Pluralism And Presidential Campaign Finance Reform: A Policy Analysis Of Campaign Finance Reform From Feca To Bcra

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PLURALISM AND PRESIDENTIAL
CAMPAIGN FINANCE REFORM:
A POLICY ANALYSIS OF CAMPAIGN
FINANCE REFORM FROM
FECA TO BCRA

by

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B.A. University of Central Florida, 2003

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ABSTRACT

One of the underlying themes in American politics is that the addition of campaign finance laws at the presidential election level will have a negative relationship with amount of influence and money in campaigns and the amount of regulation. In other words, as regulation goes up the amount of money and influence will decrease. However, with the recent 2004 presidential election this concept has surely been shown to be problematic, at least at the outset. The purpose of this thesis is to examine this relationship and to further expand upon the limited knowledge of this sub-field of political science. This thesis will suggest that the intended result of campaign finance reform may not necessarily be realized. Subsequently, we must ask ourselves whether or not campaign finance regulations actually result in the intended consequences. Federal campaign finance laws do not necessarily reduce the amount of money and influence by special interests in presidential elections. In examining presidential campaign finance regulations do higher levels of regulations really have an impact upon the amount of money (influence) collected and spent in a particular campaign?

The McCain-Feingold Campaign Finance Act of 2002 (officially implemented in 2002), or the Bipartisan Campaign Reform Act (BCRA), was a rudimentary attempt to dramatically change the electoral system in terms of money. In fact, this bill was the most comprehensive overhaul of the electoral system in a quarter of a century (at least since the 1970’s) and one of the underlying reasons, arguably, for the bill was to limit soft money and interest group contributions to presidential candidates or to the presidential campaigns during a given election cycle. Basically, the attempt was made to limit the “money” in politics and particularly in
presidential campaigns. However, as most media outlets have claimed (such as CNN) that money or contributions given by individuals and various organizations and the amount of money spent by each campaign (President Bush and Senator Kerry) in the most recent presidential election of 2004 surpassed that of any previous presidential election cycle. Part of the reasoning for the limitation of soft money in presidential elections is the whimsical “myth” that more money in presidential elections will inevitably lead to more influence of the executive branch by big time donors such as labor unions, business, wealthy persons, and by interest groups to name just a few. In other words, wealthy interests such as those mentioned in the previous sentence, would theoretically have a greater impact on the electoral process than by individuals. This concept is briefly examined.

Of course, the data will come from many sources with government resources being the dominant resource. The FEC began collecting campaign finance data since the 1970’s and much of the data comes from published data files from the FEC. Additionally, data will be taken from other government resources such as the U.S. Census Bureau and the U.S Bureau of Labor statistics. Other data contained within in this will be properly noted.
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<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>BLS</td>
<td>Bureau of Labor Statistics</td>
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<tr>
<td>CIO</td>
<td>Congress of Industrial Organizations</td>
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<td>CPI</td>
<td>Consumer Price Index</td>
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<tr>
<td>FEC</td>
<td>Federal Elections Commission</td>
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<tr>
<td>FECA</td>
<td>Federal Election Campaign Act</td>
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<td>BCRA</td>
<td>Bipartisan Campaign Reform Act</td>
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<tr>
<td>GOTV</td>
<td>Get-Out-The-Vote</td>
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<td>NAES</td>
<td>National Annenberg Election Survey</td>
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<tr>
<td>NARA</td>
<td>U.S. National Archives and Records Administration</td>
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<td>NES</td>
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CHAPTER ONE: INTRODUCTION

The subject of campaign finance reform can often be a dull, monotonous, and tedious subject for many scholars to examine but the rules of the game can often determine or partially influence the final outcome. In other words, the rules of the electoral system can have an impact upon who (or what type of candidate) gets elected and this remains especially true in the realm of campaign finance. It then becomes important for scholars of political science to gain further knowledge upon this subject in order that our understanding of elections can become apparent and that we can better understand the ramifications of pushing through certain campaign finance policies. This thesis will further expand upon the existing knowledge on the campaign finance sub-field of American politics in that it will show the relationship between campaign finance regulations on the presidential level and between the amount of money in these campaigns. Not enough time has elapsed after the implementation of the Bipartisan Campaign Reform Act (BCRA) to fully understand the full ramifications and consequences of this important piece of legislation, primarily because this process is currently evolving or transforming into something new, but the immediate ramifications can further expand the knowledge of political science.

Also, recent corruption scandals within Congress has created a scenario in which the basic reaction is to create further regulations but the question must be asked, whether or not adding to campaign finance regulations will actually reduce the amount of corruption. In other words, do campaign finance laws at the presidential level actually work or accomplish their intended goals or do they just change the rules of the game thereby creating drastic unintended consequences? Clearly the BCRA did not reduce the amount of money within the presidential nomination system. Some perceive that the vast amounts of money within presidential politics is
synonymous with corruption but this notion may not necessarily be accurate as the empirical evidence suggests that corruption is not necessarily a result of greater amounts of campaign contributions. The purpose of this thesis is not to categorically state that corruption from campaign finance does not exist as there are many documented cases (some are stated in the next section) but that increased campaign contributions or expenditures do not necessarily mean that political corruption also increases. Furthermore, campaign finance regulations at the presidential level clearly do not reduce the funding of campaigns.

Pluralist theory argues that society, in particular American society, has a number of diverging groups who compete for the realization of particular interests. In other words, it is expected that that a number of divergent groups will compete through competition and dialogue for the accomplishment of their particular goal. In this sense competition (or conflict) is not bad and presidential campaign finance is one vehicle for the accomplishment for a true pluralistic society. The common good of society can be realized, according to pluralism, after dialogue and conflict have been realized through compromise and concession. The main purpose of this thesis is to show the presidential campaign finance is one avenue for the compromise and concession to occur. Additionally, no one particular asset (such as money in campaign finance) can account for “excessive power” within society and different groups or interests mobilize pressure points within an overall power structure under what Robert Dahl calls a “polyarchy”\(^1\). Under this assumption, minimal economic inequalities between candidates will not necessarily result in drastic changes to voting patterns if the basic idea of normative democratic theory is accepted. This thesis will attempt to show that campaign finance reforms will not necessarily result in their intended outcomes. If the idea of pluralism (and hyper-pluralism described in Chapter Two) is accepted then campaign finance regulations may not necessarily reduce the level of competition
(conflict) and dialogue within society. In other words, pluralism will still exist in some form even if campaign finance contributions were completely eliminated. One of the purposes of this thesis is to show that increased levels of campaign finance will not necessarily reduce the levels of outside influence and this phenomenon should be taken into account by scholars examining the purposes and consequences of campaign finance reform.

One purpose of this thesis is to examine this relationship and to further expand the limited knowledge of this sub-field. Additionally, this thesis will suggest that the intended result of campaign finance reform will not necessarily have the intended consequences that reformers seek. We must ask ourselves whether or not campaign finance regulations actually have the intended consequences those who propose reforms intended. Federal campaign finance laws may not necessarily reduce the amount of money and influence by special interests in presidential elections. In examining presidential campaign finance regulations do higher levels of regulations really have an influence upon the amount of money (influence) collected and spent in a particular campaign?

In comparing aggregate level data it is hypothesized that regulation of presidential campaign finances will have an inverse relationship with reductions in the money contributed. The thesis will then focus upon this phenomenon in that one of the primary reasons behind federal campaign finance laws is to reduce the influence of special interests within presidential campaign finances (through monetary terms) but this thesis will show that this may not be necessarily so. My hypothesis is one that examines this relationship between money in presidential campaigns and finance laws. Again, I am starting with the assumption that federal campaign finance laws do not necessarily reduce the amount of money and influence by special interests in presidential elections.
Overview of Contemporary Campaign Finance Issues

In comparing American presidential election campaigns, those elections having more campaign finance laws will be at least just as likely to have relatively higher levels of money spent during the execution of the campaign than those having less campaign finance laws. One of the underlying themes in American politics is that the addition of campaign finance laws or regulations at the presidential election level will have a negative relationship with the amount of influence and money in campaigns; and the amount of regulation. In other words, as regulation goes up the amount of money and influence will decrease, in theory. However, with the recent 2004 presidential election this concept has surely been shown to be problematic, at least at the outset. Clearly, the independent variable in this case would be campaign finance laws in that the conventional sentiment is that more campaign finance laws will directly have an effect upon the amount of money spent during a campaign. Put in another manner, campaign finance laws have an effect upon the amount of money spent during a presidential campaign. Money, then, is the dependent variable in this hypothesis.

Surely, there are many intervening factors that can have an effect upon this relationship and some of these intervening variables will become apparent later on in this research. However, some possible intervening variables that must be examined and controlled for at the outset of the research are as follows: inflation (a thousand dollars is not worth as much as it used to be), population growth (if more people are in the general population then the amount of money in a campaign may also increase), the level of marginal elections (a campaign may be more likely to spend more money in a close election than an election that essentially is blowout like the 1988 presidential election in which President H.W. Bush easily defeated Michael Dukakis), and the condition of the economy (individuals, corporations, and the various other interest groups may
be more willing to contribute more money to campaigns either directly through hard or soft money or indirectly through third party groups if the economy is relatively in a good condition).

This is not an exhaustive list of possible intervening factors, but as stated before these variables will perhaps have the greatest influence upon the association between money contributed and campaign finance reform; more than other intervening variables. However, other intervening variables will become apparent during the execution of this thesis.

Also, the politics surrounding campaign finance reform can create difficulties for the proper implementation of campaign finance reform. Low public salience, partisanship, and the goals of politicians may create a scenario in which real campaign finance reform is highly unlikely. As given in the history of campaign finance section of this chapter, changes to campaign finance regulations typically occur during or directly after dramatic campaign finance or lobbying scandal. However, some campaign reform efforts may occur in between scandals as evidenced by the recent implementation BCRA. Nevertheless, public sentiment may create the proper political environment favorable to campaign finance reform. In other words, changes in public sentiment may change the likelihood that legislators will adopt campaign finance reform. Hence, I am only suggesting that political scandals may increase the likelihood for reform; but that reform can occur during non-scandal periods of time as well.

The McCain-Feingold Campaign Finance Act of 2002 (officially implemented in 2002), or the Bipartisan Campaign Reform Act (BCRA), was a rudimentary attempt to dramatically change the electoral system in terms of money. In fact, this bill was the most comprehensive overhaul of the electoral system in a quarter of a century (at least since the 1970’s) and one of the underlying reasons, arguably, for the bill was to limit soft money and third party contributions to presidential candidates or to their campaigns during a given election cycle.
Basically, the attempt was made to limit the “money” in politics and particularly in presidential campaigns. However, as most media outlets have claimed that money or contributions given by individuals and various organizations and the amount of money spent by each campaign (President Bush and Senator Kerry) in the most recent presidential election (2004) surpassed that of any previous presidential election cycle. Part of the reasoning for the limitation of soft money in presidential elections is the whimsical “myth” that more money in presidential elections will inevitably lead to more influence on the executive branch by big time donors such as labor unions, business, wealthy persons, and by interest groups to name just a few. In other words, wealthy interests such as those mentioned in the previous sentence, would theoretically have a greater influence on public policy than ordinary individuals.

One of the underlying themes of this report is to show that this “myth” or perception can be discredited. However, the dominant theme or thesis will be that federal campaign finance laws have not and will not fully achieve or accomplish their preferred goals or their original intent. This is not to say that federal campaign finance laws in regards to presidential elections do not work, rather they may work at some level but these laws will most likely contain unintended consequences. Once completed, the examination will show both through quantitative and qualitative analysis that money will continue to have an effect upon the presidential election system, but that this effect cannot be eliminated through rudimentary campaign finance laws and the only true method to eliminate or reduce the effect of money on presidential elections would be to take drastic action that some could deem undemocratic such as the elimination of television, radio or internet, and other advertising in terms of the ability of campaigns and any possible colluding third party individuals or groups.
Perhaps, a balloon effect is taking place in the presidential campaign finance in that when an individual or something squeezes a partially inflated balloon the air within the balloon is displaced and the result does not inherently reduce the air within that balloon. Instead, the air is displaced from a particular area of the balloon to another area of the balloon. This may be what is happening within the realm of presidential campaign finance. Campaign finance laws have not reduced the amount of money in presidential elections; instead the money is only pushed from one particular area (where the money can more easily be regulated or at the very minimum tracked by scholars) to another area. According to this school of thought, campaign finance laws will not necessarily reduce or eliminate the influence of certain special interests. After all, campaign finance laws are put into place to primarily reduce this influence by special interests but as stated before these laws can have an unintended consequence thereby creating a whole new presidential election system in which money and special interests are effectively given a new role within the scope of this system.

Within this same school of thought is the notion that political money is “hydraulic” because of the following two reasons: first, political money is similar to water in that one cannot simply get rid of water (in the liquid form) and it always has to go somewhere such as a river that is dammed; second, campaign money is part of a broader environment in which scholars must examine the overall system to fully understand the implications of a change in the overall presidential campaign system. Potential reformers of the current political presidential campaign system typically argue that money within the scope of the American system influences the overall system, thereby potentially influencing the outcome. If we assume this to be true, then simply increasing the amount of regulation within the system will not necessarily dilute or reduce the amount of money within the system. Because, those interests that are currently within
the scope of the system by attempting to influence the system will continue their attempt at influence no matter what the “regulatory regime”. Furthermore, the attempt to further regulation within campaign finance simply may move the money into areas in which no control may be exerted and this partially came to fruition after the 2002 BCRA as the amount of resources dramatically increased from third party interests and groups. Additionally, Issacharoff and Karlan came to the conclusion during a quantitative analysis of campaign finance (on all levels including the presidential, congressional, and state levels) that the amount of money within campaigns is greatest whenever the political system moves away from particular candidates and parties. Partially because campaign politics are pushed towards issue advocacy by groups that are not necessarily a part of the party and coalitional politics. It must be noted, that this solely refers to the American political system, and not other political systems with different political structures.

Additionally, this premise heavily relies upon basic theoretical assumptions regarding pluralism, hyper-pluralism and participatory democracy. One of the underlying assumptions made about campaign financing is that individual members within a democratic society can contribute to the overall political system by contributing financial support, along with other resources, to campaigns. These contributions are partially a result of conflicts that are a part of democratic societies. E.E. Shattschneider postulates that democratic government thrives off of conflict, and that the socialization of conflict expands the scope of conflict. This socialization of conflict occurs partially because society contains certain universal ideas (such as equality, justice, liberty and freedom) that influence certain conflicts. In time of these conflicts move into the public domain due to a need to expand the scope of the conflict from the private realm into the public realm. This theoretical assumption adds to the argument against presidential
campaign finance reform simply because the addition of presidential finance regulations will not necessarily reduce the socialization of conflicts that are inherently contained within democratic societies. In other words, greater regulation will not necessarily reduce socialized conflicts within society because these conflicts will still permeate society in some form. This, of course, is based wholly on the assumption that campaign contributions are a result of these socialized conflicts within democratic societies. Money, then, is only part of the socialized conflict equation and greater levels of campaign finance regulations will only change the overall conflict equation but will not necessarily reduce the amount of influence in presidential campaigns in terms of monetary contributions. Put another way, if all monetary contributions to presidential campaigns were fully abolished, socialized conflicts would not simply decline or fade away; instead these conflicts would manifest themselves in a different form.

