The Benefits of Campaign Finance Reform

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THE BENEFITS OF CAMPAIGN FINANCE REFORM
BY SCOT BAYLES

I. INTRODUCTION

In the world of politics, many measures are taken to assure victory and approval. Oftentimes, politicians are influenced not only by the majority, but also by small interest groups. As such, with each year, politicians become more and more refined in their ability to appease interest groups rather than improve the economy or address the needs of their constituents. In campaigning for power, the candidates with the most funds are able to improve their chances of winning. However, due to the misuses of campaign financing, campaign finance reform is needed to bring integrity back to politics. To understand how campaign finance reform can positively affect politics, one needs to explore the problems occurring in campaigns, the measures used to reform campaign financing, and the views concerning these measures.

II. CAMPAIGN FINANCE

Campaign financing is becoming increasingly complex as politicians fight for approval and interest groups yearn for attention. In the ideal world, politicians would do that which is best for society as a whole; however, as politicians seek power and approval, they often do whatever is best for themselves. Private groups understand this principle and so they realize that, by supporting politicians, their individual motives will be met. In fact, critics say that donors such as “wealthy individuals, companies, labor unions, [and] interest groups” believe that they can influence public officials, and therefore public policy. Actually, because these donors, both large and small, can have a greater

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influence on politics than voters themselves, this is a concern for many citizens. Donors help politicians because it serves the donors' personal agendas. Some critics believe that donors see their contributions as an investment that will hopefully benefit them in the future.\(^3\) The contributions of private groups are referred to as “soft money.”

**A. Soft Money**

Soft money is traditionally defined as “contributions made to the national parties for ‘party-building’ activities that were exempt from the limits and restrictions of normal contributions.”\(^4\) As soft money is given to politicians by private groups and individuals, hard money is the money that is allocated to the parties by the government.\(^5\) While hard money has restrictions, soft money does not. For decades, soft money has been used by politicians but not to the same extent that politicians use it today. Because these contributions are unlimited, politicians use the money they receive in a number of ways. Examples of the contributions’ use include “get-out-the-vote drives, bumper stickers, yard signs, and generic TV ads that say ‘Vote Democratic’ or ‘Vote Republican’.”\(^6\)

Though at first these activities seem harmless and reasonable, campaign contributions in the form of soft money have soared over the last decade (Figure 1).\(^7\) The rise in the amount of soft money that politicians receive not only causes the rise in “party-building” activities but also it accounts for the rise in measures that politicians have passed to accommodate their respective contributors. In addition, Figure 2 shows the dramatic increase in soft money contributions by both parties in relation to hard money.\(^8\) The rise in hard money allocations by the government is proportional to inflation and not changes in policy.

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5. *Id.*
6. *Id.*
7. *Id.*
8. *Id.*
As a result, the problems of campaign financing can be seen throughout politics and not necessarily within any single political party. Nonetheless, the fact that the Republican Party utilized more private contributions than the Democratic Party can provide support for the triumph of the Republican Party in the 2000 Presidential election. Possible correlations include the fact that Republicans received more funds to help them with their campaigning, so they were able to influence the voter better than Democrats. In addition, these added contributions imply that Republicans received more support from larger and more influential private groups than did Democrats.

However, not all soft money contributions have to go directly to the party. "Do-It-Yourself" soft money allows private groups to support a party without the party being held accountable. For example, a company can run a commercial that supports a politician’s platform without directly endorsing the politician. Because it is too difficult to monitor the private group that is promoting the party, the candidate indirectly benefits from the group’s contribution. Consequently, contributors of soft money provide

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the core problem for regulating campaign financing as they influence elections without being held responsible.

B. Present-Day Application

Economic principles help to support how politicians are influenced by interest groups both large and small. In the world of economics, self-interest is an important principle. One apparent example of the economic influence of self-interest is seen in Iowa corn farmers. Throughout the years, gasoline made with the corn-derived ethanol was “taxed 5.4 cents less per gallon than pure gasoline...because it lowers [U.S.] dependence on foreign oil.”\(^{10}\) A 1997 study showed, however, that ethanol was just as harmful as traditional gasoline to the nation’s environment and economy. Nevertheless, a 7.1 billion dollar subsidy for oil by the U.S. Government enabled Iowa corn growers to charge 30 cents more on the price of every bushel of corn sold.\(^{11}\) As a result, to maintain support from the farmers, politicians during the 2000 presidential elections assured Iowa corn growers that they would not repeal the tax. In doing so, politicians were more concerned about receiving votes from Iowa corn farmers than they were about eliminating an unnecessary 7.1 billion dollar tax subsidy on ethanol. While seeking after their own self-interest, both the farmers and the politicians did that which would best benefit themselves, but not necessarily the nation. The reason the U.S. population as a whole was not upset about this situation is that they did not recognize the impact. Though the subsidy greatly benefited the farmers, the tax increase for the millions of Americans who had to pay for the subsidy was so small that they did not realize what was occurring.\(^{12}\) Only Senator John McCain of Arizona opposed the ethanol subsidy. Although Senator McCain did not win the presidential elections, the following shows that he and other politicians have made many efforts to reform campaign financing.

\(^{10}\) Charles Wheelan, Naked Economics: Undressing The Dismal Science 139 (2002).

\(^{11}\) Id.

