



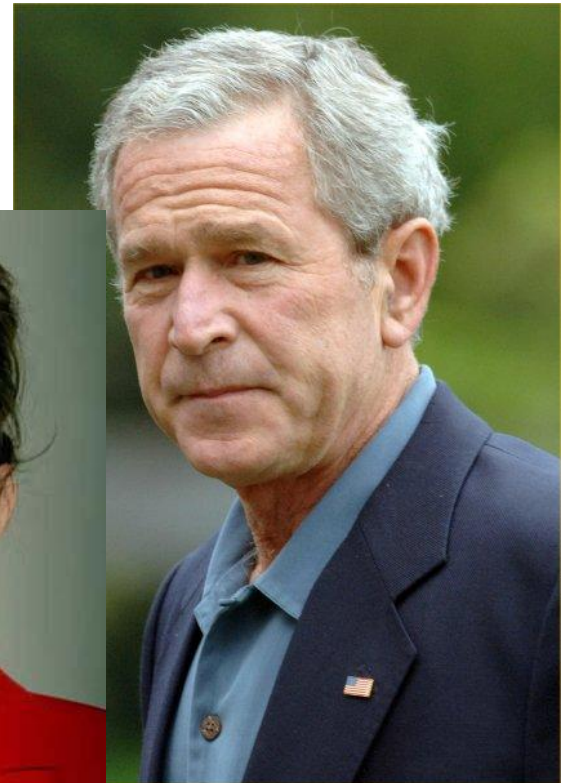
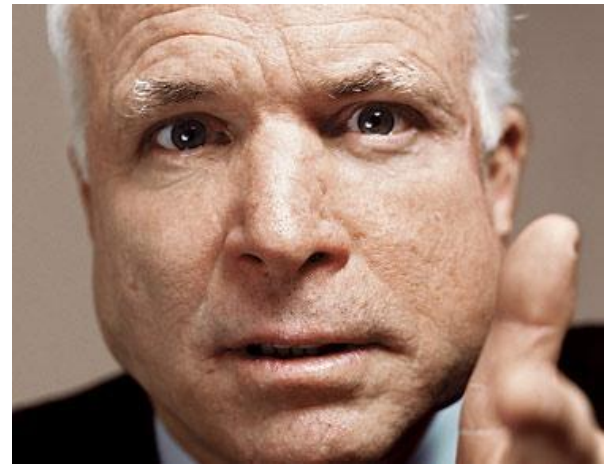
Money and Elections

Gotta have it!



If you want to run for office, what do you need A LOT of?