Given the previously mentioned premise, pluralistic democratic societies exhibit certain assumptions that can help explain certain campaign finance phenomena. First, direct democracy (such as those given by Locke, Rousseau, and Jefferson) theories assume that society is ruled by the people (self-rule) in that a semblance of “popular participation in decision making” occurs during the governing process. Under this idea of democracy, most entities within society participate through voting or some other process in which the “common good” is achieved through the “common will” (Rousseau’s assumption in “The Social Contract”). A degree of assumed rational thought then occurs.

Robert Dahl developed the notion that true democracy cannot be fully achieved in the real world once the maximization realization is taken into account using the following concepts: popular sovereignty, political equality, and majority rule. The American “hybrid” system contains elections and competition between individuals and groups (or political parties) within
society that inherently separates this system of polyarchy from a dictatorial form of government in which a minority group has an effective role in government. However, participation within the American system does continue to remain abnormally low, especially when compared to other countries. However, Dahl’s conception of democracy is that popular sovereignty (rule by the people) and political equality are essential tenets of democracy. However, the degree to which participation and majoritarian rule occur in the American society may not be at an ideal point but it does exist to some extent.

Theodore J. Lowi, on the other hand gives an account of the American political system that is somewhat different. Lowi suggests that power structure within the American system may not necessarily be pluralist in nature as some policy areas may contain true pluralism but other policy areas contain or are characterized by certain elitist structures that inherently gives some groups greater power and influence in certain policy areas. Basically, some policy areas are pluralistic while other policy areas are controlled by a few elites. Also, under Lowi’s typology the federal government has created policies that are geared toward established interest groups such as through subsidies and policies that contain ambiguous language. Basically, this suggests that some policies and policy areas are intentionally geared to favor certain interest groups over others thereby creating some policy areas that are dominated by the few. Obviously, one of the tenets of campaign finance reform is to potentially reduce this inequality and to change some federal policies especially those policies that particularly favor one interest group over another.

However, pluralism takes this concept of democracy (as given by E.E. Schattschneider, Robert A. Dahl and Seymour Martin Lipset) and concludes that this may not occur all of the time, partially because democratic societies contain multiple groups (such as interest groups,
various civic groups, business and labor organizations, etc.) or entities that compete for power\textsuperscript{13}. Without attempting to over analyze the theory, one of the central components of political pluralism in the U.S. is the two-party system, in which various interests and groups make use of the two main political parties in their attempts to influence or gain access to the political process. In theory, groups and interests in American society attempt to gain power and influence by contributing monetary contributions (as well as other resources) to presidential campaigns. The attempt to limit this particular method, by campaign finance reformers will, not necessarily result in less pluralism within society. Why? Simply because groups (or individuals) attempt to expand (according to E.E. Schattschneider) the scope of conflict whenever it becomes advantageous for groups to do so and simply raising the amount of campaign finance regulation will not reduce the necessity or the drive to expand the scope of conflict. Basically, in democratic societies groups, individuals, and interests attempt to influence government (presumably for their rational self interests) and the contribution of monetary resources to presidential campaigns is only one method of influence. Put another way, raising the levels of presidential campaign finance will not reduce the levels of outside influence by individuals and groups. Presumably, reformers of presidential campaign finance laws base their actions on the presumption that they are attempting to reduce the amount of external influence upon the candidates and thus government itself. But, if pluralist and hyper-pluralists are correct then simply raising the levels of campaign finance reform (more regulation) will not result in less influence by outside groups because of the demand to expand the scope of conflict and to redress government in democratic societies.

Furthermore, Robert Dahl (1961) proposes that in the American democratic political system any group of citizens (interest groups) can influence politicians as long as a competitive system is in place\textsuperscript{14}. Also within this new paradigm another supposition becomes apparent.
Politicians in a competitive democratic system must indeed look outside of the political elite or power elite if they wish to substantially remain in office\textsuperscript{15}. Certainly, it would be agreeable if the varying groups within a democratic society were relatively equal in terms of power, resources and influence but neo-pluralists concede that this grand scenario is highly unlikely to occur in any measurable degree. With this assumption being made it becomes apparent that political elites often must expand their quest well beyond the power elite and the need to raise presidential campaign finances is only one method to expand beyond the power elite. This thesis shall show that raising the amount of campaign finance regulations will not necessarily reduce the need to look beyond the power elite. Simply because, as pluralists and neo-pluralists would categorically state, a competitive democratic society demands that the political elite (elected politicians in this particular case) expand their horizons to include groups of citizens no matter how this can be defined. Basically, pluralism (or neopluralism) categorically finds that democratic societies have many “access points” in which groups of citizens can influence the political elite and in which the political elite must look outside of the power elite\textsuperscript{16}. Simply getting rid of one access point (in this case campaign finance assuming that all presidential campaign finance was totally abolished which in theory is very complicated in the American system) will not necessarily reduce the total amount of any external influences upon the presidential electoral system.

**Historical Background**

I begin this discussion with a brief overview of the history of campaign finance reform in the United States at the national level to give the reader a basic frame of understanding. It is important to understand that campaign finance reform issues were not always central to American politics mainly because the current electoral system is dramatically different than the
first American electoral system. For example, many offices in the 17th and early 18th centuries were either non-elected or not contested especially when compared to current offices at the national level. Also, the electorate had an upper class bias due to voting restrictions such as provisions requiring ownership of land. Clearly, those candidates running for office only had to appeal to a very small constituency thereby reducing the need for greater electoral resources. When George Washington ran for a position in the Virginia House of Burgesses in 1757 the electorate only consisted of 391 individuals all of which owned property, were male and were white. This is not to say that electoral resources such as money were not needed as electoral resource clearly were needed but the demand for such resources was minimal. For example, George Washington spent 39 pounds for 160 gallons of rum (in the election mentioned above) in the attempt to persuade voters. Basically, the issue of campaign finance reform was not salient and/or needed in the traditional American electoral system.

Over time, the system began to evolve, especially in the 1820’s, to a more competitive system thereby increasing a need for greater electoral resources. Bradley Smith concluded that Martin Van Buren began the first true popular mass campaign in the campaign of 1828 partially because Van Buren, in an attempt to appeal to larger number of voters, created a campaign that spread out to various media outlets such as newspapers and pamphlets. This can be partially attributed to changes in the electoral system that occurred around the same time as the 1828 campaign in which the electorate began to dramatically grow mainly due to population growth and the abolition of some property requirements for voters in some of the states. After this period, presidential elections required greater amounts of electoral resources. Still, the demand for campaign finance reform at the national level remained minimal because many of the candidates maintained a high level of self sustainability (they self-financed many parts of their
campaigns) and the contributions that were given were contributed by a relatively small number of people or groups. However, this would change over time as the American electoral system began to slowly evolve to become more complex.

The first real attempt at campaign finance reform came under the Pendleton Act of 1883 that created the United States Civil Service Commission (currently called the Office of Personnel Management). Before the Pendleton Act most government jobs were allotted based upon the “spoils” system in which officeholders and government contractors were essentially expected to donate a certain percentage of their income to dominant political actors; in exchange those political actors gave them patronage positions. By one estimate, about 90 percent of (around 1839) Republican and Democrats congressional committee income was accrued through this spoils system. The Pendleton Act eliminated the spoils system and most government jobs then became civil service in which the employees were appointed primarily based upon merit and not patronage. The assassination of President Garfield by a disgruntled “office seeker” allowed for the right circumstances for the implementation of the Pendleton Act. Additionally, once the Pendleton Act was fully implemented the political parties began to lose revenue from the assessments. Therefore, the parties began to look elsewhere for supplementary revenue and wealthy individuals contributed a large percentage of that supplementary income. The era of massive contributions by individuals, corporations or other entities began, thereby producing a need of campaign finance regulation.

Due to increasing amounts of contributions to political campaigns by corporations or other entities the Tillman Act was passed in 1907 that effectively banned money contributions by corporations and other entities to political campaigns at the federal level (to include the President, Vice President and members of Congress both in the Senate and House). This
included national banks and other corporations that were formed through the authority of Congress. An example of this occurred in the McKinley election in 1896 as McKinley spent between $6-$7 million dollars in his campaign bid and consequently it was revealed that his campaign accepted questionable contributions from insurance firms. This ban on financial gifts to candidates at the federal level by corporations, national banks and other entities formed by the authority of Congress still remains intact today. However, the effects of the Tillman Act on presidential campaigns remained limited because the legislation lacked any provision for enforcement.

Also, the Supreme Court in the 1921 case *United States V. Newberry* (256 U.S. 232) ruled that the amendments to the Tillman Act were not applicable because parties and primaries were not directly mentioned in the Constitution for this specific purpose. Also, Congress at that time did not believe that it had full authority over state and local jurisdictions therefore they did not fully enforce the provisions on state and local party apparatuses. This allowed for state and local parties to funnel money into federal elections without any prohibition or disclosure requirements partially because the Publicity Act and the Supreme Court decision in *United States V. Newberry* did not specifically dictate enforcement provisions. Instead leaving the language was left ambiguous.

In an attempt to reduce campaign corruption, the Federal Corruption Practices Act was first enacted in 1910 but was severely limited by the courts and it only vaguely applied to House or Senate candidates and lacked adequate enforcement provisions. Basically, this Act required federal candidates to reveal certain financial disclosures. Due to the serious weakness of this legislation and partially because of the Teapot Dome Scandal, Congress added amendments in 1925 to give it greater enforcement capabilities and to close certain loopholes (one loophole was
that candidates only reported personal expenditures and did not report spending by political committees. Additionally, money could be funneled through state and local party mechanisms. An excellent example of this is that the Democratic Party in 1936 created a book for their national convention that had favorable articles or descriptions of their candidates in which they sold advertising space in the books for $2,500 and sold the books to members of the convention thereby raising over $250,000 (1936 dollars) for their party and this practice continued (by both parties) until 1972 (See pg 27).

Around the same time, Republicans and conservative Southern Democrats feared certain provisions of the New Deal. Therefore the Hatch Act of 1939 (Senator Hatch of New Mexico—a Democrat) was formed to prohibit federal employees from engaging in partisan political activities\textsuperscript{28}. Interestingly, this Act was used in the 2004 presidential election when the National Aeronautical Space Agency employees took photos of Senator John Kerry (the infamous unflattering photo of him in a white jumpsuit) when he visited the Kennedy Space Center and the United States Office of Special Counsel ordered that the photos be taken down at the NASA facility because it was viewed that the employees at NASA, being federal employees, engaged in political activity while on duty via the posting of the photos at the government facility.

Around the same time (in the mid 19\textsuperscript{th} century), Republicans feared the rising political clout of unions and union membership as most of their support went to the Democratic Party. Therefore, they passed the Smith-Connally Act (sometimes called the Smith Connally Anti-Strike Act or the Labor Disputes Act) in the attempt to stop the ever increasing dominance of the unions. President Roosevelt vetoed this legislation but Congress overrode that veto. Basically this legislation prevented unions from making financial contributions in federal elections and it allowed the federal government to seize and operate certain industries that were important to the
war effort (W.W.II) and were threatened by union strikes. However, this Act did not prevent union members from federal campaign activity as lawyers for the Congress of Industrial Organizations (CIO) interpreted the law to apply to contributions to candidates. Therefore unions could make contributions that were not directed to candidates and the subsequent effect of this legislation was the exact opposite of the original intention as it created a legal arena for contributions to federal candidates by unions thereby increasing the financial clout of unions²⁹.

As a result, the Republican Party formulated and passed the Taft-Hartley Act of 1947 by overriding the veto of President Harry Truman. Many of the provisions in the Taft-Hartley Act related to labor practices but it also rigorously limited certain political activities of unions including the communication by unions to their members about to political activities such as the endorsement of a particular candidate. Naturally, many unions opposed this legislation and the CIO published an endorsement of a democratic candidate forcing the government to bring an indictment against the union in *United States v. CIO*. Obviously, the court found that unions could communicate with their members and this legislation marks an important tipping in that it was found that Congress attempted to not only limit campaign contributions but they also attempted to limit political speech. Nevertheless the government attempted a second time to bring a case against the unions in *United States v. United Auto Workers* in which the Supreme Court returned the issue to the district court on procedural rules and the district court acquitted the unions. The steel unions subsequently decided to strike during the Korean War conflict in which President Truman decided that a strike at that particular time could be a risk to national security because of the need for steel for the war effort. Therefore, he ordered the seizure of some steel factories by government soldiers and ordered the CEO to operate the mills under government supervision with the explicit intent on stopping the impending strike. However, the
Supreme Court in *Youngstown v. Sawyer* decided to limit the executive power during wartime and to “reconcile” some congressional policies that were in conflict\(^{30}\).

Despite the increased amounts of contributions and campaign spending from 1900-1940’s the relative amount was kept to a moderate level. Some scholars speculate that campaign finance was kept to these levels due to the Great Depression and W.W.II.\(^{31}\). This changed in 1952 when the government ended a freeze on new television stations thereby allowing for the greater growth in the need for political campaigns to use this new medium. Campaign spending increased dramatically from the 1951-1952 presidential election cycle to the 1975-1976 election cycle in which spending was around $140 million during the former election cycle to about $540 million in the latter election cycle\(^{32}\). Additionally, the dramatic growth in campaign spending did not stop in the 1970’s when campaign finance reforms were passed and put into practice.

The 1970’s saw a dramatic increase in the desire to stem the tide of perceived political campaign finance corruption. The Federal Election Campaign Act (FECA) was passed in 1971 that effectively replaced the Federal Corrupt Practices Act of 1910 in the attempt to increase the various disclosures of federal campaign finance contributions and eliminated some of the loopholes and failures that were associated with the old Federal Corruption Practices Act. Additionally, penalties were put into place for failure to properly adhere to the provisions of the legislation thereby increasing enforcement, which the first legislation lacked. Furthermore, the early 1970’s saw the development of the Watergate scandal which inevitably changed many things in Washington, D.C. and FECA was a product of this. Immediately after FECA was created and put into force the Watergate scandal occurred thereby allowing for a situation in which public support for greater levels of campaign finance reform increased dramatically. Basically, the Nixon administration took the position that they did not have to give full
disclosures because FECA did not specifically state whether or not contributions made before the effective date of FECA and the last required filing of the old Federal Corrupt Practices Act had to be disclosed.

Eventually, the Nixon administration was forced to give full disclosure (in 1973) which showed that his committee received approximately $11 million primarily by corporations and other financiers. Most of these contributions (approximately $10 million) to the Nixon campaign that were given before the full activation of FECA before it was revealed that illegal corporate contributions were partially used to help fund the Watergate break-in and subsequent cover up. Due to the public perception of corruption amendments to FECA were passed in 1974 that created the Federal Elections Commission (FEC). The amendments also created legal limits on campaign contributions to federal candidates and their political parties, and created enforcement provisions. Additionally, the 1974 FECA amendments also created partial taxpayer financing of presidential elections.

