Limits on Expenditures

- The Supreme Court has ruled that the 1st Amendment protection of free speech means that most campaign spending limits are unconstitutional.
 - *Citizens United v. FEC*
- This is because candidates spend money to share their message with the American people.



▶ Public Funding

- The **Presidential Election Campaign Fund**, established in 1971, uses taxpayer money to help fund pre-convention campaigns, national party conventions, and presidential election campaigns.
 - The system is set up so that only candidates with national organizations can qualify for funding.
 - If a presidential candidate accepts public funding for the general election, his or her campaign cannot take funds from any other source and is limited in what it can spend.

► Public Funding, cont.

- A lack of taxpayer support and the rising cost of campaigns may doom the public funding program.
- In 2008, Barack Obama became the first candidate to refuse federal funds for the general election, raising more than \$300 million privately.



▶ Hard and Soft Money

- Federal law puts limits on hard money—contributions given directly to candidates.
- In the 1980s, the major parties began raising millions in unregulated soft money—funds given to parties or political organizations.
- In 2000, some \$500 million in soft money had been raised. This money could be spent on “issue ads” supporting or opposing certain policies.

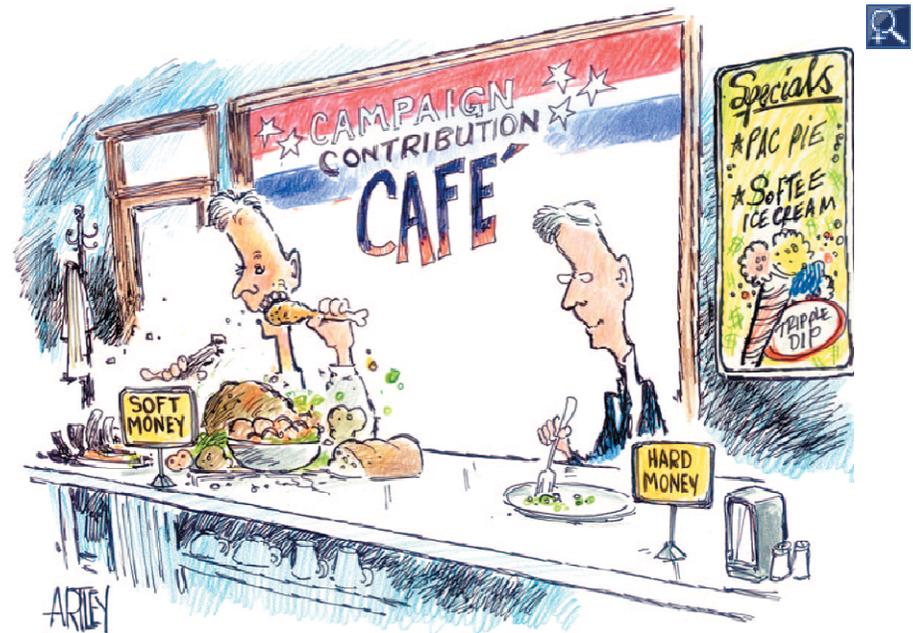
▶ Hard and Soft Money, cont.

- In 2002, the McCain-Feingold Law banned soft-money contributions to political parties.
- But independent political groups, often called “527s,” still can and do raise millions in soft money.



▶ Hard and Soft Money, cont.

- Groups such as 527s spent several hundred million dollars in soft money during the 2008 presidential campaigns.
- 527 is similar to a PAC but with fewer regulations because they do not expressly advocate the support or defeat of a candidate



▶ Review

- Now that you have learned about how elections are conducted in the United States, go back and answer the Chapter Essential Question.
 - How fair and effective is the electoral process?