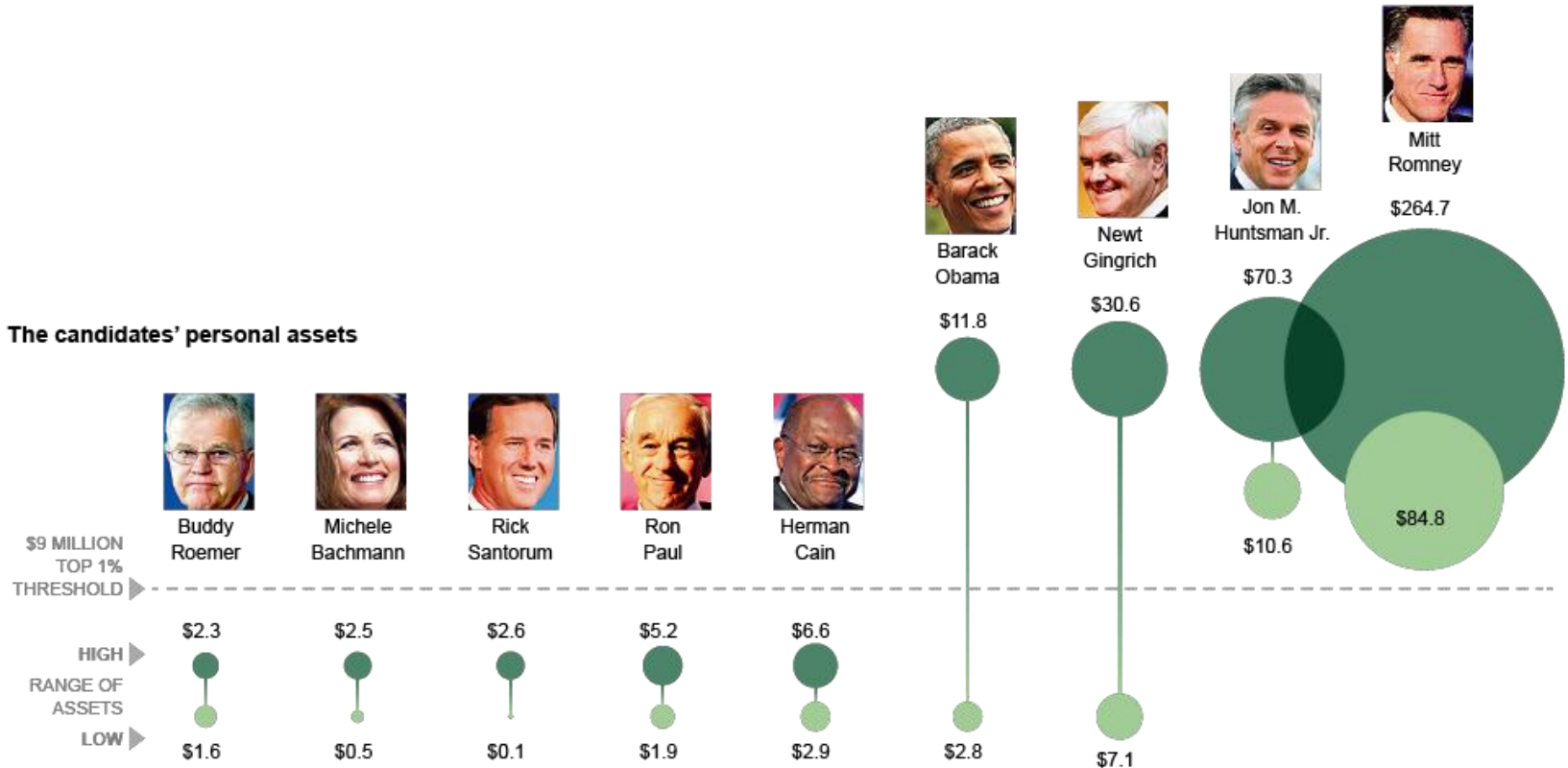




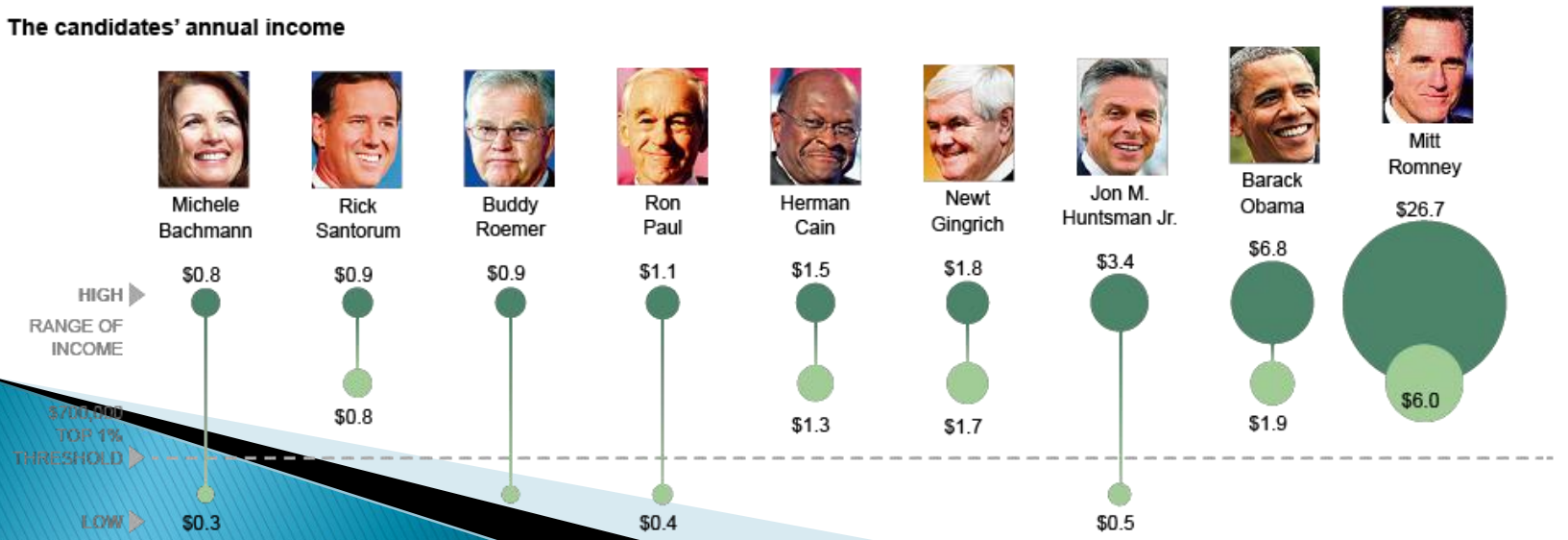
Money!!



The candidates' personal assets



The candidates' annual income



★ 2007 TOTAL INCOME ★

\$20.4M

\$4.2M

\$3M

\$936K

\$405K



★ CNN = POLITICS ★

CNN COMPARING THEIR WEALTH

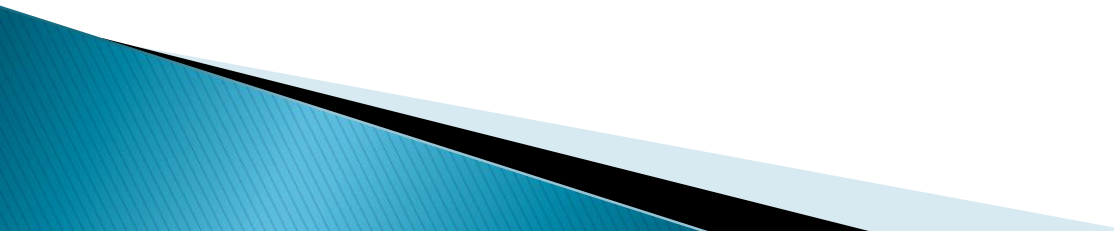
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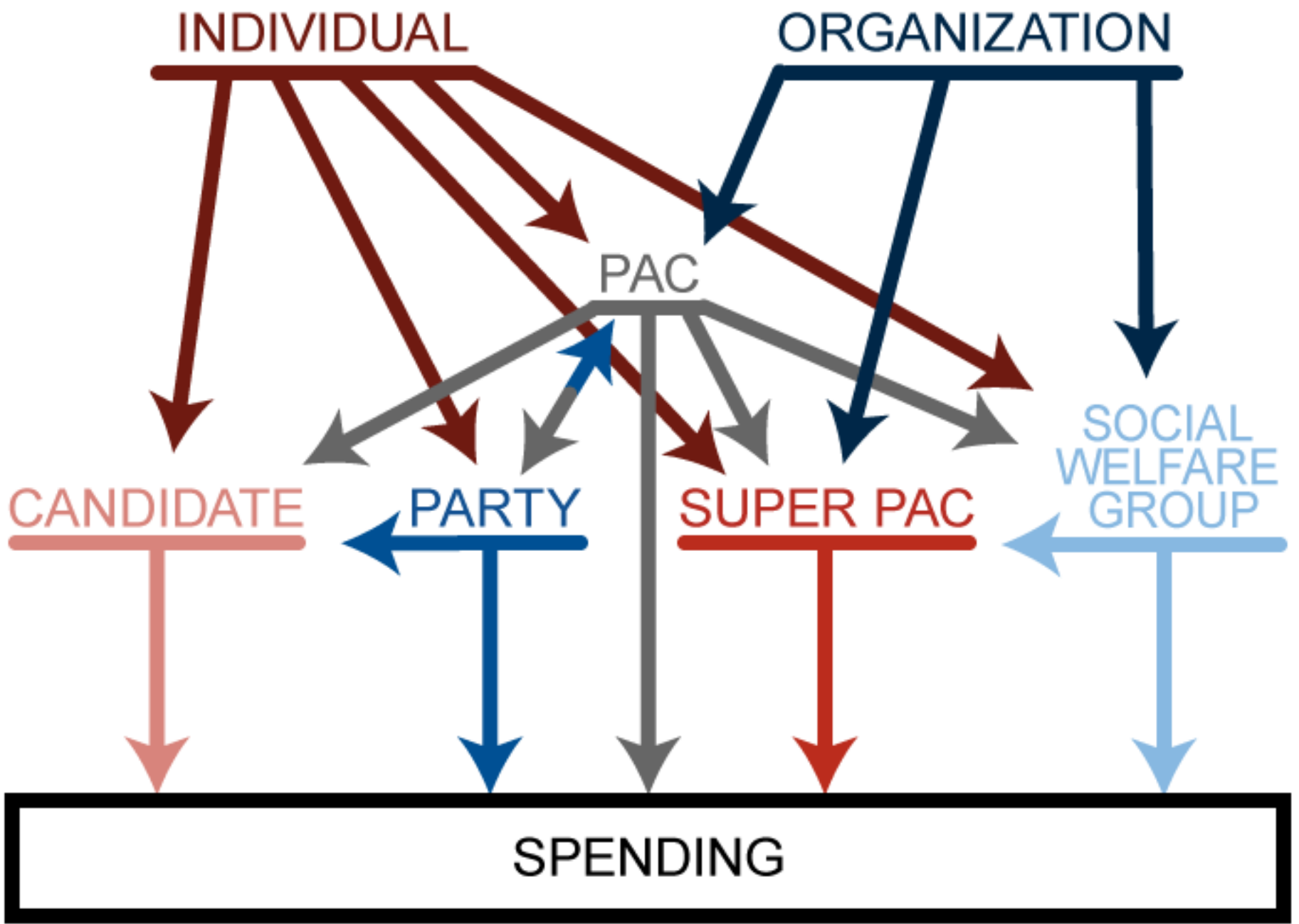
THE SITUATION ROOM

