



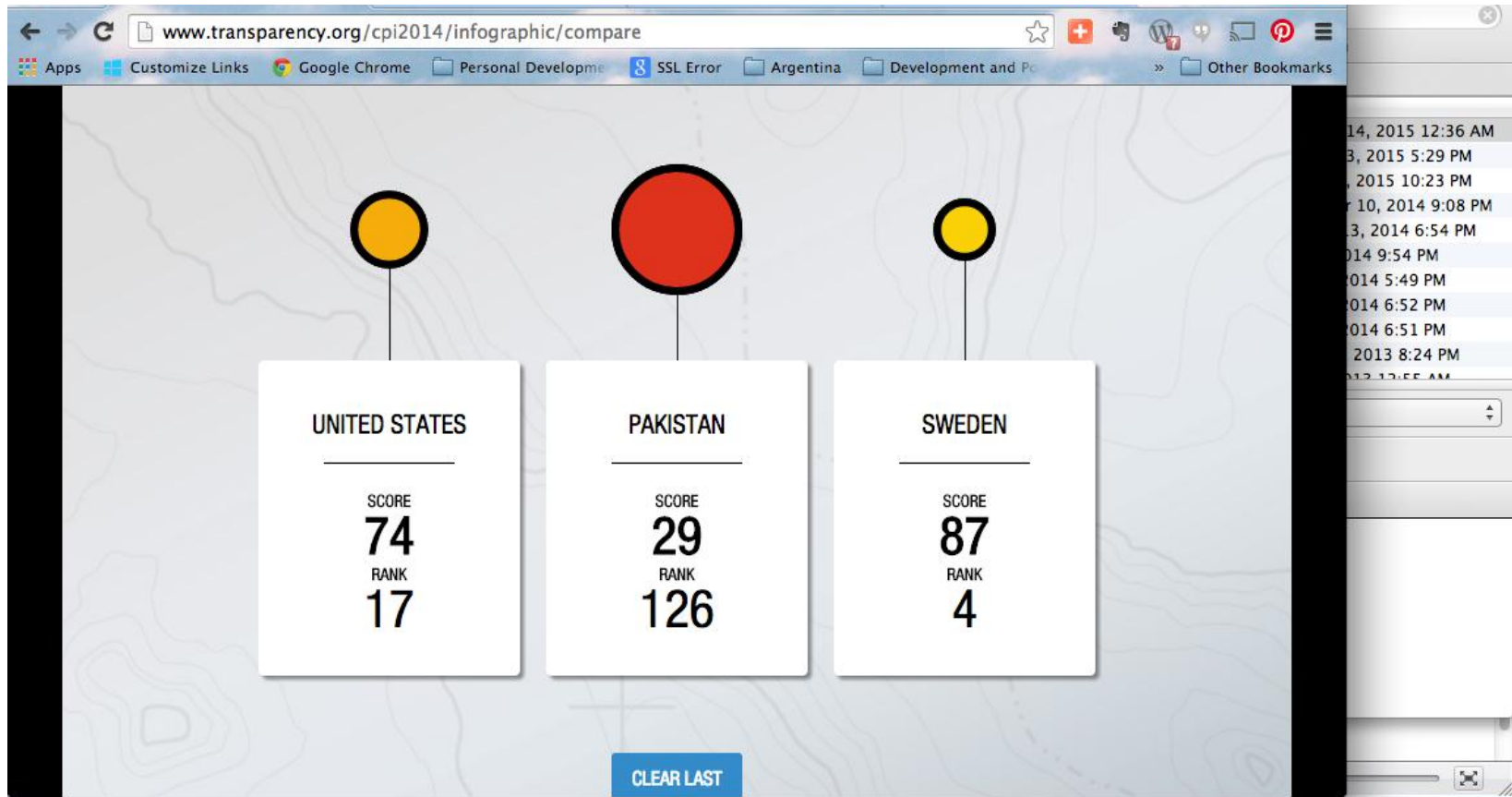
# Money, Politics, Corruption

Can they be compared?





# Compare?





# Words

- *Campaigns*
- *Politics*
- *Elections*



# Words

- Power
- Money
- Corruption
- Reform



# Argentina and the US

- Dr. Robert Potash
  - “Argentines go into politics to get rich. Americans get rich to go into politics.”
  - Pakistan:?



# PAY

- BUSH \$272,573,444, (about
- KERRY \$249,305,109, (1,845,401,274,175 Rupiahs)





# ASK

- **ASK FOR VOTES**
- **ASK FOR MONEY**



# FOLLOW RULES

- DONATIONS ARE LIMITED
- DONATIONS ARE REPORTED
- SPENDING IS UNREGULATED
- SPENDING IS REPORTED





# Money

- Communication costs money
  - Personal Visits
  - Speeches
  - Surrogates
  - Mail/Phone/Door to Door
  - Print/Signs/Bill Boards
  - Radio
  - Television



# Summary

**TV has clearly effected the way elections are run in this country and the way democracy operates. What is at issue here is something we simply assume without thinking too much about -- popular control -- how do people exert control over who their elected officials are and what their elected officials do?**



# Questions

- How much money for campaigns?
- Where does it come from?
- What are the laws?
- Who benefits?