However, many opposed this amended legislation claiming constitutional concerns such as freedom of political speech. In 1976 the Supreme Court in *Buckley v. Valeo* (424 U.S. 1) upheld many of the provisions in the amended FECA legislation but overturned other pertinent provisions. The court upheld the following provisions: public funding for presidential campaigns that are coupled with voluntary spending limits, a “broader system of disclosure”, and certain contribution limits. More importantly, the court overturned a couple of key provisions of the amendments that still reverberates today. For instance, the court overturned mandatory spending limits by candidates, “limits on funding one’s own campaign”, and placed limits on independent spending. Additionally, the court had problems with the vague definition of political campaign activity and what precise activities should require disclosures. Basically, the
vague language made it possible to include certain issue advocacy speech that, in theory, should not be regulated and it possibly could dissuade some potential speakers from public speech in the fear that they might be prosecuted\textsuperscript{38}. Therefore, the court interpreted and decided that it should only cover “speech that advocated a candidate’s election or defeat”\textsuperscript{39}.

For the most part, this new legislation, as amended and interpreted by the Supreme Court, remained intact until the implementation of the BCRA. However, one minor change occurred in 1978 the FEC decided that national parties could essentially “use a mixture of funds raised pursuant to the federal limits and funds raised pursuant to state law” to pay for certain activities such as grass-roots campaign activities\textsuperscript{40}. The FEC justified this mixture of funds based on the theory that party-building activities essentially had an effect upon both the state and national party apparatuses; therefore a mixture of funds could be used in such activities. Additionally, Congress amended FECA in 1979 to allow parties to spend unlimited funds that were raised pursuant to federal rules for grassroots campaigns. These funds that were raised for other reasons than for the explicit advocacy of the election or defeat of a particular candidate became known as “soft money”.

Bribery and illegal financial contributions by certain members of Congress became an issue in 1980 when the FBI set up a sting operation in which they set up a fake enterprise (Abdul Enterprises, Ltd.) to tape (video and sound) various members of Congress talking and discussing financial contributions by an Arab Sheik in return for political favors\textsuperscript{41}. This scandal is called ABSCAM, which is named after the fake enterprise. ABSCAM became notorious for the constitutional issues that arose such as entrapment by law enforcement investigations but this scandal further solidified the desire, by some, for further regulations concerning contributions to elected officials. One of the important legacies, in the realm of political corruption, of
ABSCAM is that corruption is indeed prevalent and the need to combat such practices becomes necessary for a truly competitive democratic state\textsuperscript{42}.

The proposals given in the amended FECA influenced American politics at the national level and functioned more or less as was intended. However, certain unintended consequences or results began to slowly occur after the implementation and throughout the 1980’s and 1990’s. One possible result is the globalization of campaign financial contributions upon American presidential elections. Allegedly, the quest for a second nomination and win in the general election by former President Clinton resulted in the taking of illegal campaign contributions from foreign corporations and governments. The Democratic Party allegedly took in about $300,000 for the re-election bid by Clinton from a foreign entrepreneur for the explicit purpose of granting favors in contracts for the development of the Caspian Sea oil pipeline\textsuperscript{43}. Roger Tamraz, the entrepreneur mentioned in the previous sentence, testified that he gave the money for explicit access to the president\textsuperscript{44}. The Chinese military also donated money to the Democratic Party for the re-election bid by President Clinton in 1996 in the attempt to also gain access to President Clinton\textsuperscript{45}. Herbert Alexander found, in his quadrennial studies of election financing, that the 1980 and 1984 presidential election occurred within the bounds of the original intent of FECA but that by 1996 the original constrains had been circumvented\textsuperscript{46}. Basically, political parties and campaigns circumvented many of the provisions within FECA thereby dramatically reducing its overall capacity to act effectively in terms of the original intent to reduce corruption in national elections by reducing the influence of financial contributions. This new circumvention eventually led to the implementation of the BCRA in an attempt to reduce money and corruption in national elections.
The BCRA, passed in 2002, sought to restore contribution limits in the attempt to stop or reduce “soft money” and to bring back disclosure requirements. Additionally, the law adjusted contribution limits that were originally put into place back in the 1970’s. Another interesting aspect of the BCRA is the attempt to regulate non-partisan issue ads paid for by soft money donated by corporations and unions. Naturally, this new regulation on issue advocacy ads raised concerns among some that freedom of speech was being eroded. Therefore, groups like the California State Democratic Party and the National Rifle Association came together and filed a lawsuit in an attempt to overturn certain provisions of the BCRA. The Supreme Court in *McConnell v. FEC* upheld the controversial provisions in the BCRA ruling, stating that the provisions were constitutional and the law still remains wholly intact today. It is too soon to determine the exact implications and consequences of the BCRA as it has only been in effect for one presidential election cycle but it clearly did not reduce the amount of money in the 2004 race and it surely did not reduce issue advocacy ads.

**Recent Scandals**

Recent efforts by some federal lawmakers to raise funds have placed a desire to increase campaign finance regulations to potentially reduce the perceived corruption. In particular some members of Congress and their staff have received trips and gifts from a particular lobbyist in Washington D.C. named Jack Abramoff. Washington lobbyist Jack Abramoff pleaded guilty to conspiracy, tax evasion, and mail fraud in an agreement with prosecutors to attain more knowledge and information about other potential individuals, primarily within the scandal surrounding the Indian Gaming Casino industry and the SunCruz Casinos based in Florida. Only one member of Congress was actually mentioned in court papers (Rep. Robert W. Ney, R-Ohio) but the scandal has the potential to expand to others in Congress and to advance the issue of
campaign finance reform. At issue here is whether or not members of Congress and some of their staff members received bribes and influence in return for political favors and for legislative favors. Representative Ney recently relinquished his chairmanship of the House Administration Committee primarily due to the Abramoff scandal. The agenda within Congress and within the Executive will surely be influenced by this scandal and House Speaker J. Dennis Hastert (R-IL) may have to change his planned agenda for the upcoming election year. Additionally, the Republicans in the House and Senate recently proposed changes to the restrictions on lobbying within the nations capitol. The proposed changes involve banning most privately funded trips and reducing private gifts. However, the likelihood of a complete ban is unlikely as some unnamed members of Congress are opposed to a complete ban on trips. Basically, the implication for this scandal may be limited in scope and only time will tell if it has a dramatic change on the campaign finance system. Dramatic changes like those prompted by other scandals, such as the Teapot Dome scandal mentioned earlier. Representative Tom Feeney (R-FL) made a statement in the Washington Times that the scandal may be limited to the Washington Beltway. He states: “I don’t get the sense that many people are paying attention” basically referring to the general electorate. Nevertheless, this scandal may have an impact upon the 2006 midterm election and to the agenda of both the president and Congress.

Evidence for the changing sentiments among the general population following the Jack Abramoff scandal suggests that favorability for campaign finance reform, both at the presidential and congressional levels, is persistently increasing. According to a USA Today/CNN/Gallup poll taken around January 9, 2006 the current corruption scandal may be a dominant factor in the midterm 2006 election cycle as 43% of the respondents claimed that corruption was “extremely important” to voting issues and this is surprising as only 38% claimed that the economy is an
important factor in voting issues. Additionally, this same poll found that only around 50% of respondents stated that policies put forth by the Republican leadership in Congress will move the country in the wrong direction in terms of policy and this is the lowest percentage ranking for the Republicans since their dramatic takeover in 1994. The relative percentage for Democrats within Congress remains approximately ten percentage points below the Republicans but the Democratic ratings are increasing. However, according to the same poll the presidential approval rating remained about the same as the previous month partially suggesting that the Abramoff scandal has not had such a dramatic effect, yet, upon the executive branch. The findings by this poll adds further evidence that public sentiment may force a change in campaign finance laws in addition to other lobbying regulations.

However, this does not necessarily mean that the presidency will be unharmed by the recent lobbying and campaign finance scandals, which occur mainly at the congressional level. The Washington Post-ABC News poll taken between January 23 and January 26, 2006 clearly shows an overall dissatisfaction with the president in his attempt to deal with ethics in government as approximately 56% of the respondents gave an overall disapproval response in this poll and this is about a 7% increase from the 18th of December 2005. Again, this partially suggests that the president will be affected negatively from the recent lobbying scandals in Congress. Also, the same poll found that about 46% of the respondents stated that the Democratic Party will do a better job at standing up to lobbyists and special interest groups while only 27% of the respondents stated the Republican Party would be the most likely. Clearly the president may be negatively influenced by the talk of scandals in his party and the general public may be primed for greater campaign finance reform and to reform lobbying. However, this conclusion may be questionable as the same poll taken at an earlier date (11/2/2005) shows that
only about 43% of the respondents stated that overall level of ethics and honesty in the federal
government declined during the Bush presidency and this is the exact same percentage using the
same question a month later. This may suggest that the recent Abramoff scandal may not
necessarily have a dramatic impact upon the presidency. Nevertheless, public opinion and
sentiment clearly shows that the favorability of the current regime may influence the upcoming
midterm elections.
A modest amount of prior research and thought has been completed on this contentious issue and some of the aspects of presidential campaign finance need to be examined further too fully understand the issue. It is important to note that this section primarily involves literature that pertains to the presidential level as a number of examinations and analysis have been completed on the state and congressional levels. I begin the literature review analysis by briefly examining literature on the history of campaign finance reform and regulations. The legal aspect and scholarly interpretation literature is then briefly examined. This includes the recent implementation of BCRA. From this point the various theories on campaign finance literature are briefly reviewed.

Earlier campaign finance reform at the national level primarily focused upon corruption, equality, and overall dishonesty within elections\(^58\). These earlier reforms basically were focused upon reducing the level of inequality among the voters, or at least those who could vote. However, more recent campaign finance reforms have instead shifted this focus upon voters and placed a greater emphasis upon electoral campaigns and the individual candidates according to Ruth S. Jones\(^59\). This shift in emphasis from actual voters to the campaigns partially contributed to a greater emphasis upon the individual candidate in terms of reforms and public financing of federal campaigns is one example of this shift. In theory, greater levels of public financing of elections should allow more candidates to enter into politics and run for elections because it has the potential to reduce barriers to entry and potentially reduce corruption as candidates and campaigns will not be as dependent upon contributions from private individuals and interest groups. Ruth S. Jones, based upon the previous theory, stated that public financing of elections
may allow for greater access for minority candidates and minority parties, even above what their overall percentage of the electorate may be because these candidates will have fewer barriers to entry. It is important to note here that minority candidates primarily are defined as third party candidates because of the current two-party system in America. Of course opponents, such as Ralph Winter, of reform state the opposite and argue that public financing will lead to the introduction of new biases in the system and will increase the ability of incumbents to retain their positions because of the conditions usually attached to public financing. Public financing of elections may also heavily influence the electoral system because it introduces a lot of new rules that invariably may change the outcome of elections and the rules may be specifically set up to favor either the status quo or a particular candidate. In other words, public financing of elections may not necessarily reduce biases, inequalities, and distortions within elections because they may be set up in such a manner as to give incentives to one side while giving punishments to the other side mainly through restrictions.

It is generally accepted that recent years have seen a dramatic growth in campaign spending especially when measured with absolute dollars. However, Ansolabehere, Gerber, and Snyder analyzed this notion and found that this is not necessarily the case as increases in campaign spending really has not gone up dramatically when one compares campaign spending relative to national income. They take these findings to further examine the notion of corruption and came to a similar conclusion in terms of corruption in that corruption, when measured by using the aggregate economy (Gross Domestic Product and the Consumer Price Index) has not really increased in the past twenty five years. These findings are in stark contrast to the arguments given by pro reformers of campaign finance. After all, corruption is one of the main driving forces behind campaign finance reform movements. In other words,
corruption may not be a necessary component for reform; instead reformers should focus upon inequalities and distortions within the campaign finance system as this would provide more favorable outcomes. In basic terms, the previous authors found that campaign finance expenditures have only increased with increases in the Gross Domestic Product (GDP). Of course, they acknowledge that the general perception, among the voting population, is that spending and corruption in campaigns is out of control\(^6^4\).

In their analysis of the presidential nomination process, George C. Edwards III and Stephen J. Wayne, found that federal election law does indeed shape or influence presidential candidates campaign strategies\(^6^5\). In other words, campaign finance regulation at the national level encourages presidential candidates to act or behave in certain ways. In the same analysis, Edwards III and Wayne found that the federal election law that was formed throughout the 1970’s produced incentives to create a solidified financial base early in the presidential nomination process\(^6^6\). Implicit in this finding is the notion that candidates who enter the presidential nomination later on during the nomination process will be less likely to have success than those candidates who entered the nomination system earlier in the process. Furthermore, early money is important because it buys recognition for those candidates who are not as recognizable (such as Ross Perot in 1992). That is, it buys legitimacy because donors, the press, and other politicians may evaluate the credibility of candidates partially on their financial status. Moreover, it gives the presidential candidates greater flexibility on how to run their campaigns as it creates more possible choices\(^6^7\). It is important to note that money itself is not the only determining factor on who will be successful or not successful within the presidential nomination system because there have been many outliers that tend to downplay this effect.
Bradley Smith proposed different criteria to properly examine public financing of presidential elections. Most scholars focus their efforts mainly upon the concepts of equality and the reduction of perceived corruption when developing campaign finance regulations that are publicly financed. The first criterion is administratability, of the extent to which a heavily regulated campaign finance system creates compliance costs for both the government and the various political actors\textsuperscript{68}. Presumably, a simpler system would be easier to administrate by government officials and it would reduce the compliance costs of new political actors into the system. Secondly, the campaign finance system should contain some level of flexibility to easily adapt to new changes in the political environment\textsuperscript{69}. The third criteria is that of opportunity in that the system should encourage or allow entry into the system by political newcomers or at the very least not discourage challengers from entering into a campaign\textsuperscript{70}. Fourth, in relation to the third criteria, the system should promote competitiveness thereby increasing basic democratic principles and the system should not intentionally “insulate” incumbents from challenges\textsuperscript{71}. Finally, the campaign finance system should promote communication\textsuperscript{72}. Communication in this sense refers to the ability of candidates to communicate and educate voters on their particular platform. Implicit in these criteria as defined by Smith is that government should provide regulations and funding to accomplish these criteria. For example, the government would have to under this system provide taxpayer dollars to each campaign for the sole purpose of allowing them to communicate with potential voters or their constituents.

In theory, if the campaign finance system became (fully) publicly financed then this would radically alter or change the current system. The current political parties in addition to the particular candidates would be affected by these changes. Ruth Jones examined changes to state public finance systems and found that full public financing of the campaign system does indeed
dramatically alter the overall system in that minority parties gained significant strength in relation to their position before the changes in the state campaign finance system\textsuperscript{73}. This is not to say the majority parties are somehow disadvantaged; instead minority parties gain significantly with full public financing of campaigns. Of course, the exact type of system will determine the exact plausible outcome. Additionally, the determining factor of the outcome may be influenced by how the funds are collected and allocated in addition to the exact regulations. In theory, the rules of the game (the regulations) may determine the outcome. This can also be applied nationally at the presidential level because, presumably, if the current campaign system were dramatically changed then the outcomes would also presumably change.