ACADEMY OF TELEVISION ARTS AND SCIENCES' HALL OF FAME



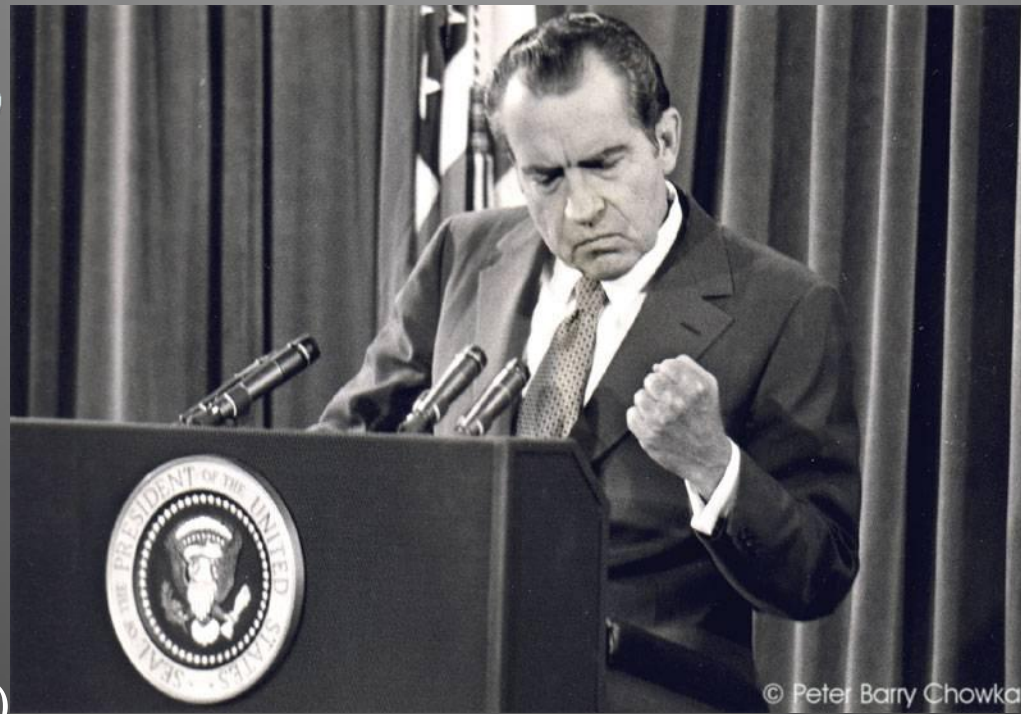
Who is involved?

- ▶ People running for office
 - ▶ Individuals
 - ▶ Political Action Committees (Interest Groups)
 - ▶ Political Parties
 - ▶ 527s (non taxable organizations) or charities
 - ▶ Super PACs
- 



The Problems?

- ▶ Will candidates “buy” their way into office?
 - Nixon was so shady in his financial dealings that the Federal Election Commission was created
 - (2 million from one donor)
- ▶ Will special interest groups try to buy favors?
- ▶ Does this bring corruption to elections?





Then why do candidates need \$?

Campaigns are expensive!

- ▶ Presidential candidates have to pay for
 - Primaries (speeches, commercials, traveling)
 - Conventions (all those balloons!)
 - The Presidential campaign (speeches, TV commercials, fancy suits and haircuts, paying employees, airfare, food, hotels, fuel, brochures, communication, pollsters, private consultant, speech writers etc.)
 - A 30 second commercial can cost \$50,000 or more!!

Edwards on April 13, 2002, before his first Torrenueva haircut . . .