\(^{12}\) Id. at 141.
III. MEASURES TO REFORM CAMPAIGN FINANCING

Measures to reform campaign financing date as far back as the Theodore Roosevelt Administration in the early 1900s. President Roosevelt recognized the need for reform in campaign contributions and so a number of policies were enacted. With time these policies evolved until the Federal Election Campaign Act (FECA) was enacted in 1971. The act limited the influence of “wealthy individuals and special interest groups on the outcome of federal elections,” and it forced the regulation and publication of finances used by candidates.\(^{13}\) Such reform was necessary because politicians were being influenced more by special interest groups than by their constituents. In addition to these restrictions, the FECA made a number of grants available to candidates. For example, the General Elections Grant states that the “Republican and Democratic candidates who win their parties’ nominations for President are each eligible to receive a grant to cover all the expense of their general election campaigns.”\(^{14}\) However, these grants state that nominees who “accept the funds must agree not to raise private contributions.”\(^{15}\) As candidates were not allowed to receive private contributions, they were encouraged to seek the interests of the country and not the interests of private agendas. Although these provisions were steps in the right direction to help reform campaign financing, these measures received opposition and were ultimately reformed by the Supreme Court.

Despite the FECA’s efforts, the act received much opposition. In 1975, Senator James L. Buckley of New York and Presidential Candidate Eugene McCarthy disagreed with the FECA’s regulations of campaign financing. McCarthy opposed the country’s current campaign finance laws and felt that the regulations of the FECA were unconstitutional. Consequently, the Supreme Court case Buckley v. Valeo\(^ {16}\) resulted in


\(^{14}\) Id.

\(^{15}\) Id.

when these representatives filed suit against Francis R. Valeo, the FECA representative of the U.S. Federal government. Although the court found some provisions of the FECA unconstitutional such as the “limitations on expenditures,” it upheld the constitutionality of most of the provisions.\textsuperscript{17} The provisions that were upheld included the “limitations on contributions to candidates for federal office,” the “recordkeeping provisions of the FECA” and the “public financing of Presidential elections.”\textsuperscript{18} While people opposed the FECA, campaign finance reform gained momentum as more provisions and amendments were passed to further the hope of more honest and fair elections.

In 2002, Senator Feingold and the previously mentioned Senator McCain proposed a bill to enforce more specific regulations on campaign finance. The McCain-Feingold bill called for a ban on soft money and placed restrictions on “outside groups airing so-called ‘issue ads’ that tout or criticize a candidate’s position on an issue, but refrain from explicitly telling viewers to vote for or against that candidate.”\textsuperscript{19} These measures are very important because they help citizens make necessary changes to their communities rather than allowing companies and interest groups to dominate the political arena.

IV. VIEWS CONCERNING CAMPAIGN FINANCE REFORM

As campaign finance reform has become a very important topic in today’s politics, it has received much criticism. The American Civil Liberties Union (ACLU) recognizes a need for campaign finance reform, but it opposes the measures taken to enforce such a reform. The ACLU does not support the McCain-Feingold legislation for a number of reasons. In a statement released soon after the McCain-Feingold bill was enacted in 2002, the ACLU stated, “We will continue to advocate reform of the current system – such as our longstanding support for full public financing – but in doing so we will stress the fidelity to the principles protected by the First Amendment with the goal of expanding,

\textsuperscript{17} Id.
\textsuperscript{18} Id.
\textsuperscript{19} Campaign Finance Reform: The Issue, supra note 2.
not limiting, political speech."\textsuperscript{20} The ACLU contends that the new measures infringe upon the rights of Americans to exercise their First Amendment rights and share their public views. The ACLU’s claim is valid because it discusses how companies and individuals are unable to voice their concerns under these restrictions. For example, the ACLU statement also asserts how the McCain-Feingold bill does not allow interest groups such as the NAACP and the NRA to express their opposition to bills that adversely affect a large number of Americans.\textsuperscript{21}

The American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) has also expressed its opposition to the McCain-Feingold bill. In a statement released in April of 2002, President John J. Sweeney of the AFL-CIO stated that “this law also unfairly and severely interferes with the ability of unions to communicate with the public and to advance working family interests in the U.S. Congress.”\textsuperscript{22} With campaign finance reform, the group contends that it will not be able to endorse measures that strengthen the position of the labor unions. Though the organization recognizes the need to limit soft money, it feels that the current legislation is inadequate.\textsuperscript{23} While these claims are valid, the present measures to combat campaign finance reform protect more Americans from the interest groups that would harm their economic and moral views.

Despite criticism from groups such as the ACLU, other groups such as Common Cause and Public Citizen have teamed together to support these reforms. A group devoted to campaign finance reform, Common Cause has released the following statement: “[Campaign finance reform] is a proven way to give voters more control over government, make politicians accountable to their voters rather than their campaign contributors, and level the playing field by giving all

\textsuperscript{21} Id.
\textsuperscript{23} Id.
citizens a fair shot at getting elected.\textsuperscript{24} The group Public Citizen also recognizes the importance of campaign finance reform. The group states that it is imperative to replace private money with public funding in order to "limit the influence of wealthy special interests."\textsuperscript{25} In doing so, these groups express how the measures enacted by the McCain-Feingold bill and others have allowed Americans to become more involved in the political process and to improve the state of the Union.

\textbf{V. CONCLUSION}

Campaign finance reform is a key factor in assuring that politicians' actions are motivated by the interests of the country as a whole and not the interests of private groups. As politicians continue to misuse campaign finances, their personal agendas will have negative effects on the economy. The last decade has shown how campaign contributors have gained too much power over elections and politicians. In order to ensure that politicians regain the trust of their constituents and work to improve society, campaign finance reform must be a major priority. By assuring that political campaigns are not influenced by interest groups, society will be able to achieve its worthy objectives and politicians, in turn, will regain their integrity.