The relation between the party and the candidate can often influence behavioral aspects of the campaign finance system. Richard Briffault argues that this relationship can effectively create corruption and campaign finance reforms are needed to counteract these negative effects\textsuperscript{74}. Implicit in this line of argument is that political party activities and actions effectively undermine the intentions of campaign finance reform. However, the only main goal of political parties according to this argument is for the specific and sole purpose of electing members to various offices. Any other possible goals are an artifact of the first goal. Reforms at campaign finance must be made to reduce the influence by political parties and by PAC’s. This reduction, in turn would effectively reduce potential corruption in campaigns. Reforms, according to this argument, do not infringe upon the rights of parties or upon their interests; instead it can promote electoral competition, grassroots campaigns, and “broad-based approaches to the problems of governance”\textsuperscript{75}. Implicit in this line of reasoning is drastic limitations to the expenditures of both parties and PAC’s.
Another aspect of campaign finance reform revolves around First Amendment policies that may be affected by such reform. Alan Grant briefly examined some of the plausible affects of reform upon some constitutional principles\textsuperscript{76}. Basically, it is assumed (through interpretations of the U.S. Supreme Court in \textit{Buckley v Valeo} and \textit{McConnell v FEC}) that it is necessary to convey free speech in political campaigns through the various media outlets which inherently require extreme amounts of funding. Grant argues that many conservatives often view campaign finance reforms such as the BCRA in 2002 as providing limits on the exercise of free, speech but this clearly has not fully materialized in the most recent reforms\textsuperscript{77}. However, the full effects of \textit{McConnell v FEC} will surely be felt on the total federal campaign finance system for some time to come. But the explicit effects will not be known for some time. Additionally, Grant also comes to the conclusion that many of the provisions put forth by reformers clearly have unintended consequences and he briefly compares the American system to the British system in which funding is not as important due to institutional differences such as no preset term length\textsuperscript{78}.

Many scholarly interpretations of campaign finance have been completed such as J. Tobin Grant and Thomas J. Rudolph as they looked into the relationship between democratic values and group affect towards the idea of campaign finance and how affect can influence ideas about campaign finance\textsuperscript{79}. Basically, they concluded that public sentiment towards the idea of campaign finance is largely related on how much reform would affect them in a personal manner. Put in another manner, some members of the public (both groups and individuals) will support reform if it favors them in a favorable manner and other members of the public will not support reform if it does not favor them within a favorable manner\textsuperscript{80}. Of course, this conclusion wholly assumes rational choice by the mass public. Also, Justin Nelson introduced a new way at looking at campaign finance reform by dividing the concept into two basic categories. First,
supply side of campaign finance attempts to “solve” campaign finance by attempting to limit or stop money in campaigns by limiting private funds within the system. Second, the demand side attempts to “solve” campaign finance by reducing the demand or desire by politicians for private funds. Additionally, Nelson proposed that attempts at campaign finance reform have largely failed because reforms have typically been focused upon the supply side approach with the premise being that focus upon the supply side approach does not reduce demand by politicians for private funds and as long as the demand is present the supply will also be available.

There have been many examinations and analytical studies completed on the legal side of campaign finance reform. Robert F. Bauer fully examined various aspects and discussed an assortment of legal implications of the BCRA of 2002 in his book titled “More Soft Money Hard Law.” This text provides scholars with the basic understanding of certain legalities of campaign finance and gives the reader a basic legal framework of this narrow topic by effectively clarifying many of the complicated provisions of the BCRA. Additionally, Grant J. Tobin recently considered the various issues associated with the contemporary campaign finance. Michael J. Goff in his studies examined the early presidential nomination system thereby giving the reader a better understanding of the overall nomination system.

Furthermore, Katherine A. Hinckley and John C. Green examined the flow of funds in the presidential campaign system. Within the realm of certain legalities that surround presidential campaign finance, Bradley Smith analyzed legal issues of the freedom of speech and campaign finance reform especially pertaining to equality and concluded that campaign finance reforms that are based on poor assumptions usually do not have their intended outcomes and they sometimes exacerbate the problem by allowing for exogenous institutional factors.
Donald A. Gross and Robert K. Goidel furthered knowledge on campaign finance by analyzing the various causal effects of various campaign finance reform regulations by examining the effects on competitiveness and expenditures.\(^{88}\). One of the major problems with the current literature on campaign finance reform at the presidential level is that a majority simply assume that campaign is inherently exogenous to factors such as voter turnout, electoral competition, and campaign expenditures. Furthermore, Frank J. Sorauf challenged the traditional line of contemporary thought in that he concludes that the recent campaign finance efforts have not and will not hurt the Democratic Party as some speculate; instead the current system contains many ingrained institutions that negated much of the conventional wisdom.\(^{89}\). Basically, Sorauf states that there seems to be a disagreement between reality and what is the perception and that many third party groups, such as Moveon.org, only have exacerbated this perception. Another radical departure from conventional campaign finance wisdom is the idea put forth by Bruce Ackerman and Ian Ayres as they proposed a total revamping of the current campaign finance system in which all donations would be made privately and anonymously.\(^{90}\). The idea behind anonymous contributions is that politicians would not be expected to give the same level of access to big time donors as they currently do because politicians would not exactly know who donated what to them thereby reducing the pressure to tow the line of large contributors to campaigns. In other words, contributors would have a harder time of buying influence over politicians.

Most everyone would agree that presidential campaigns must raise campaigns funds early in the process in order to be competitive at the national level. Katherine Hinckley and John C. Green examined some important aspects to fund raising in presidential nomination campaigns. They developed two distinct models for fundraising listed as follows: “campaign driven”, which
primarily revolves around the performance (or lack of a performance), of the campaign and the “organization-driven” models which places an emphasis upon the quality of the candidate’s political bases and their fundraising efforts\(^9\). Basically, the campaign driven model is based upon the school of thought that the progress of campaigns will determine flow of funds into primary campaigns. In other words, highly publicized or stronger showings earlier in the campaigns will increase the likelihood for greater amounts of campaign contributions. However, the organization-driven model is primarily based upon the premise that the fund raising process on organizational structures or exploitation of candidates political bases\(^2\). Implicit in this model is that fund raising essentially begins with a basic pool of contributors that are usually identified by partisan characteristics (including geography) and the campaign organization must ask for the money, which is partially done through networking\(^3\). Of course, other methods of asking are utilized such as direct mail or through phone contact. Hinckley and Green theorize that, according to the organizational-driven model, the act of giving money is different from voting and that organizational fundraising is not susceptible to minor campaign events\(^4\). Basically, the motives for donating money may be different than the motives for voting. For example, individuals may donate for social reasons such as social recognition, business networking, and personal friendships. Of course, people may vote for similar reasons but there are often other motives, in addition to the previous motives mentioned, that inspire people to vote. Basically, money is raised through organizational efforts. To be sure, there are many possible problems with the two previously mentioned models but they do give us an idea of basic fundraising characteristics.

It is consistently clear that the general public does not really care about campaign finance reform (when compared to other issues) in that less than one percent in a 2000 presidential issue
poll conducted by the Pew Center for People and the Press stated that campaign finance reform was a major issue\textsuperscript{95}. However, the news media often portrays a situation in which the mass general public is overwhelming in favor of such reform thereby giving a false perception of the true reality. The general public however, generally does support campaign finance limits but at the same time they are ambivalent to specific reforms and the subsequent consequences\textsuperscript{96}.

William G. Mayer specifically examines public attitudes on campaign finance reform and came to the conclusion that the variables party identification and ideology really do not matter much, in terms of statistical significance, on what position(s) they take on campaign finance reform\textsuperscript{97}. This then makes it difficult to really determine who specifically favors furthering campaign finance reform and who oppose such reforms such as public financing of campaigns. One possible explanation for the apparent lack of public support for campaign finance reform is that this issue contains a low degree of issue salience among the mass general public.

Kenneth Mayer proposes an alternative explanation in that he states that there is a lack of proper media coverage of campaign finance issues as the current coverage frames the issues in such a manner that it merely makes it impossible among the general public to discern between true corruption and acceptable levels of “every-day pull and haul of politics”\textsuperscript{98}. Basically, reformers often distort or obfuscate the issues to better support their arguments and the mass public takes cues from this to make decisions. Mayer found that the campaign finance literature often contains several fallacies listed as follows: first, that their arguments are structured in such a way that they cannot be proven wrong, second that they often contain a selection bias as they do not pick cases in which money could not have determined the outcome or cases in which the outcome was the reverse of what was expected, third the literature often confuses correlation and causal factors, and finally that if corruption by money were eliminated that politicians would
gravitate towards a better outcome\textsuperscript{99}. The argument laid out here is that one cannot fully understand the issues of campaign finance reform until these fallacies are fully taken into account. Also, the arguments laid out by reformers are often one-sided opinions that do not necessarily tell the whole story. For example, it may appear that some cases may contain influences by huge contributors to campaigns in that those contributors get the law changed in their favor. However, in reality there are often many competing forces that all contribute to the system to change the law; therefore reformers would only point out that one side gained by contributing money and subsequently getting the law change. However, reformers often leave out the other half of the story thereby making it appear as though something occurred when in reality it did not occur. Of course, one cannot prove or show that the one side who won did so because of other reasons than contributing large sums of money as those contributions are an important variable.

It can be very difficult to properly show a relationship or correlation between campaign contributions and support for legislation by politicians. Frank. J. Sorauf concluded from his examination of the current literature that this supposed relationship really does not exist with any great degree of significance both in qualitative and quantitative terms\textsuperscript{100}. Furthering this argument is the conclusion drawn by John R. Wright in his examination of contributions by PAC’s to Congress and the effect those contributions had upon the vote choice of the individual legislator. While this study was extremely confined, he found no correlation between PAC contributions and voting behavior (in terms on how legislators vote on specific pieces of legislation) thereby concluding that of the many different variables that potentially have an effect upon legislator vote choice, campaign finance contributions by PAC’s should not be considered to have that great of an effect\textsuperscript{101}. Taking this same line of thought, perhaps variables such as
party cues and party discipline play a greater role upon the individual legislator vote choice. Also, going back to Sorauf’s argument, it may be empirically difficult to determine whether campaign finance contributions has influence upon politicians or whether those contributions are given because particular politicians may be favorable to their position. Generally speaking and as a generic example, it would be very difficult to explain why the National Rifle Association (NRA) would want to give campaign contributions to an avid anti-gun candidate because this candidate would presumably make it harder to accomplish the goals of the NRA. Of course, one possible explanation may be that individuals and groups are only attempting to gain “access” to individual politicians and the political process. Finally, examinations into contributions are problematic in that one can attribute contributions and try to influence whichever side won the battle.

Reformers of campaign finance often take the position that soft money contributions to candidates inherently causes corruption and one way to reduce this corruption is to reduce the amounts of soft money. Presumably, parties are supposed to use these funds for party building activities but they often use the funds to support particular candidates. However, soft money can be healthy for a democracy in that parties mobilize voters and increase political education or political knowledge levels among the mass public. Ray La Raja concluded from his analysis of the 1998 elections that banning all soft money is not the best reform to take, as it can potentially reduce political participation by the mass public, which is a necessary condition for a healthy democracy, by reducing the resources available to parties. Instead, Ray La Raja proposes that only a cap be placed upon soft money contributions as the best possible reform as it would reduce potential corruption by large donors and because the parties would retain the ability to mobilize voters and to encourage participation. Basically, he argues soft money
moderation is healthy for democracy and the abolition of such resources would, overall, be harmful and the best possible solution is to place caps upon soft money contributions as this would eliminate potential corruption from large donors yet it would still allow certain party building activities that help to raise the level of participation, mobilization, and political knowledge of the mass public.

The next question that invariably arises is whether or not contributing money to political campaigns is considered to be actual political participation. One school of thought argues that greater participation is healthy for a democracy and it contains a positive connotation. If one prescribes to this line of thought then campaign finance reforms should be created in such a way as to increase participation in campaigns and one way to do this is to reduce barriers for contributions to campaigns. However, as Clyde Wilcox points out, participation in democracies (particularly in the United States) is often unequal in that only a relatively small number of people vote and even a smaller number of individuals contribute to campaigns. Additionally, the views of these donors may be different than the general population thereby creating an inequity in society by theoretically giving donors greater access and potential influence. Verba, Schlozman, and Brady (1995) argue that participation may also be skewed in society because of the availability of resources among the general populace with the premise being that those individuals who have greater levels of wealth are more likely to contribute money to political campaigns thereby raising their level of participation while those with less wealth are less likely to donate to campaigns.

Basically, donors are given greater access to the political process thereby creating a situation in which certain ideas are presented to the policymakers with the explicit exclusion of other ideas. Also, Verba et al. concluded that even though these donors on average only gave a
relatively small amount (about $75 in 1995), this created a significant distortion (participation) in favor of wealthier individuals who are more likely to petition government with grievances and are more conservative than the general populace furthering this inequity giving a distinct set of policy preferences among legislators and the executive\textsuperscript{108}. Implicit with this line of thought is that campaign finance reform should be geared toward either reducing this distortion by reducing the voice of wealthier donors or by increasing the voice or positions (through participation) of those who are not as represented in the current system of campaign finance. Clyde Wilcox presented the idea that increasing the donor pool would possibly further reduce this inherent distortion but in his analysis of the post 1970’s reform (which attempted to reduce this distortion) this is not necessarily the case as he found that by 1988 this distortion towards wealthier individuals was still significantly present\textsuperscript{109}. Another possible implication in this inherent participatory distortion is to effectively reduce or totally eliminate soft money in the campaign finance system. However, Wilcox also makes the point that current knowledge and literature do not necessarily show what donors get for their money\textsuperscript{110}. However, it is often assumed that giving monetary donations to political campaigns often results in greater access to the political process but the dilemma here is whether or not donors receive what they want after they donate.

As was briefly pointed out in the previous paragraphs, one argument for campaign finance reform is to reduce distortion and inequities within the system. One manner to reduce this inequity or distortion would be to reduce the financial barriers for running a campaign as this would effectively allow for potential greater representation among the less economically endowed. The U.S. Supreme Court in \textit{Bullock v Carter} decided that the State of Texas violated the 14\textsuperscript{th} Amendment (equal protection) by attempting to impose high filing fees to run for a public office\textsuperscript{111}. In this sense, it is undemocratic because the barriers placed upon entry into a
campaign discriminate against those that are not wealthy. There are those that argue that active judicial intervention may be a necessary condition for the reduction in inequalities and distortions in the campaign finance system because the congressional and executive branches are unlikely to impose proper reforms to reduce these inequities. Marlene Nicholson argues that the current campaign finance system is inherently undemocratic because “multiple voting” and “multiple representation” is detrimental in that those who contribute to campaigns have more of a say in who wins elections, compared to those individuals who just vote and do not contribute. Also, those individuals who contribute to campaigns, in addition to multiple voting, are more likely to have their particular interests represented than those individuals who do not contribute.