. . . and on Oct. 5, 2004, after a \$500 Torrenueva haircut in Washington

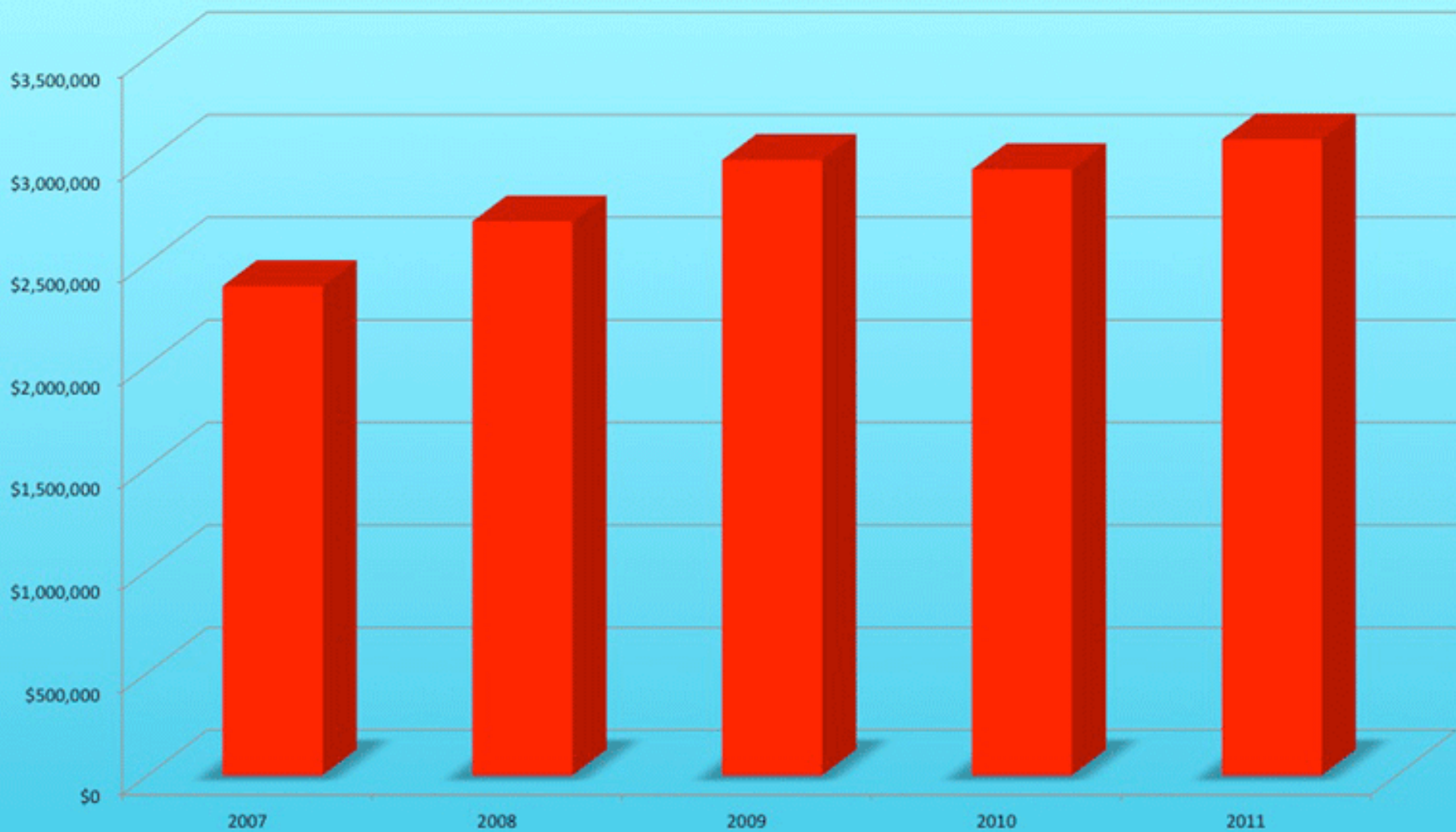


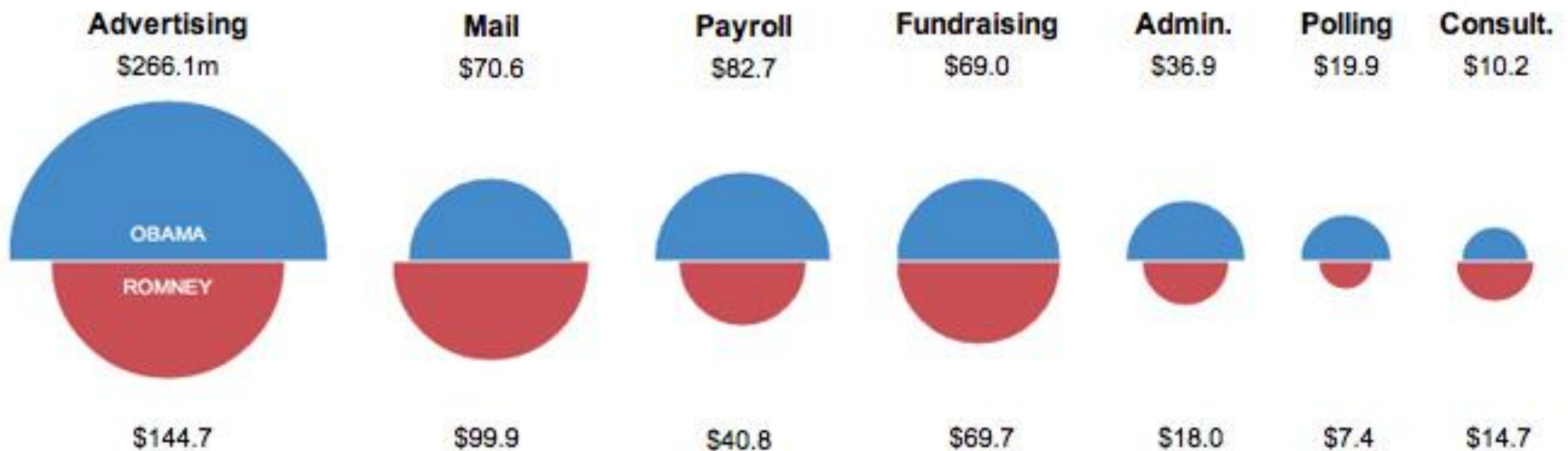
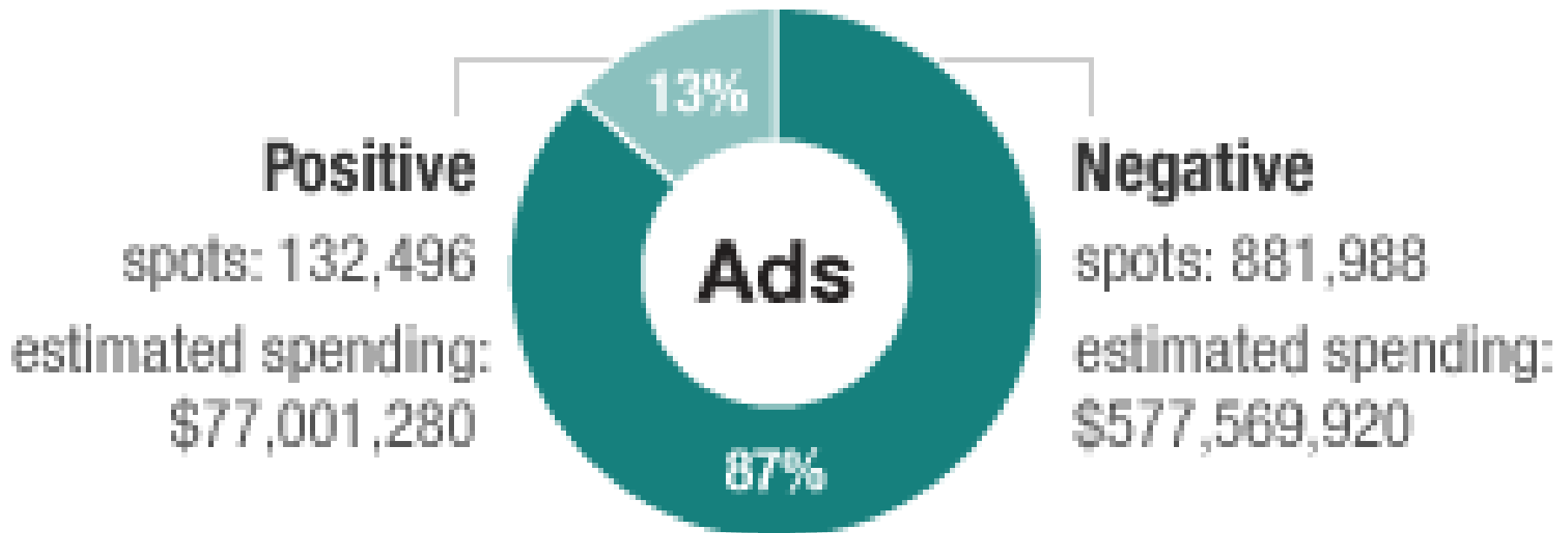
Haircuts Torrenueva provided to Edwards

Date	Location	Cost
Late 2003	Los Angeles	Free
Dec. 13, 2003	Los Angeles	Free
Jan. 31, 2004	Albuquerque	Travel expenses only
Feb. 26, 2004	Los Angeles	Free
April 16, 2004	Los Angeles	Free
July 17, 2004	Los Angeles	\$300
Aug. 17, 2004	Atlanta	\$1,250 plus travel expenses
Sept. 12, 2004	Detroit	Travel expenses only
Oct. 2, 2004	Washington	\$500 plus travel expenses
Oct. 23, 2004	Cincinnati	\$500 plus travel expenses
March 15, 2005	Beverly Hills, Calif.	\$300
July 20, 2006	Beverly Hills, Calif.	\$400
Nov. 30, 2006	Los Angeles	\$400
Jan. 9, 2007	Los Angeles	\$400
Feb. 14, 2007	Los Angeles	\$400
March 23, 2007	Santa Monica, Calif.	\$400



COST OF 30-SEC SUPER BOWL ADS OVER LAST FIVE YEARS





<http://www.washingtonpost.com/wp-srv/special/politics/track-presidential-campaign-ads-2012/>

Why would anyone want to donate money to a campaign anyway?

- ▶ Because money equals influence
 - Get the candidate you agree with elected
 - Get a friend into office
 - Get laws passed the way you want them
 - Get laws repealed
 - Access to the government



At least it is regulated now! Who does this?

- ▶ The FEC: Federal Election Commission
 - 6 people that oversee all campaign spending (appointed by Pres., with Senate confirmation)
 - <http://www.fec.gov/>
 - All of this is thanks to Nixon



I'm the man!



What are the rules/limits?

1. DISCLOSURE REQUIREMENTS

Contributions must be made through a single committee that reports all the contributions in a “timely matter.” (usually 48 hours)



2. LIMITS ON CAMPAIGN CONTRIBUTIONS

I thought money
didn't grow on
trees?!?



Contribution Limits 2011-12

	To each candidate or candidate committee per election	To national party committee per calendar year	To state, district & local party committee per calendar year	To any other political committee per calendar year ¹	Special Limits
Individual may give	\$2,500*	\$30,800*	\$10,000 (combined limit)	\$5,000	\$117,000* overall biennial limit: <ul style="list-style-type: none"> • \$46,200* to all candidates • \$70,800* to all PACs and parties²
National Party Committee may give	\$5,000	No limit	No limit	\$5,000	\$43,100* to Senate candidate per campaign ³
State, District & Local Party Committee may give	\$5,000 (combined limit)	No limit	No limit	\$5,000	No limit
PAC (multicandidate) ⁴ may give	\$5,000	\$15,000	\$5,000 (combined limit)	\$5,000	No limit
PAC (not multicandidate) may give	\$2,500*	\$30,800*	\$10,000 (combined limit)	\$5,000	No limit
Authorized Campaign Committee may give	\$2,000 ⁵	No limit	No limit	\$5,000	No limit

* These contribution limits are indexed for inflation.

1. A contribution earmarked for a candidate through a political committee counts against the original contributor's limit for that candidate. In certain circumstances, the contribution may also count against the contributor's limit to the PAC. 11 CFR 110.6. See also 11 CFR 110.1(h).

2. No more than \$46,200 of this amount may be contributed to state and local party committees and PACs.

3. This limit is shared by the national committee and the national Senate campaign committee.

4. A multicandidate committee is a political committee with more than 50 contributors which has been registered for at least 6 months and, with the exception of state party committees, has made contributions to 5 or more candidates for federal office. 11 CFR 100.5(e)(3).

5. A federal candidate's authorized committee(s) may contribute no more than \$2,000 per election to another federal candidate's authorized committee(s). 11 CFR 102.12(c)(2).

3. LIMITS ON CAMPAIGN SPENDING (EXPENDITURES)

Buckley v. Valeo, 1976: money = freedom of speech (so presidential candidates can contribute as much \$ as they want to their own campaigns, unless they accept federal matching funds).

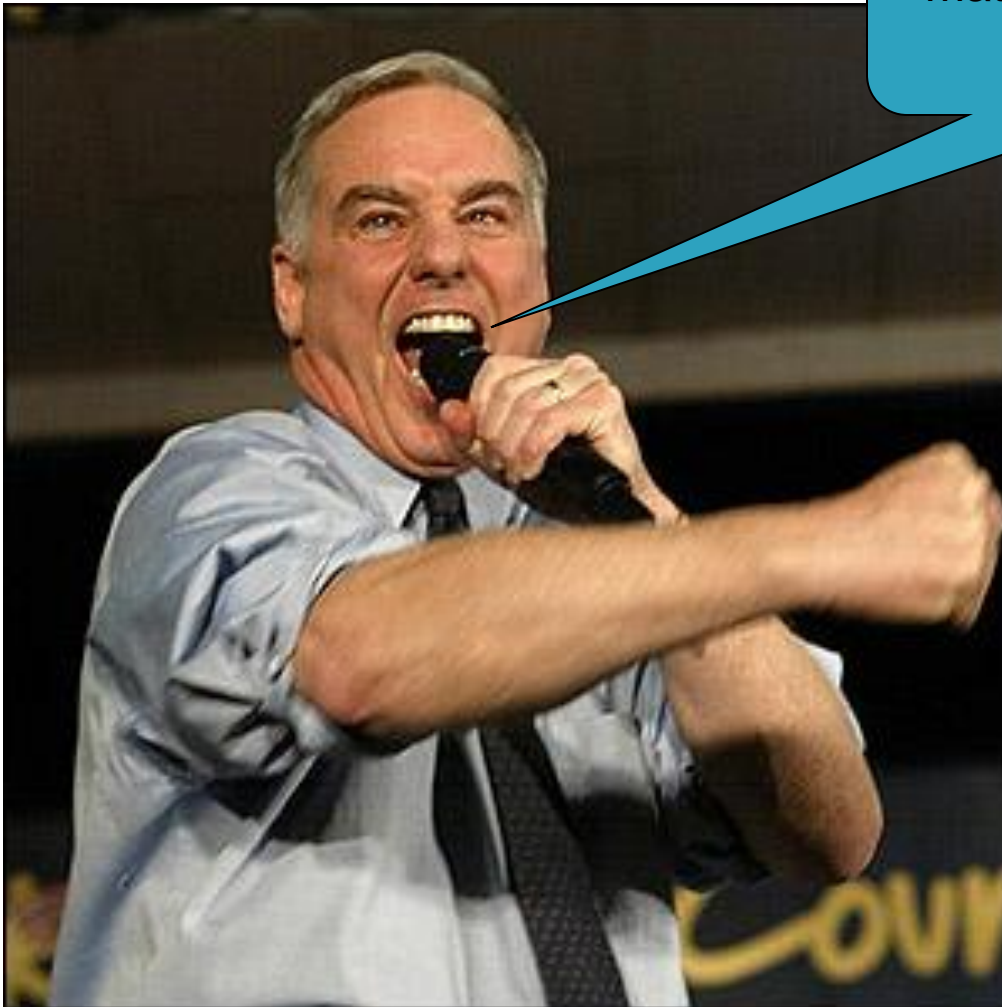


4. PROVIDE PUBLIC FUNDING (TAX DOLLARS) FOR PARTS OF THE ELECTION PROCESS

The government gives money to pre-convention campaigns (if you raise over 100,000 and they will only match private donations)

- **national conventions** (they get grants to cover the ENTIRE convention)
- **Presidential election campaigns** (if candidates refuse the money, they can raise as much as they want from private donors– but if you take it you can only spend as much as the subsidy and can't take from any private sources. MOST refuse today!)
- You are only eligible if you have won 5% of the popular vote. (so you have to be popular already in order to get more \$)
- This money comes from US (we check a box on our federal income tax forms to give \$3 to the process).
- <http://www.fec.gov/finance/2004matching/matching.shtml>

I' ll take that federal matching money, thank you very much!