Again, one argument for campaign finance reform is that certain political actors will make use of their economic advantages to create political corruption and power. Daniel Ortiz presents an interesting idea of a democratic paradox in that (taken the assumption mentioned in the previous sentence) voters, in traditional democratic theory, are informed and therefore make “careful and informed” decisions when voting and economic inequalities among candidates do not necessarily determine the outcome. The paradox, then, materializes when reformers of campaign finance make reforms that “doubt” voters’ civic capabilities. Of course, there is much contention and debate on voter information and civic capabilities but the idea presented here is that democratic theory assumes some level of information and civic capabilities but reformers of campaign finance base the reforms upon a different premise. Reformers partially base their reforms upon the protection of “liberal” democratic ideals in that if candidates had no preventative barriers then they would essentially reduce the level of liberal democracy due to inequities in political power. Campaign finance reformers inherently base their reforms upon the
mistrust of voters to make “independent political judgments” and the reformers become anti-
egalitarian in nature because they denounce liberal democratic ideals of equality\textsuperscript{117}. J. Skelly Wright, for example, argues that proper reforms should “refocus political discourse on substantive ideas” thereby improving political debate and discussion\textsuperscript{118}.

Getting back to modern reforms Michael J. Malbin recently wrote a book in which he examined some possible effects of the passage of the BCRA, explicit to the 2004 presidential election. He predicted in the text that there may be a two-tiered system that may arise in the near or long term future in which one tier would contain a non-public supported candidates and the other tier would contain public supported candidates\textsuperscript{119}. This is primarily because some candidates may decide to opt out of public support for their campaign because of the stipulations and conditions attached to the taking of public funds. Also, candidates may choose to opt out of public support of campaign finance simply because their options in running their particular campaign will be greater than if they decide to accept public funds. Malbin also found that there are many uncertainties that can possible shape or alter campaign finance regulations after they are passed into law and that a natural evolution may take place that can dramatically alter or shape the consequences of campaign finance reform legislation\textsuperscript{120}. Of course, Malbin wrote this text before \textit{McConnell v. FEC} but the court’s decision effectively kept the whole of the legislation intact. However, the BCRA of 2002 will surely have an effect upon the campaign finance system.

Surely, the BCRA will have an effect upon the national political party system in terms of the ability to accomplish the various goals of the political parties. Arguably, one of the main goals of national political parties is to win federal elections and to gain a majority within Congress and to ultimately gain control of the executive branch. This is not to say that there are
no other goals of national parties; instead it is just one of the main goals. Diana Dwyre and Robin Kolodny examined this phenomenon and found that the national political parties must ultimately change their behavior to accomplish this goal of winning federal elections as the regulatory environment has changed thereby changing how the parties must raise and spend monies in the pursuit of this goal\textsuperscript{121}. In theory, the BCRA outlawed most provisions for the creation and use of soft money funds in federal elections. However, the “Levin amendment” to the BCRA essentially allowed for soft money funding of voter registration and get-out-the-vote activities by state and local party apparatuses if these activities are in compliance with state and locals campaign finance laws\textsuperscript{122}. Again, this provision only applies if state or local laws allow such activities within their jurisdiction and candidates for federal office or those currently in federal office are not allowed to engage in these types of soft money fundraising for the purposes described above.

Nevertheless, one of the main goals of the BCRA was to eliminate the use of soft money by national political parties for the explicit use of issue advocacy campaigns. However, as Diana Dwyre and Robin Kolodny conclude the amount of soft money will not significantly diminish in size and it will become more difficult to track and regulate simply because of the formation of third party groups who pursue issue advocacy campaigns that a distinctly separate from the political party apparatuses\textsuperscript{123}. In other words, soft money may shift from the political parties to other groups. It may, however, be more difficult for these third party groups to raise significant soft money funds when compared to the established political parties simply due to the fact the national party apparatuses are excellent and very efficient at raising the funds from a variety of sources. If the soft money is effectively transferred from the national political parties to un-
established third party groups as predicted then the behavior of the national parties will surely change as well.

As mentioned in Chapter one some scholars, such as Samuel Issacharoff and Pamela Karlan, argue that campaign finance reform has a balloon effect or “hydraulic” effect. When the government places pressure for reform on one area money is effectively “squeezed” or moved into other areas thereby negating the original pressure. Implicit in this line of thought is the idea that laws and regulations essentially do not wholly determine the outcome of campaign finance reform; instead laws may make a difference in the eventual outcome but the differences are often unpredictable. In other words, laws and regulations do make a difference but the consequences are often different than the original intent. Furthering this line of argument is the idea put forth by Larry Bartels that resource allocation within presidential elections is partially determined by organizational and strategic considerations. Not everyone agrees with these assumptions as Fred Wertheimer and Susan Weiss Manes wrote an article for the Columbia Law Review in which they chastise the American campaign finance system and proposed many “solutions” to reduce perceived corruption including dramatically strengthening campaign finance reform in all areas of campaign finance.

Many theoretical aspects of campaign finance primarily revolve around the established theories regarding pressure and power in relation to interest groups and presidential elections. Anthony Nownes examined the various organized interest groups and the influence or pressure they place upon the American political system. Also, David A. Strauss examined corruption and equality in campaign finance in which the courts are primarily concerned with possible perceived corruption and not issues that involve possible inequalities but campaign finance reformers should primarily be concerned with inequality simply because if a reduction in
inequality is produced then corruption will also be reduced\textsuperscript{128}. Basically, campaign finance reform does make a difference in the system, but attempts at reform do not necessarily accomplish their original goals. Also, Strauss raises an interesting question about whether or not it is actually worth the full attempts at campaign finance reform because the costs of doing so are considerably greater than any possible progress towards the original goals of reducing corruption and inequalities\textsuperscript{129}.

Along the same lines, Bradley Smith makes the argument that the scholarship of campaign finance reform is incorrect when it makes certain assumptions on the causes and effects of perceived corruption\textsuperscript{130}. Basically, the problem with campaign finance reform is not necessarily the unintended consequences; instead reform often favors the political elite and maintains the status quo by discouraging grassroots campaigns. Two assumptions made by Smith are that reformers often presume that too much money is being spent in campaigns and that elections that have less money spent during the campaign are somehow more democratic in nature than elections that have more money spent during the campaign\textsuperscript{131}. Another faulty assumption made by reformers is that money inherently “buys” elections but this is not stating that money is not needed to win elections as the evidence clearly shows that the more money that is spent the more likely that a candidate will win that election: instead the assumption that money buys elections is done so through a prism that it is negative and detrimental to society as a whole\textsuperscript{132}. Finally, reformers often assume that money somehow corrupts the legislative process and that given all of these assumptions, an unregulated system will further discriminate in favor of wealthy interests but Smith categorically denies that these assumptions are inherently flawed based upon qualitative analysis\textsuperscript{133}. For example, the total amount of money spent in campaigns may seem impressive and it often solidifies this argument but when one takes into account the
whole situation the relative amount spent is miniscule as Americans spend considerable more amounts of money on other activities when compared to expenditures in campaigns\textsuperscript{134}. According to Smith reformers should examine these four misconceptions to properly address campaign finance reform in a manner that will do more good than bad.

Also, Susan B. King and Robert L. Peabody introduced another important concept of campaign finance reform\textsuperscript{135}. Legislators and the president are assumed to seek reelection and campaign finance regulations are often in conflict with this goal\textsuperscript{136}. Paradoxically, it is presumed to be against their best interest to press for the furthering of campaign finance regulations and reforms. King and Peabody propose that one of the reasons why campaign finance reform has largely failed (assuming that it has failed) is because of this conflict of interest\textsuperscript{137}. Also, it can be very difficult to distinguish or differentiate between “proper” and “improper” campaign financial activities. Another reason given by King and Peabody as to why campaign finance reforms have failed is because the reforms are often created and implemented after scandals that swayed public opinion, such as during the early 1970’s and perhaps if legislators could create reforms without the pressure of scandals then they possibly could create meaningful reforms\textsuperscript{138}.

Several classics in political science can also help to explain the phenomenon of presidential campaign finance. First, Robert Dahl wrote a book in 1961, “\textit{Who Governs}” that helps to explain my thesis from a pluralist viewpoint because of the many varying interests within the American political system and inherent perceived corruption that is possible under such a system\textsuperscript{139}. Additionally, groups of citizens (according to Dahl’s typology) are fully free to have an influence upon the various political forces within a competitive party system, including the American two-party system, and the political forces must listen to outside “forces”
that are well beyond the scope of the “elite”\(^{140}\). Put in another way, the American society is composed of many different elites or elite groups that are compromise or are in contention with each other but the many elite groups exist within society. Also, this is a radical departure from C. Wright Mills idea that society is comprised of unitary or narrowly defined power elite\(^{141}\).

In a more comprehensive theory, Mancur Olson developed a theory of groups that gives an alternative notion such as follows: the number of similar interests that individuals may have will not necessarily result in organized interests because of the cost, the free rider problem, and the political efficacy problem\(^{142}\). Surely, the idea of selective benefits will be part of this phenomenon. E.E. Schattschneider developed a realist viewpoint on interest groups in America (“The Semisovereign People”) in that some “pressure groups” have the tendency to have greater levels of influence upon the American system. Specifically, the pressure system that he describes has an “upper class” or business bias\(^{143}\). Hyper-pluralism, such as the theory given by Theodore Lowi, concludes that the varying interests are not necessarily beneficial to the American political system as given by pluralism; instead they can be harmful because some organized interests may have better access and influence upon the American system than other organized interests thereby creating an inequity within the system\(^{144}\). Finally, Lawrence R. Jacobs and Robert Shapiro (“Politicians Don’t Pander, Political Manipulation and the Loss of Democratic Responsiveness”) came to the conclusion that politicians (including contemporary presidents) don’t necessarily respond to whims in public opinion; instead they, during times of no elections, respond to their particular philosophical preferences and to the wishes of their contributors, party activists, and friendly interest groups\(^{145}\).

Given the expansive scope of literature on the subject of campaign finance this thesis will primarily focus upon the basic tenets of pluralism within the American society. The various
interests within the American society all compete for support and loyalty among individuals and groups for the eventual conclusion to conflict. However, it is also clear that some interests, as described by Theodore Lowi and E.E. Schattschneider, within society have unequal access and influence to the political and legislative system such as an upper class bias or that some interests seemingly have greater access and influence to the system thereby creating great levels of inequity and this inequity may not necessarily be healthy for the American pluralist system. Attempts at campaign finance reform, especially at the federal level to include both the congressional and presidential candidates and incumbents, can be an attempt to reduce the supposed inequity but many reforms to reduce this appearance of an inequity clearly have not worked in the past and the analysis of this thesis will show that that scholars and politicians need to take this phenomena when developing public policies and when completing empirical analysis’s.

One of the assumptions made in the vast amounts of literature that was given previously in this chapter is that the pluralist conception that society is effectively ruled by many competing interests clearly hints that money in politics especially at the presidential level may not necessarily be such a negative concept as long as there are reasonable checks and balances within the campaign finance system. The current system does contain many checks and balances but clear loopholes do exist. As stated previously in this chapter, Bradley Smith, makes a clear statement that scholars of campaign finance reform may be incorrect when they automatically assume that money in campaigns essentially “buys” elections and that the levels of money within campaigns is automatically overbearing and needs to be reduced. Elections can be an expensive undertaking and pluralist theory then suggests that the many competing interests within society are being partially satisfied with their contributions to the campaign finance
system. In other words, if the pluralist or neo-pluralism concept is correct then simply abolishing any money within the campaign finance system will not reduce the amount of outside influences upon candidates and their subsequent campaigns. This needs to be taken into account when examining the campaign finance system. Also, the suggestion that individuals and groups (to include political parties) somehow influence campaigns, elections, and legislation then suggests that the current system is un-democratic in nature simply because the minority rules. Again, basic democratic tenets, including Dahl’s description of democracy mentioned in the previous chapter, states that the majority should rule at least in conception. But this does not suggest complete participation as majoritarian rule would suggest; instead it suggests that while participation is minimal when compared to other countries the majority still rules.
CHAPTER THREE: RESEARCH STRATEGY

As stated before, one of the underlying themes in American politics is that the addition of campaign finance laws or regulations at the presidential election level will have a negative relationship with the amount of money in campaigns and the levels of regulation. In other words, as regulation goes up the amount of money and influence will decrease, at least in theory. However, with the recent 2004 presidential election this concept has surely been shown to be problematic, at least at the outset. In other words, more campaign finance regulations at the presidential level may not necessarily result in lower levels of corruption or for the reduction in money in presidential politics.

There are many aspects or directions that this thesis can take when the analysis is completed. For example, one could focus upon third party interest groups, such as MoveOn.org or Swiftboat Veterans, and how campaign finance laws have an effect upon them. However, this thesis will not focus upon third party groups because the amount of analysis would be prohibitive and would not help to explain the original hypothesis. Instead, third party groups will be briefly included in the analysis in that money moved away from more traditional venues (like the political parties-soft money-or directly through the individual campaigns) and into the less traditional groups as a direct result of the type of campaign finance laws that were implemented. Additionally, one could focus upon specific kinds of campaigns (such as media driven vs. grass roots) and how campaign finance laws have an effect upon them. This thesis will focus upon the inherent failure of federal campaign finance laws on limiting the amount of money in presidential campaigns.
Also, this analysis will not determine whether or not corruption or perceived corruption is actually present within the current presidential nomination system as it would be very problematic to determine whether or not corruption is present. For example, it would be very difficult to show that the president made a particular decision based purely upon the fact that he received campaign contributions from a particular cause. That entity may contribute to a particular campaign simply due to the fact that the presidential candidate already supports (or will be likely to support) their particular cause. On the other side of the spectrum is the idea corruption does indeed exist but that analysis will be made and is well beyond the scope of this thesis. Also, the notion that money buys access is very plausible and the original hypothesis assumes that this occurs.

Additionally, research on this topic will allow future researchers to understand that the implementation of campaign finance laws at the presidential level will not necessarily result in the intended consequences of the campaign finance reform. Instead, unintended consequences may result in these attempts at reform. Policy makers and scholars need to examine the types of campaign reform to determine which types will be most feasible. Future applications of this topic can potentially be expanded to include research on the various congressional campaign finance laws. However, the scope of this project will be to focus on the presidential level. The research should show that further attempts at campaign finance reform at the presidential level will not necessarily reduce the amount of money in the elections.

As stated in an earlier chapter, the independent variable will be defined as campaign finance laws and the dependent variable will be defined purely as money in presidential campaigns. Clearly, there may be many intervening variables that can attribute to changes to the additional campaign contributions. In other words, are the increases in campaign finance
contributions (money) directly attributed to changes or increases in campaign finance regulation or can this phenomena be attributed to something else. Again, some possible intervening variables are listed as follows: inflation (a thousand dollars is not worth as much as it used to be), population growth (if more people are in the general population then the amount of money in a campaign may also increase), the level of marginal elections (a campaign may be more likely to spend more money in a close election than an election that essentially is blowout like the 1988 Presidential election in which President H.W. Bush easily defeated Michael Dukakis), and the condition of the economy (individuals, corporations, and the various other interest groups may be more willing to contribute more money to campaigns either directly through hard or soft money or indirectly through third party groups if the economy is relatively in a good condition).