<http://www.youtube.com/watch?v=KDwODbl3muE>

<http://politicalhumor.about.com/b/2004/01/21/howard-dean-scream-remixes.htm>

2 types of money in elections

▶ Hard Money:

- Raised and spent to elect candidates for the White House and Congress
- HARD to raise
- Can be traced, FEC keeps track
- Legal

▶ Soft Money:

- Funds given to party organizations for such “party-building activities” as candidate recruitment, voter registration drives, etc.
- Unreported to FEC, unlimited, filtered illegally back to candidates
- Has been banned since 2002 (still happens!)



Limiting Soft Money: The Bipartisan Campaign Reform Act of 2002 (aka, McCain Feingold Act)

- ▶ Sponsored by John McCain and Russ Feingold
- ▶ Bans soft money contributions
- ▶ Became effective November 6, 2002
- ▶ The law also limits issue advertising within 60 days of a general election or within 30 days of a primary election
 - A commercial that discusses a topic but does not favor a particular candidate

Too bad soft money still keeps flowing! These darned loopholes in the law!

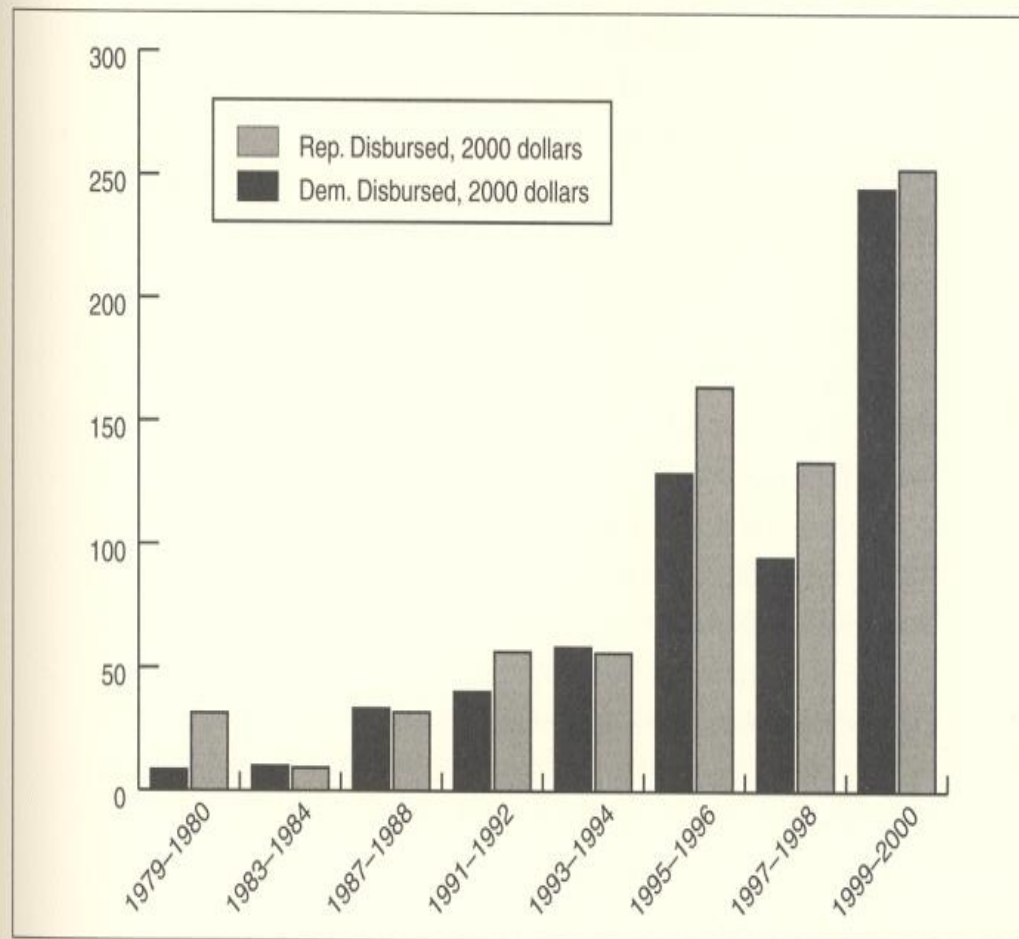


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"I love this dirty town!"

Figure I-10 Soft Money Spent in Congressional Campaigns, Selected Years, 1979–2000 (in millions of dollars)



Sources: Federal Election Commission; *Washington Watchdog* (Washington, D.C.: Common Cause, various issues).

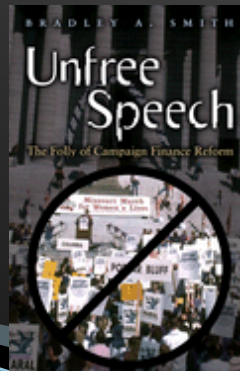
Should campaign financing be reformed?

Pros of CFR

Keep rich people
from too much
power

Limit corruption

One person = one
vote



Cons of CFR

Money is free speech

Still has loopholes

Hard to regulate



What are Super PACs?

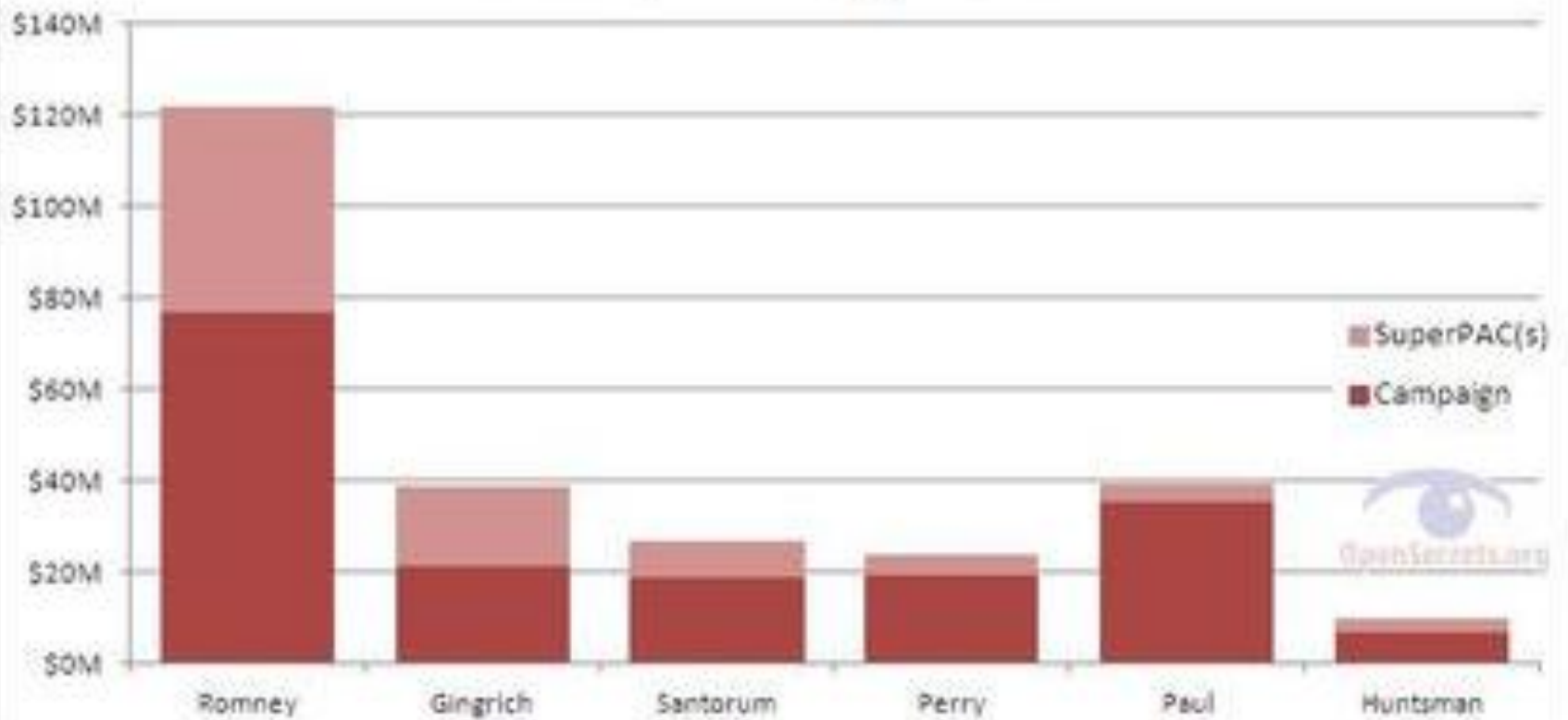
- ▶ Watch a video to answer this question.
- ▶ <http://learning.blogs.nytimes.com/2012/05/22/follow-the-money-understanding-super-pac-spending/>
- ▶ Are Super PACs good for our democracy?



Constitutional Amendment to end Citizens United decision?

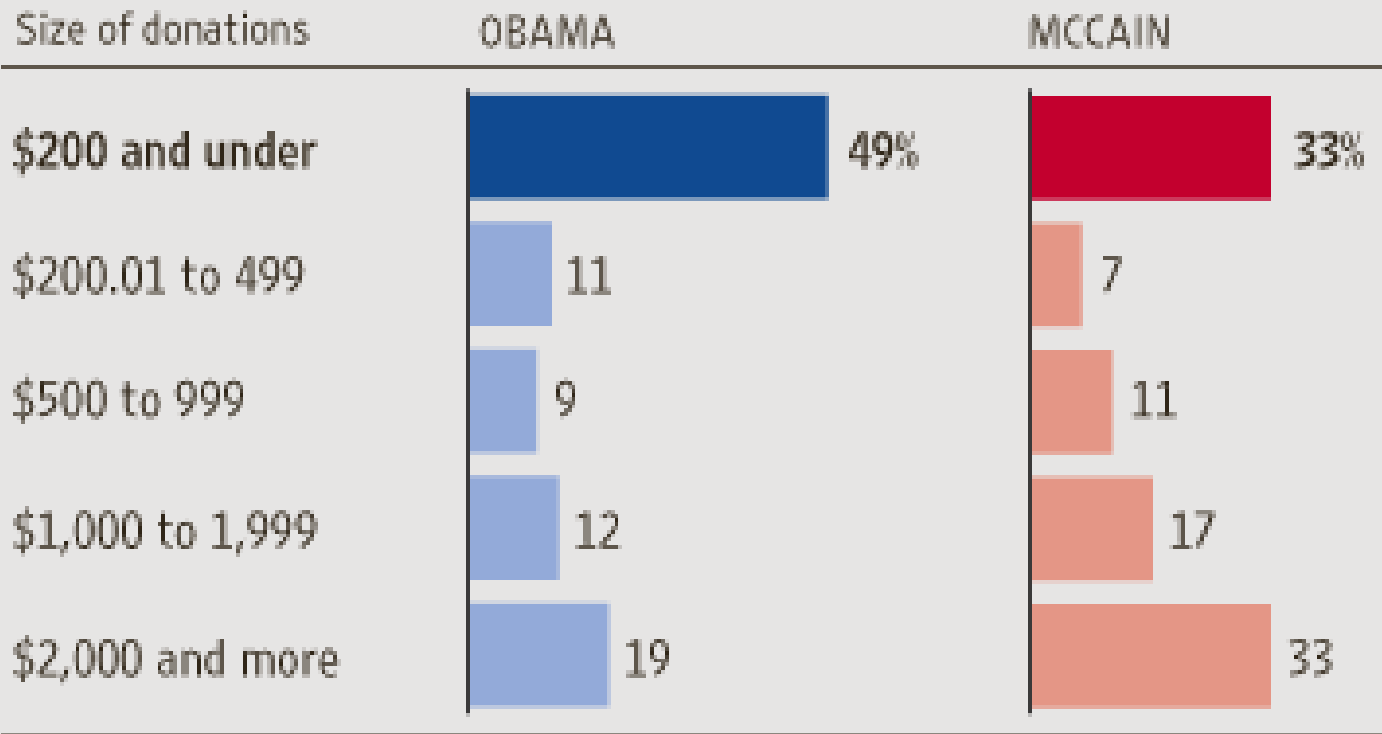
- ▶ <http://www.youtube.com/watch?v=E5IEEv4RVlc&feature=youtu.be>
- ▶ Do you agree/disagree with any of his points? Explain.

Republican Primary Spending Comparison: Campaign vs. SuperPAC Supporters



Small Donors, Big Money

The 2008 election has shattered the campaign-financing system in place for a generation. Obama has relied heavily on small donors for campaign funds, while McCain has gotten more support from large donors.



Note: Contributions are from individuals. Figures do not add up to 100% due to rounding.

Source: Federal Election Commission

What do you think? Is it better to get a lot of small donations from lots of people, or to get fewer but larger donations?

Super PACs Closing the Gap

Comparing money raised by the presidential candidates and the five largest Super PACs for each party in the 2012 election.

2012 Money Raised: Candidates + Super PACs



Source: Federal Election Filings

Isn't this supposed to be a democracy, where everyone is equally as important?



Yeah, but I guess those with money are just more equal than the rest of us!

We the People

of the United States, in order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do hereby establish this Constitution for the United States of America.