These possible intervening factors will be examined in Chapter four primarily by taking each individual factor and separating it thereby allowing for individual factor analysis. The population increase factor, for example, may account for the rapid rise in presidential campaign finance expenditures and receipts. The percentage increase in population must be compared to the percentage increase in campaign expenditures and receipts as if the original hypothesis is correct then the population increase should not fully account for the rise in campaign spending. In other words, population increases should create higher levels in campaign finance but this increase should not significantly exceed the population growth rate. Inflation is another example of how intervening factors may influence the amount of money in presidential elections. One would expect that as inflation increases so should the amount or levels of money within presidential campaigns would also increase. Additionally, an examination will occur with all of these variables together to eliminate the possibility of an alternative hypothesis and to reject the null hypothesis. For example, these intervening variables must be aggregated to eliminate the
possibility that they could account for the rapid rise in campaign finance expenditures and receipts in presidential elections. Again, these variables will be examined individually and in combination in a multifactor analysis.

Primary data for this thesis will come from the FEC. The FEC regularly publishes data files for this type of analysis. Reliable data from other sources, however, will be used and will be properly annotated at the proper time. I shall begin the analysis with a brief examination and interpretation of presidential primary campaign contributions and expenditures primarily because the data clearly shows that despite attempts at campaign finance reforms the necessity to raise campaign contributions early in the presidential nomination system is increasing. Outside of a drastic overhaul of the whole presidential nomination system that data shows that further attempts at presidential campaign finance regulations should not reduce the necessity for campaign funds. In other words, the necessity for campaign funds will be present regardless of campaign finance regulations. The data for the presidential primary nomination system also comes from the FEC and is presented early in Chapter Four. Again, the purpose for beginning the analysis with presidential primaries is because this analysis gives further empirical evidence as to the validity of my original hypothesis that money does not cease to flow into campaigns after campaign finance reforms are enacted.

Also, it is not possible to isolate individual reforms and compare the supposed effects of the reform. This is partially because one cannot go back into time and effectively eliminate a particular reform to see the consequences of not implementing that reform. Once a reform is in place it may not be possible to determine what the effects would have been if the reform were not created and placed into service. However, one can examine the effects of reforms that were created and placed into service. A large percentage of the rapid increase in campaign finance
expenditures may be attributed to inflation, population growth, costs in media and advertising, and other increases associated grassroots campaigns. However, in general terms, inflation can account for approximately 50% of the increases in expenditures (see figure 4.6 in the next chapter).

The notion that the results of campaign finance reforms can be quantified is problematic. However, one possible test, according to Jerrold E. Schneider, is to examine whether or not the newly implemented reforms reduce corruption. According to this logic corruption may be defined as the “creation of political debts” usually from campaign contributions. This suggests that large contributions may have an influencing factor on political candidates. However, if quantification is completed of campaign contributions then an overall analysis may be completed that may either suggest that perceived corruption is either increasing or decreasing. Again, there are many problems with this definition of political corruption as the notion has many attachments that cannot be quantified or qualitatively defined in any significant manner. However, many arguments rely upon the fact that campaign contributions at the presidential level has risen significantly in recent years and this is emblematic of perceived greater levels of corruption. The analysis given in the following chapter will examine various factors, mentioned in the previous pages, to determine how significant this corruption may be when assuming this definition. The analysis will take each variable, such as CPI inflation, and determine what the impact is upon the rising levels of campaign expenditures and receipts. Again, this assumes that corruption is partially a result of greater amounts contributions and I do not necessarily prescribe to such a notion of corruption. It is being used as one manner for quantification.
CHAPTER FOUR: FINDINGS

Clearly BCRA and other campaign finance regulations at the presidential level did not reduce the amount of money in the presidential nomination system. In fact the necessity to raise funds has increased dramatically in recent years for the primary campaign. According to the FEC the Clinton campaign (for the 1996 presidential campaign) totaled about $42.5 million dollars in primary campaign receipts while the Dole campaign totaled about $44.9 million in receipts. This is in stark contrast to 2004 presidential primary in which the Bush campaign had around $269.6 million in receipts while the Kerry campaign had $234.6 million in receipts for the primary campaign. Table 4.1 clearly shows that presidential campaign receipts doubled and even tripled between the years of 1996 and the 2004 presidential primary. The interesting finding in table 4.1 is that the all other category remained about the same in the years of 1996 and 2004 with a spike in 2000.

Table 4.1 Presidential Campaign Receipts (in millions of dollars)

<table>
<thead>
<tr>
<th>Primary Campaigns</th>
<th>2004</th>
<th>2000</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bush</td>
<td>$269.6</td>
<td>Bush</td>
<td>$95.5</td>
</tr>
<tr>
<td>Kerry</td>
<td>$234.6</td>
<td>Gore</td>
<td>$48.1</td>
</tr>
<tr>
<td>All Others</td>
<td>$169.7</td>
<td>All Others</td>
<td>$208.0</td>
</tr>
</tbody>
</table>

This may be attributed to whether or not an incumbent president ran in that particular primary election cycle. However, the data presented in table 4.1 clearly shows an inherent need to raise funds early in the presidential nomination system simply because the ability to do so may result in greater electoral success. In other words, if a candidate does not raise enough funds then their ability to succeed may diminish and that this necessity for funding may help to explain why campaign contributions and expenditures continue to rise in spite of the recent additions to campaign finance regulations.

Surprisingly, the relative amount of government matching funds in the primary election cycle has not dramatically increased, at least at the same level of the overall campaign finance. Figure 4.1 demonstrates this phenomenon in that between the presidential election of 1976 and the election of 2004 the amount of matching funds went from about $25 million to about $28 million. Of course, the years in between show a lot of variation that can be attributed to a number of factors; however once the variation is taken into account the amount only increased


**Figure 4.1:** Matching Funds in Primary Campaign
modestly thereby partially indicating that despite the greater need for campaign funds the desire for government matching funds did not increase in any significant terms. BCRA may have had an effect upon the desire for matching campaign funds in the primary election cycle but the need still remains at a minimal level. Remember, one of the reasons for government matching funds was to help regulate the campaign finance system because those campaigns that accept matching funds have certain criteria and conditions that must be met. The Bush campaign in 2004 stated that they were reluctant to accept matching funds in the primary due the conditions that must be met.

However, the demand and need for matching funds in the general election cycle has increased significantly. In figure 4.2, below, the relationship of the amount of matching funds and the necessity is clear. Between the election cycles of 1976 and 2004 the amount of money used in matching funds has tripled, albeit it has recently (in recent years) leveled to a seemingly status quo level. The satiable appetite for funding has created a great demand for matching funds,

![Matching Funds for General Election](http://www.fec.gov/finance/disclosure/other_disclosure.shtml)

**Figure 4.2**: Matching Funds in General Election
particularly among third party and smaller candidates. Again, Figure 4.2 clearly shows that the need is great for campaign finance funding and this may suggest that one of the reasons for the demand for campaign finance funding is that if one particular candidate does not adequately reach a certain level then that candidate may not be able to fully compete at a sustainable level. Although the particular amount of matching funds in the 2004 general presidential election cycle may seem like a lot, around $149 million, in the overall perspective the amount is minimal when compared to other levels of measurement. For example, if all of the money spent in the 2004 presidential election (around $1 billion if both the primary and general elections are included and this figure includes all known private donations and expenditures) were compared to other forms of government spending then the amount may seem like a small number when taken from this perspective\textsuperscript{152}.

**General Election**

Now that the primary campaign has been examined the general election shows a dramatic departure in the stability in the growth rate of campaign expenditures for presidential elections. Figure 4.3 clearly shows that the growth rate in campaign expenditures has increased dramatically since 1976. This phenomenon may be attributed to a number of factors such as inflation, general campaign costs, the steep rise in media costs, and the need to shift the campaign resources to other areas. The 1976 presidential election only required about $66.9 million dollars in campaign expenditures while the 2004 election required about $717.9 million dollars according to Figure 4.3. Clearly the necessity to raise and use campaign funds has increased dramatically in the past 30 years thereby requiring a greater need for campaign fundraising. Also, figure 4.3 clearly shows that a sudden and dramatic shift in the increase in campaign expenditures occurred in the 1990’s and period between 1976 and mid 1990’s saw
increases in campaign expenditures that could be partially explained as due to inflationary causes. Furthermore, according to figure 4.3 the total amount in presidential campaign expenditures just about doubled from the 2000 election to the recent 2004 election while the period between 1976 and 1980 only saw a moderate increase in the dollar amount of campaign expenditures. This may suggest that the sudden and dramatic rise in the necessity for campaign expenditures is only a recent phenomenon that may be attributed to electoral competitiveness among the different candidates.

It is important to repeat that this dramatic increase in the necessity to raise and spend campaign expenditures does not necessarily mean that political corruption is also increasing as given by some pro-reformers of the campaign finance system. The resource allocation and makeup of presidential campaigns may have shifted thereby creating the need for a greater necessity to raise and spend campaign funds. As stated before in an earlier chapter, one cannot properly conceptualize and quantify political corruption as it can be difficult to measure and

![Presidential Campaign Expenditures](http://www.fec.gov/finance/disclosure/other_disclosure.shtml)

**Figure 4.3:** Presidential Campaign Expenditures
identify. Obviously, research can only properly identify those corruption cases that are unequivocally identifiable and this usually only occurs after a political figurehead has been indicted. In other words, it can be difficult to properly ascertain whether or not a politician or political figurehead influenced or changed the political and legislative process through the direct contributions of campaign funds. Money may buy access to the president or members of Congress but this access does not necessarily mean that corruption is identifiably present\textsuperscript{153}. Nevertheless, it is clearly obvious that the need to raise and spend campaign funds is a dominant feature of the current presidential nomination system.

Figure 4.4 is another indication of the recent trend in presidential campaign finance expenditures and receipts. As should be expected, figure 4.4 clearly shows a positive relationship with campaign expenditures and campaign receipts. In other words, as campaign receipts increase the likelihood that campaign expenditures will increase also improves. A surprising finding, according to figure 4.4, is that most of the campaigns did not spend all of their

![Expenditures and Receipts](http://www.fec.gov/finance/disclosure/other_disclosure.shtml)


**Figure 4.4:** Expenditures and Receipts in Presidential Campaigns from 1976 to 2004.
possible campaign funds. Obviously, a particular campaign cannot spend all of its funds but the
difference between campaign receipts and the campaign expenditures is dramatic. Much of the
money continues to be unused or is transferred to PAC’s or to other party apparatus’s and to
legal obligations. Nevertheless, the correlation is striking in that the apparent need to spend funds
has created a demand for drastic fundraising.

Additionally, figure 4.4 might suggest that the law of diminishing returns is present
within recent elections. Basically, a candidate that spends $200 million on a candidate will
receive an X amount votes but if this same candidate spends an additional $200 million the
candidate will most likely receive more votes than if that candidate only spent $200 million but
the number of new voters has decreased dramatically when comparing a cost analysis of the unit
cost per voter. In other words, the candidate may get one vote per $1,000 dollars that he/she
spends on the first $200 million but the cost per vote might increase after the $200 million. As
Bradley Smith stated, this diminishing return might suggest that voters may not elect a candidate
who spends a massive amount of campaign funds if the voters do not like the message or the
retrospective record of that candidate¹⁵⁴.

One of the main arguments for BCRA is that the implementation of the legislation would
reduce the influence of soft money and other forms of money within presidential elections.
However, it is clear that the level of contributions by wealthy individuals and groups has
dramatically increased and by this measure BCRA might be considered to be a failure. In other
words, as the level of campaign finance regulations increases the levels of available campaign
funds (either through public or private funding) does not decrease. Figure 4.4 clearly shows that
the dramatic increase from 2000 to 2004 (from $343.1 million to $717.9 million) in campaign
expenditures resulted in a failure of the BCRA to reduce influence of soft money in campaigns.
Money that was not accounted for increased from 2000 to 2004 partially because the rise in media costs, population increases, and rise in influence by 527C’s.

**Variables**

The rapid rise in the levels of campaign finance receipts and expenditures at the presidential level since the 1970’s may be attributed to increases in the population. This school of thought may be that it makes sense that as population increases so will the contributions and expenditures to political campaigns but is this idea actually representative of the actual environment? According to the U.S. Census bureau the population increase from 1990 to 2000 was approximately 13.2%\(^{155}\). According to figures 4.3 and 4.4 the increase in campaign finance expenditures during presidential elections was approximately 62% from the 1988 presidential election to the 2000 election. Furthermore, the data also shows that the population increase since 1969 to 2000 was approximately 38% as the population in 1969 was approximately 203 million while the population in 2000 was approximately 281 million\(^{156}\). With all other factors and

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Campaign Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>212 Million*</td>
<td>$66.9 Million</td>
</tr>
<tr>
<td>2000</td>
<td>281 Million</td>
<td>$343.1 Million</td>
</tr>
</tbody>
</table>


*Estimated population in 1976 based upon actual census taken in 1970 and 1980,
variables being equal one might expect that increases in campaign finance should increase
approximately this percentage in roughly the same period of time. With these data the conclusion
must be made that the rapid increase in campaign expenditures surely cannot be fully attributed
to increases in the overall population. In other words, the increase in population cannot explain
the rapid rise in campaign finance expenditures and receipts in presidential campaigns from the
year 1976 until the year 2000.

Table 4.2 clearly shows that the dramatic increases in campaign expenditures from 1976
until 2000 cannot be attributed to population increases whenever the variable is taken alone
without the influence of other variables such as inflation. The positive percentage in change in
the general population, according to table 4.2, is approximately 13.2% while the positive
percentage changes in campaign expenditures increased by approximately 412%. This may
suggest that the dramatic increase in campaign expenditures at the presidential level may be
attributed to some other factor or variable. The amount spent per capita in 1976 is also in stark
contrast to the amount spent per capita in 2000 thereby suggesting that amount of money spent
was heavily diluted when compared to the 1976 presidential election cycle. In other words,

Table 4.3 Change in voters minds about whom they would vote for in the 2004 presidential
election.

<table>
<thead>
<tr>
<th>Thought that they would vote</th>
<th>Bush Voters</th>
<th>Kerry Voters</th>
<th>Other Voters</th>
</tr>
</thead>
<tbody>
<tr>
<td>For someone else</td>
<td>16%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Never thought that they would vote For someone else</td>
<td>84%</td>
<td>85%</td>
<td>84%</td>
</tr>
</tbody>
</table>

Annenberg Survey Shows”.<http://www.annenbergpublicpolicycenter.org/naes/2004_03_mindset-bush-kerry-
supporters_%2001-05_pr.pdf>.
spending in presidential campaigns may be partially attributed to the notion that more money must be raised and spent throughout the campaign to attain the same level of influence upon individual voters. It may have not been necessary to spend such levels of monies in 1976 simply because the campaigns were either educating the voter in a more efficient manner or because the ability to reach the voters was more cost effective. Additionally, the sudden rise in media costs may be a factor as to why this occurred.

According to the National Annenberg Election Survey (NAES) of 2004, the percentage of Americans (voters) who changed their minds was dramatically lower in the 2004 presidential election when compared to previous elections. Table 4.3 may suggest that it is becoming increasingly difficult to educate voters to sway their opinions throughout an election cycle. The difficulty in the 2004 presidential election to sway or change the opinions of voters, particularly median voters, may force or persuade the particular presidential campaigns to increase their campaign expenditures; thereby inherently increasing their need to increase their campaign receipts. Again, this finding may not be statistically significant when analyzing the dramatic increase in campaign expenditures and receipts but it does provide an alternative explanation as to one possible reason for the sudden rise in campaign expenditures and receipts from 1976 to 2004.