Article I

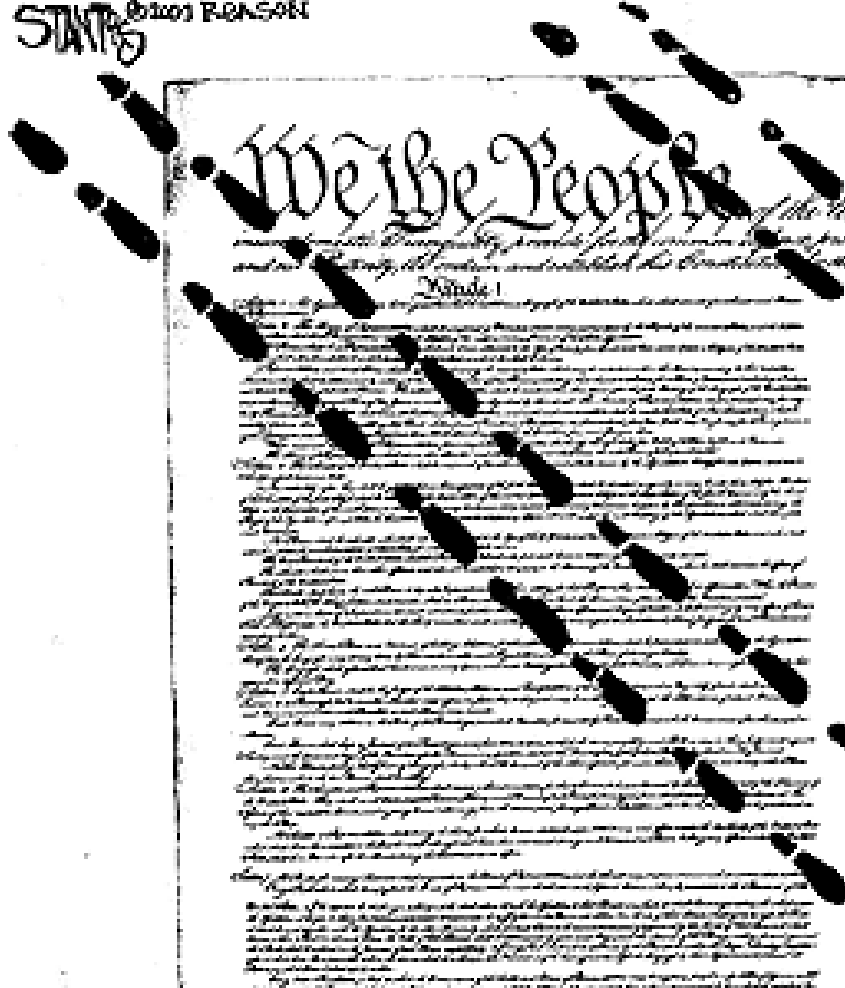
Section 1. All legislative Powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

Article II

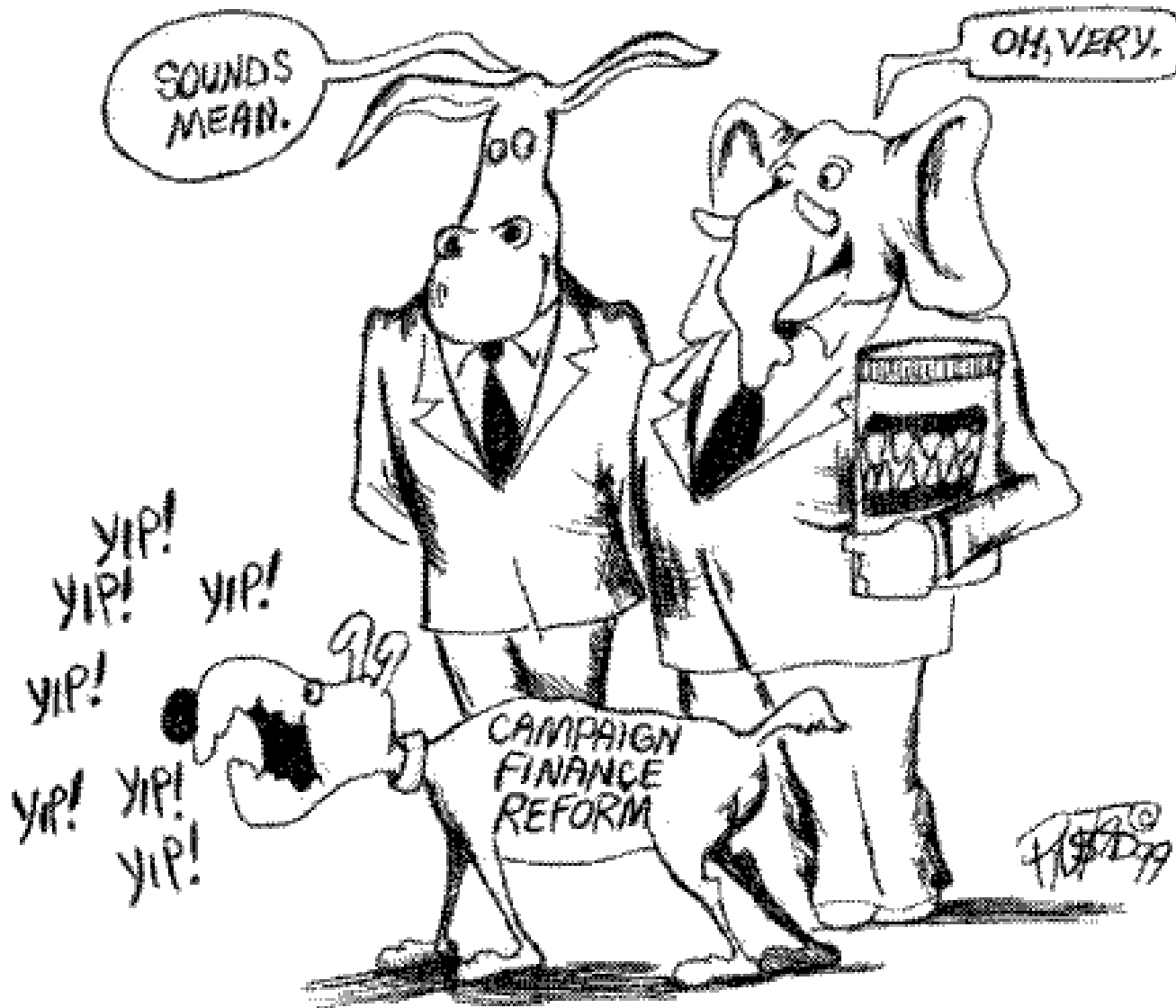
Section 1. The executive Power shall be vested in a President of the United States of America. He shall hold his Office during the Term of four Years, and shall be eligible for one Term only.

Article III

Section 1. The judicial Power shall be vested in one Supreme Court, and in such inferior Courts as the Congress may from time to time ordain and establish.



B





2003 vs. 2010

- ▶ Last night, you read the Supreme Court's opinions about the BCRA in 2003. Now you will read what changed in 2010. Make sure you answer the questions at the end of the article. Tomorrow we will have a short seminar on the two articles.
- 