An interesting development occurs when one examines whether or not inflation could account for some of the dramatic rise in campaign finance expenditures and receipts. At the outset, the examination of inflationary rates since 1976 shows that the $66.9 million spent during the presidential election cycle in 1976 would account for approximately $223.6 million in 2004 dollars and some estimates find that the 1976 value would account for approximately $229 million. As stated before, the 2004 presidential election cycle had approximately $717.9
million dollars spent during the campaigns and this expenditure is well above the $223 million inflationary number (See figure 4.5). This partially suggests, then, that inflation alone cannot account for the dramatic rise in campaign finance expenditures since 1976. However, inflation increases since 1976 do account for a large percentage of the increases thereby reducing the effectiveness of the pro-campaign finance reform groups as part of their argument clearly revolves around the notion that the dramatic increases in campaign finance expenditures inherently result in corruption. This is especially true when one takes into account both inflation and population increases since 1976 as both of these variables can account for about one fourth of the increases in campaign expenditures.

Figure 4.5 compares the expenditures and inflation from 1976 until 2004. The first column of expenditures shows the actual presidential campaign expenditures in 1976 and 2004 while the inflation column shows the actual campaign expenditure in 1976 while the second bar in the inflation column shows where campaign expenditures would be if only inflation accounted

![Comparison of Expenditure and Inflation](image)


**Figure 4.5:** Comparison of campaign expenditures and inflation between 1976 and 2004.
for increases in expenditures. The pictorial representation in figure 4.5 clearly shows a dramatic
difference between the actual campaign expenditure in 1976 and in 2004 as the difference clearly
shows that inflation alone cannot account for dramatic rise in campaign expenditures. Also, the
pictorial representation in figure 4.5 clearly shows that the various campaign finance laws
implemented since the early 1970’s have not worked in terms of keeping the growth rate of
campaign finance expenditures in control. In other words, attempts at campaign finance
regulations, including the recent BCRA, have not worked when framing the issue in terms of
increases in expenditures and receipts. Clearly some other variable, other than inflation, must
account for the recent and rapid growth in campaign finances. However, it is also plausible that a
combination of variables (such as inflation, population increases, and increases in media costs)

Table 4.4 Marginality of Presidential Elections since 1976 by percentage of popular vote count

<table>
<thead>
<tr>
<th>Year</th>
<th>Winner Percentage</th>
<th>Loser Percentage</th>
<th>Other Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>50.1% (Carter)</td>
<td>48% (Ford)</td>
<td>1.9%</td>
</tr>
<tr>
<td>1980</td>
<td>50.7% (Reagan)</td>
<td>41% (Carter)</td>
<td>8.3%</td>
</tr>
<tr>
<td>1984</td>
<td>58.8% (Reagan)</td>
<td>40.6% (Mondale)</td>
<td>0.6%</td>
</tr>
<tr>
<td>1988</td>
<td>53.4% (Bush 41)</td>
<td>45.6% (Dukakis)</td>
<td>1.0%</td>
</tr>
<tr>
<td>1992</td>
<td>43.3% (Clinton)</td>
<td>37.4% (Bush 41)</td>
<td>18.9% (Perot)</td>
</tr>
<tr>
<td>1996</td>
<td>49.2% (Clinton)</td>
<td>40.7% (Dole)</td>
<td>10.1%</td>
</tr>
<tr>
<td>2000</td>
<td>47.9% (Bush 43)*</td>
<td>48.38% (Gore)*</td>
<td>3.7%</td>
</tr>
<tr>
<td>2004</td>
<td>50.7% (Bush)*</td>
<td>48.27% (Kerry)*</td>
<td>1%*</td>
</tr>
</tbody>
</table>


*Approximate percentages as actual percentages are relatively close.
can account for this rapid increase.

Table 4.4 clearly shows that volatility in presidential elections since 1976 in terms of the victory margins. In 1976 approximately a 2% gap occurred between the winner and the loser of that election while a 2.4% gap occurred in the 2004 election. In relative terms these gaps are not significant in that the elections were close. In between 1976 and 2004 a wide range of gaps occurred with the 2000 election showing less than a 1% gap and the 1984 election showing about an 18.2% gap. One might expect that the marginal level of a presidential election might have an effect upon the spending in campaigns. If this were true then the amount of spending throughout the campaign of 2004 would have subsided a bit when compared to the 2000 election because the salience of the election would have been higher thereby possibly garnering more campaign receipts (after taking into account inflation and population growth). This, however, assumes that closer elections have higher levels of salience than elections that have wider gaps in the marginal levels. The amount spent during the 2000 election, according to figure 4.3, was approximately $343.1 million while the amount spent in the 2004 election was approximately $717.9 million. Clearly, the marginal level of an election does not have a significant effect upon the amount spent during a campaign as given by the elections from 1976 to 2004. Some other factor must account for the rapid rise in campaign expenditures and receipts.

Table 4.5 is another comparison of the marginality of elections and the relationship with campaign contributions. The marginal gap, the difference between the winner and the dominant loser in presidential elections since 1976, contains a lot of variability in that the changes from one election to another election are dramatic and may be both positive and negative. However, except for one outlying case in the 1988 election, campaign expenditures between 1976 and 2004
were very consistent in that they were continually positive (see figure 4.3). In other words, except for 1988, each election had an increase in campaign expenditures while the marginal gap was relatively volatile in that the variance from one election to another was wide. This finding may suggest that the marginal level of an election may not have a significant impact upon the level of campaign expenditures. As campaign expenditures increase the likelihood that marginal levels will either increase or decrease cannot be determined thereby resulting in no significant relationship between the two variables. This is partially because that from one election to another the likelihood that the marginal level may increase or decrease and campaign expenditures cannot take this into account. Clearly, the marginal level of presidential campaigns can be excluded as a significant factor in the recent rapid rise in campaign expenditures and receipts.

**Table 4.5** Comparison of marginal gap in presidential elections and campaign expenditures

<table>
<thead>
<tr>
<th>Year</th>
<th>Marginal Gap</th>
<th>Campaign Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>2.4%</td>
<td>$717.9</td>
</tr>
<tr>
<td>2000</td>
<td>-.48%</td>
<td>$343.1</td>
</tr>
<tr>
<td>1996</td>
<td>8.5%</td>
<td>$239.9</td>
</tr>
<tr>
<td>1992</td>
<td>5.9%</td>
<td>$192.2</td>
</tr>
<tr>
<td>1988</td>
<td>7.8%</td>
<td>$210.7</td>
</tr>
<tr>
<td>1984</td>
<td>18.2%</td>
<td>$103.6</td>
</tr>
<tr>
<td>1980</td>
<td>9.7%</td>
<td>$92.3</td>
</tr>
<tr>
<td>1976</td>
<td>2.1%</td>
<td>$66.9</td>
</tr>
</tbody>
</table>


*Marginal Gap is the difference between the winner and dominant loser in the particular presidential election.*
The unemployment figure is one indicator as to the overall general condition of the economy. Perhaps, if the overall condition of the economy is relatively poor then campaign receipts might be expected to be lower simply because fewer individuals may be willing to donate to particular presidential campaigns. This might occur in both individuals and companies or other institutions partially because if an institution is getting rid off workers then they may be less likely to donate to campaigns because of presumed cash flow problems. If this hypothesis is correct then one would expect that the unemployment rate would consistently decrease, except for 1992 due to the recession and decreased campaign expenditures when compared to the

Table 4. 6 Comparison of unemployment and campaign expenditures and receipts from 1976-2004

<table>
<thead>
<tr>
<th>Year</th>
<th>Unemployment rate</th>
<th>Campaign Expenditure</th>
<th>Campaign Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>5.5%</td>
<td>$717.9</td>
<td>$880.5</td>
</tr>
<tr>
<td>2000</td>
<td>4.0%</td>
<td>$343.1</td>
<td>$528.9</td>
</tr>
<tr>
<td>1996</td>
<td>5.4%</td>
<td>$239.9</td>
<td>$425.7</td>
</tr>
<tr>
<td>1992</td>
<td>7.5%</td>
<td>$192.2</td>
<td>$331.1</td>
</tr>
<tr>
<td>1988</td>
<td>5.5%</td>
<td>$210.7</td>
<td>$324.4</td>
</tr>
<tr>
<td>1984</td>
<td>7.5%</td>
<td>$103.6</td>
<td>$202</td>
</tr>
<tr>
<td>1980</td>
<td>7.1%</td>
<td>$92.3</td>
<td>$161.9</td>
</tr>
<tr>
<td>1976</td>
<td>7.7%</td>
<td>$66.9</td>
<td>$171</td>
</tr>
</tbody>
</table>


*Unemployment data taken from Household Data Historical, Employment status of civilian noninstitutional population 16 years and over, 1969 to date, Campaign expenditure and Campaign Receipts in Millions.
1988 presidential election. At the outset this hypothesis is problematic for several reasons mainly due data collection, unknown errors, and it does not take into account other factors such as the particular salience of an election cycle.

Table 4.6 shows this relationship and it suggests that this particular hypothesis is not valid with any degree of measure. The unemployment rate does not seem to have a significant impact upon either campaign receipts or campaign expenditures. This partially suggests that some other factor or variable must account for the rapid rise in campaign expenditures. The only outlying case is between the election cycles of the 1988 and 1992 when the unemployment rate shot up and a partial recession occurred160. However, the campaign receipts did increase between 1998 and 1992, according to table 4.6, while campaign expenditures actually decreased in the 1992. This finding that campaign receipts always increased from one election cycle to another suggests that unemployment rates and the overall general condition of the economy may not have a significant impact upon campaign receipts. Again, while campaign expenditures increased slightly in 1992 from 1988, the likelihood of determining campaign receipts and expenditures cannot be determined solely from the data presented in table 4.6. The unemployment rate varied considerably from 4.0% in 2000 to 7.7% in 1976 while both campaign expenditures and receipts contained only a small amount of variation. While the overall general condition of the economy and the subsequent unemployment rates may have an impact upon the choice for a presidential candidate by individual voters this variable (unemployment rate and overall general condition of the economy) does not have a significant impact upon either campaign receipts or campaign expenditures. Clearly, unemployment can be excluded as a significant factor in the recent rapid increases in campaign expenditures and receipts.
Cross Examination

It has become clear that the rapid rise in campaign expenditures cannot be explained by taking each variable alone. The rapid growth rate in expenditures dwarfs any explanation when examining one particular variable at a time. However, these variables when combined may help to explain the original hypothesis. Campaign finance regulations are an attempt to regulate and limit money within presidential campaigns according to supporters of reform. However, each attempt at campaign finance regulation has not resulted in some of the intended consequences, as both campaign expenditures and receipts have dramatically climbed; especially since the early to mid-1970s when some of the most dramatic reforms were imposed and then FEC was created. Again, the notion of whether or not reforms lead to less corruption is beyond the scope of this thesis because the examination and conceptualization can be very difficult. The attempt here is to examine whether or not the campaign finance regulations actually accomplish their intended goal of reducing the relative increase in expenditures.

![Percentage Increase from 1980 to 2000](image)

Source: FEC, CPI Indexes and the U.S. Census Bureau.
Note: The data represented in the graph are percentages of increases in particular category.

**Figure 4.6:** Comparison of percentage increases in expenditures, population, and CPI inflation
amount of money within presidential elections. Clearly, the hypothesis seems to be correct as
the amount of money in presidential elections has dramatically increased after the
implementation of the drastic reforms of the early to mid 1970s and after the implementation of
the BCRA of 2002. In theory, both of these reforms were attempts to further regulate both hard
and soft monies in federal elections. However, it is clear that at the presidential level monies
within the campaigns increased dramatically and attempts were made to bypass the BCRA
through third party groups.

Figure 4.6 displays the percentage increase in each category from 1980 to 2000. Presidential
campaign expenditures increased approximately 217.2% from 1980 to 2000 while
the population only increased approximately 24.2% in the same period. Clearly population
growth alone cannot account for the rapid rise in expenditures. However, as figure 4.6 displays,
the Consumer Price Index (CPI) inflation increase from 1980 to 2000 was approximately
108.98%. This one statistic is significant because it alone can account for approximately 50% of
the growth rate in campaign expenditures. In other words, approximately half of the increases in
campaign expenditures can be explained purely to inflationary causes. The population increase
only has minimal impact upon the rise in campaign expenditures. Supporters of campaign
finance reform categorically state that reform is purely needed due to the rapid rise in
expenditures as this may be indicative of perceived corruption.

This finding that CPI inflationary index, see figure 4.6, can account for a large percentage
of the increases in campaign expenditures since 1976 might reduce the explanatory power of
those who favor more campaign finance regulations and reforms. Perhaps, the level of campaign
spending or expenditures may not be as immense as some argue. Also, these findings tend to
negate the level of explanatory power for the argument that reforms made in recent years were successful. One of the tests, as given in the previous chapter, for the success of a particular reform is the determination of whether or not the reform reduced perceived corruption. Corruption is defined as “creation of political debts” usually from campaign contributions\textsuperscript{161}. The findings in figure 4.6 suggest that political debts from campaign contributions may not be as large as an influence upon corruption as some suggest partially because two variables alone, CPI inflation and population growth, can account for over 50% of the increase in campaign expenditures from 1980 to 2000. In other words, the seemingly rapid rise in campaign expenditures may not necessarily be a produce of greater political debts through campaign contributions simply because other factors such as the CPI inflationary index, population growth, and the greater costs for media may all contribute to the rapid rise in contributions and expenditures by presidential campaigns since the 1970’s.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{percentage_change.png}
\caption{Percentage Change from 2000 to 2004.}
\end{figure}

Source: FEC, CPI Indexes and the U.S. Census Bureau.
Note: Percentage increase between 2000 and 2004. The population is estimated for the year 2004 by the U.S. Census Bureau.

**Figure 4.7:** Percentage change from 2000 to 2004.
A surprising finding develops when a comparison is made between 2000 and 2004 using the variables expenditures, population increases, and increases in the CPI inflation. The finding from figure 4.6 clearly shows that inflation had a significant impact upon the rapid growth rate in campaign expenditures from 1980 to 2000. However, figure 4.7 clearly shows inflation was not as significant factor between 2000 and 2004 as both inflation and population growths were kept at minimal growth rate percentages. If the assumption is made and accepted that increases in political debts through campaign contributions also raises perceived political corruption then the findings of figure 4.7 clearly shows the one of the tests of the success rate of campaign reforms results in a clear failure of BCRA. In other words, BCRA failed partially because campaign expenditures increased 109% from 2000 to 2004 and the CPI inflationary index and the population growth cannot account for the rapid increase. However, the period between 2000 and 2004 may turn out to be an outlying case when future analyses are completed many years from now. It may turn out that this period is just abnormal and the variability within the percentages may decrease over time.

Figure 4.7 may give supporters of reform greater explanatory power that perceived corruption may be increasing due to the rapid rise in campaign expenditure. However, it also suggests that BCRA did not accomplish reducing the influence of money in presidential elections and those reforms since the 1970’s did not accomplish reducing the influence of money. Finally, figures 4.6 and 4.7 may partially suggest that further attempts at meager reforms may not necessarily result in reducing the influence of money in presidential elections. This also partially suggests that tests for success in campaign finance reforms clearly shows that recent attempts at reforms have failed and that basic attempts at reform will be doomed to similar fates.
The Nixon campaign raised approximately $60 million for the 1972 presidential election cycle and the total amount spent during the 1972 election cycle by both parties was not significantly different than in the 1976 election. Furthermore, FECA was not implemented until 1974 and *Buckley v. Valeo* (424 U.S. 1) was not completed until 1976 and Congress amended FECA several times during the late 1970’s and early 1980’s. In other words, the variability of reform during the 1970’s was too great to draw any significant conclusions between the election cycles of 1972 and 1976. Therefore the effects of the reforms in the 1970’s should show in the election cycles of 1980 and possibly 1984.

Figure 4.8 clearly shows that campaign expenditures increased dramatically in the election cycles following the implementation of reforms. The 1980 and 1984 cycles followed FECA (including the number of amendments to the legislation from the 1970’s up to the 1984 election cycle) saw a percentage increase from the previous election of 37.9% in 1980 to 12.24% in 1984, according to figure 4.8. Also, the election cycle of 2004 saw a percentage increase of

![Percentage of Expenditure Change after reform](http://www.fec.gov/finance/disclosure/other_disclosure.shtm)

*Figure 4.8: Percentage of Expenditure Change after reform*
approximately 109.2% from the 2000 election cycle. Clearly BCRA, FECA, and *Buckley v. Valeo* (424 U.S. 1) did not effectively reduce the levels or percentage increase in campaign contributions and expenditures. In other words, as the number of reforms increased the amount of money within elections as increased. Obviously, a positive relationship develops showing a relationship between reform and the level of campaign funds. However, one must cautious as it may be that reform may not be the leading cause of increases in expenditures. It does become clear, however, that attempts at reform have not properly accomplished their intended goals if the original goal was to reduce perceived corruption and to reduce money within presidential campaigns. Essentially, a causal relationship between the independent variable (reform) and the dependent variable (money within presidential campaigns) may not be evident albeit a relationship does exist.

**Conclusion**

The data and findings within this chapter clearly show that a relationship between reforms and the level of campaign finance expenditures exist but this relationship may not necessarily be a causal relationship. As reforms increase, the level of campaign funds at the presidential level also increases. This partially suggests that recent (since the early 1970’s) attempts at campaign finance reform have not worked and supporters of reform need to look at different solutions to decrease the amount of money in presidential elections. The implications for public policy are great, as examinations into the presidential nomination system and the general elections are needed to give scholars a better understanding of these attempted reforms. This is especially true for the recent implementation of BCRA and dramatic increase in campaign expenditures and receipts between the election cycles of 2000 and 2004. The CPI
inflation and population increases do not explain or are not a significant factor in this rapid rise in campaign expenditures and receipts. Therefore, it is clear that BCRA did not accomplish the goal of limiting soft money within presidential campaigns.
CHAPTER FIVE: CONCLUSION

The finding of this thesis clearly shows that reforms of presidential campaign finance do not necessarily result in their intended consequences. Reformers of presidential campaign finance often base their arguments upon two main principles. The first principle is equality in that some reforms attempt to reduce the inherent inequality between presidential candidates. This premise assumes that a candidate’s ability to properly communicate with the voters may contain inequalities in that one candidate may have an inherent advantage over another candidate in the ability to advertise or pass information to voters. One test to the success or failure of presidential campaign finance reform should be to examine this inequality and whether or not the given reforms actually reduced the inequality among the candidates\textsuperscript{164}. The main purpose of this thesis is not to fully examine this hypothesis simply because of the connotative and denotative meanings of inequality among presidential candidates. The second main principle of reform is the level of perceived corruption in the presidential nomination system and subsequent campaigns. This premise partially assumes that greater amounts of funds in presidential campaign automatically results in greater levels of corruption. The purpose of this thesis is not necessarily to examine corruption in presidential politics; instead the main purpose is to examine whether or not campaign reforms actually accomplish what they were supposed to originally accomplish. The overwhelming evidence supports the claim that reforms, at the presidential level, may not have accomplished all of their original goals.

The first chapter briefly started to explain the short history of campaign finance reform in the United States. Clearly, reforms often came after big political scandals at the federal level to
contain both the president and members of Congress. It is also clear that campaign finance at the federal level was not really needed in the infancy of the United States because communication from campaigns to voters usually only required a minimal effort partially because the electorate was largely homogeneous as male white landowners were typically the only people who voted. Basically, the need for electoral resources was minimal; therefore the need to attain greater levels of electoral resources was also kept to a minimum. Reform, then, would not be needed until the need for greater electoral resources became great. The period around 1828 had greater levels of population growth and some states reduced some of the barriers to vote, such as the abolishment of the requirement to own property. Bradley Smith found that the campaign of Martin Van Buren added to the need for greater electoral resources partially because the campaign attempted to achieve greater outreach and communication with the voters. Population growth, reduction of barriers to vote, and the election campaign of Marin Van Buren led to the need for greater electoral resources and with the need for greater levels of campaign finance the insatiable appetite for greater levels of campaign finance funding became apparent.

The Pendleton Act of 1883 was the first real attempt at reforming the campaign finance system as it got rid of the “spoils” system and created the United States Civil Service Commission (currently called the Office of Personnel Management). Before the implementation of the Pendleton Act much of the funding for congressional campaign committees came from obligatory donations from political patronage positions within the federal bureaucracy. The need for electoral resources then became apparent and many reforms between the Pendleton Act and BCRA did not effectively reduce the insatiable appetite for electoral resources. In other words, the many attempts at reforming the campaign finance system at the
federal level have not resulted in lower levels of inequality, corruption, and the need for greater amounts of campaign finance funding.

The tumultuous time in the early 1970’s created situation that demanded further campaign finance reform. The Watergate Scandal and the general political climate ultimately led to the creation of the FEC and the subsequent decision by the Supreme Court in *Buckley v Valeo* (424 U.S. 1) effectively created oversight to the presidential campaign finance system. However, the extensive reforms in the 1970’s and the subsequent amendments did not effectively reduce the insatiable appetite for campaign funds and the ultimate failure of many of the campaign finance reforms have not adequately addressed the main issue of reducing the need or desire for campaign funds. The failure of the 1970’s reforms eventually led to the implementation of BCRA in 2002. It may be a bit early to properly determine the success or failure of BCRA but it is obviously clear that the 2004 presidential race demanded record amounts of campaign expenditures and receipts (see table 4.6). If one of the goals of BCRA is to reduce the amount of money in presidential campaigns then it appears as though BCRA failed by any significant degree of measurement.

It is clear that the general public favors campaign finance reform partially due to the perceived nature of potential political corruption. However, the data contained within this thesis clearly shows that corruption is not a dominant feature of the presidential campaign finance system as a large percentage of the rapid rise in campaign contributions can be attributed to inflation and population growth. Many of the campaign finance reforms were implemented directly after major scandals, such as ABSCAM and Watergate, suggesting that rapid changes in public sentiment may be a catalyst for changes in the campaign finance system at the federal level. Potential reformers of the current political presidential campaign system typically argue
that money within the scope of the American system influences the overall system thereby potentially influencing the outcome. The general public generally holds a similar viewpoint in their perception of the campaign finance system but simply reforming the overall general campaign finance system will not necessarily reduce the interests that are contained within the system\textsuperscript{168}. Instead the interests that are contained within the system are simply moved from area to another area within the same system.

Chapter one gave a brief historical overview of campaign finance reform at the federal level and gave some basic theoretical explanations. It is clear that the United States is pluralistic in nature (or hyper-pluralistic as given by Lowi) and socialization of conflict can help us to explain why campaign finance reform at the federal level may not necessarily work. E.E. Schattsneider explained this phenomenon of socialization of conflict because democratic governments prosper from conflict because the socialization process expands the scope of the conflict\textsuperscript{169}. This theoretical assumption adds to the argument against presidential campaign finance reform simply because the addition of presidential finance regulations will not necessarily reduce the socialization of conflicts that are inherently contained within democratic societies. In other words, greater regulation will not necessarily reduce socialized conflicts within society because these conflicts will still permeate society in some form.

This line of thought supports the idea that American society contains many competing interests was not properly addressed in recent campaign finance reforms. As explained in chapter one, money within politics may contain characteristics that are hydraulic in nature because it can be very difficult to simply get rid of political money and political resources\textsuperscript{170}. Additionally, money is similar to water because if someone cannot simply discard of water as it has to go somewhere such as a river and simply damming a river only moves the water from one
place to another. Also, campaign money is part of a broader environment in which scholars must examine the overall environmental system to fully understand the implications of a change in the overall presidential campaign system. Basically, if the whole political environment is not carefully examined then simply adding more campaign finance reforms may not necessarily result in fewer dollars in campaigns. The 2004 presidential election clearly showed that the necessity for campaign funds has only increased after campaign finance reform and that the numbers of competing interests within American society have not diminished since the implementation of these reforms.

Chapter two briefly examined the various literatures in relation to presidential campaign finance reform. The explanations given by scholars of campaign finance reform at the federal level have widely varying opinions as to the possible consequences of reform and to the proper answer to the dilemma of reducing corruption versus equality. Many call for a drastic overhaul of the campaign finance system in which the necessity for campaign finance is drastically reduced. However, these types of reforms (such as full public funding and the abolition of any private funding by any group or interest) may not be palatable for the American system or to the general public. Other types of reform call for weaker measures but it is abundantly clear from the vast literature that weaker reforms do not necessarily result in less influence from the various competing groups and interests within society. Democratic values and group affect towards the idea of campaign finance can often determine whether or not reforms are implemented.

Justin Nelson concluded that the campaign finance system can be divided into two parts with one side being the supply side and the other being the demand side. Furthermore, Nelson finds that reforms often focus upon the supply side while neglecting the demand side of campaign finance and those reforms will not necessarily accomplish their goals until both sides
of campaign finance are properly addressed\textsuperscript{172}. This line of thought is similar to much of the literature in that one of the dominant themes within the literature is that reforms are often only focused upon one particular area while neglecting other areas of the campaign finance system. Also, reforms will not necessarily work until all areas are examined. Of course, some frame it as equality, freedom of speech, exogenous vs endogenous, and organizational theories. The point here is that most of the literature, despite how it is particularly framed, explains that campaign finance reforms have often failed primarily due to the neglect of some areas within the campaign finance system such as the exclusion of certain endogenous factors.

Chapter three primarily focused upon the research strategy in regards to the quantification of campaign finance reforms efforts. These efforts were primarily framed upon the idea that one of the ultimate goals of reformers is to reduce the external funding of presidential campaigns. The variables of CPI inflation, population growth, marginality of elections, and unemployment rates were all used as possible intervening variables that could potentially have an impact upon the dependent variable. One of the main purposes for using these variables are to effectively determine whether or not the rapid rise in campaign expenditures were a result of these variables or were a result of some other factor. The data primarily came from the FEC and the U.S. Bureau of Labor statistics. Also, these variables were used to eliminate alternative hypothesis that might help to explain the rapid growth rate in both campaign funds and expenditures. The data in chapter four clear suggests that while they can account for a significant portion of the increase they cannot fully account for the rapid rise in expenditures and receipts.

One of the main driving forces of potential reform is the idea that to reduce potential corruption reform must implemented to reduce the “creation of political debts” that are partially created by large campaign contributions\textsuperscript{173}. One possible method to quantify the success or
failure of a particular campaign finance reform, according to Jerrold Schneider, is to examine whether or not newly implemented reforms reduce corruption. This idea assumes that large contributions inherently create corruption primarily due to the political debts. The success or failure of a particular reform is to determine the amounts of contributions (or expenditures as expenditures are a direct result of contributions) in relation to previous election cycles before and after the reforms. This is one of the main research strategies of this thesis in that an analysis of elections after reforms can partially determine the effectiveness of the reforms.

Chapter four examined the various variables and the determination of campaign contributions and expenditures. The analysis began by examining the presidential nomination system in the primaries to examine the recent rapid growth rate in primary funding. Presumably campaign finance reforms are geared toward both the primary and the general elections. The analysis found that the necessity to raise and spend funds in the primary elections since 1976 have dramatically increased and this partially suggests that political debts are increasing thereby negating the reforms. Reforms have not accomplished the goals of reducing political debts in the primary election system.

Matching funds were also briefly examined in both the primary and general elections. Surprisingly, the analysis showed extreme variability in matching funds in the primary election cycles since 1976. Presumably, matching funds should increase dramatically if reforms accomplish the goal of reducing political debts. However, figure 4.1 clearly shows this variability and may suggest that political campaigns, especially the dominant candidates, require greater amounts of private funding. Also, figure 4.2 showed a positive linear relationship since 1972 in matching funds in the general election cycles. This may suggest that the necessity for
matching funds in general election cycles are not a dominant feature of the overall campaign finance system.

After the brief examination of the primary election cycles and the subsequent matching funds the analysis began to examine the variables mentioned above. After each particular variable was examined individually the analysis showed that only inflation and population growth had any significant impact upon the rapid rise in campaign expenditures and receipts since 1976. However, inflation and the population growth variables cannot fully account for the rapid rise in campaign expenditures and receipts. This may suggest that the need for campaign funds in both the primary and general elections has become a greater necessity than before BCRA and the intensive reforms of the 1970s. It becomes clear that political debts have also rapidly increased since 1976 thereby showing that campaign finance reforms at the presidential level have largely failed and additional modest reforms will not decrease the need for campaign funds.

The future for reformers seems to be pessimistic as reforms do not seem to work as intended. However, the goal of greater scrutiny of campaigns and the contributors has been one area of success in reforms, albeit more scrutiny is probably justified. The finding of this thesis does not suggest that all reforms are doomed to failure. If full equal public funding was implemented and all private funding was eliminated then the ideal of equality among the different candidates may be realized. However, this option is highly unlikely as *Buckley v Valeo* (424 U.S. 1) states that public funding is okay as long as it is voluntary. The likelihood that candidates would use full public funding voluntarily is highly unlikely as they may be able to raise more funds privately. Also, fully matching funding may be unpalatable to the American public as it surely would cost the taxpayers a lot of money. Another possible option is to
generate more public access programs (in terms of communication programs) for candidates to reduce the need for greater campaign funding. However, this option is also unlikely as it may be very difficult, legally, to force campaigns to use public access programs and to abandon the traditional method of directly paying for advertising and communications.

There are many other suggestions at potential reforms for the future but most of these suggestions have many problems. Also, many of the reforms revolve around the idea some form of public financing of elections and there are many different variations in the types and forms of public financing. However, the idea of full public financing is unlikely as it would be very difficult to fully implement legally. One radical proposal is the abolishment of all private advertising to the general public in which only publicly financed advertising would be permitted. Presumably public financing of any form usually requires some form of required attachment that campaigns and candidates must follow. At this time only modest reforms at campaign finance at the federal level are palatable by any degree of measurement and modest reforms have been shown not to effectively reduce the need for campaign funding. Also, previous reforms, such as BCRA, are being challenged for their constitutionality partially based upon the freedom of speech issue. Basically, campaign finance reforms do not work at reducing money in politics and to reducing political debts.
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