# How Much Money?

- \$4 billion in 2004 presidential and congressional elections
  - \$20 per eligible voter in US
  - Most spent in 10-15 “battleground” states





Is this too much money?

# Proctor and Gamble

- \$4.6 billion advertising (2005)





# General Motors

- \$4.4





\$500 million for “Super





## Is this *too much* money?

- US government: \$4 billion annually to combat smoking of marijuana
- Campaign spending is .03% of U.S. GDP



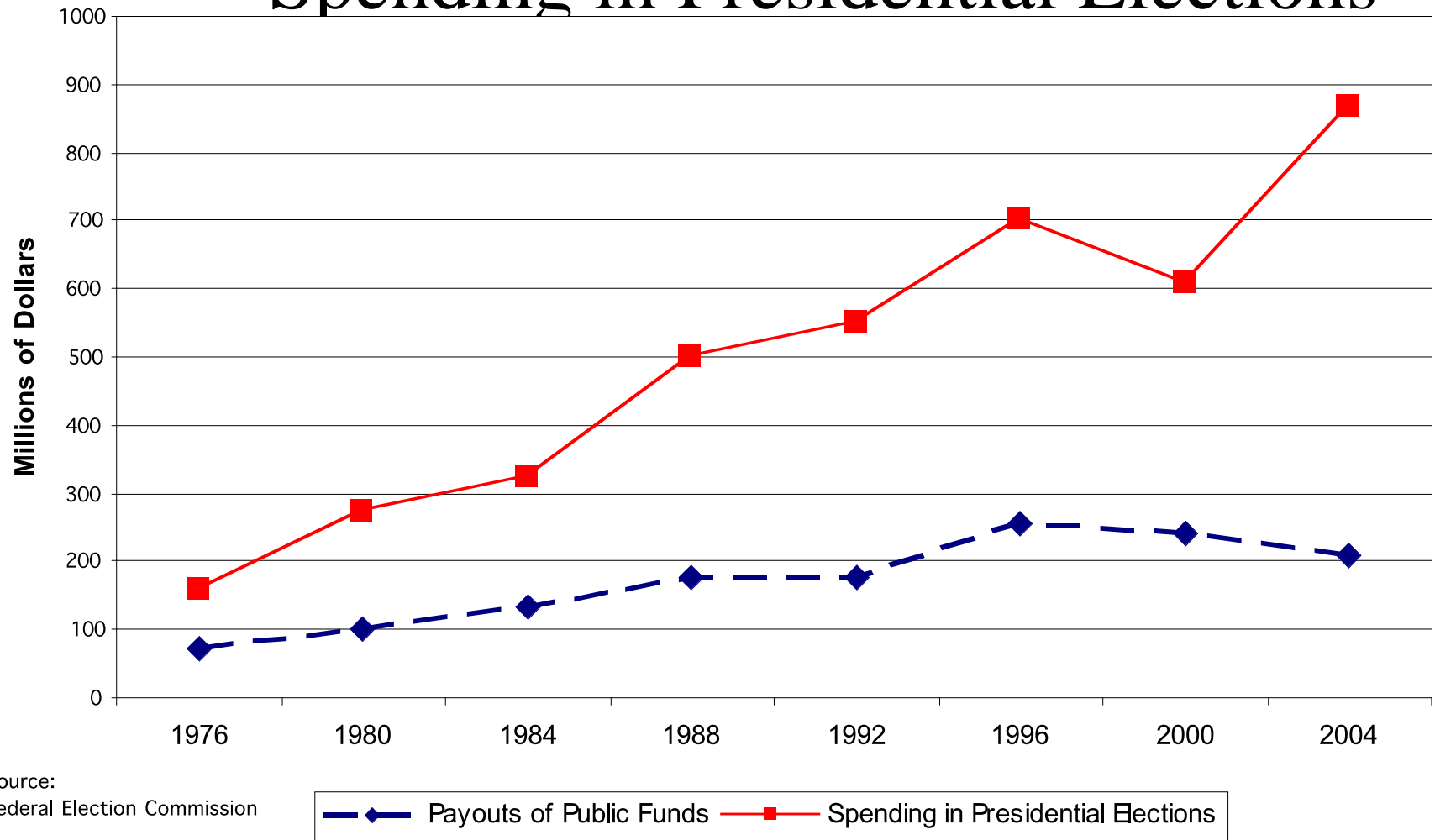
# What is money used for?

- **Inform Voters (television, radio, mail, door-to-door)**
- **Register Voters**
- **Mobilize Voters**
- **Maintain Political Organizations (parties, interest groups, candidate committees)**
- **Legal costs**



# Historical Trends

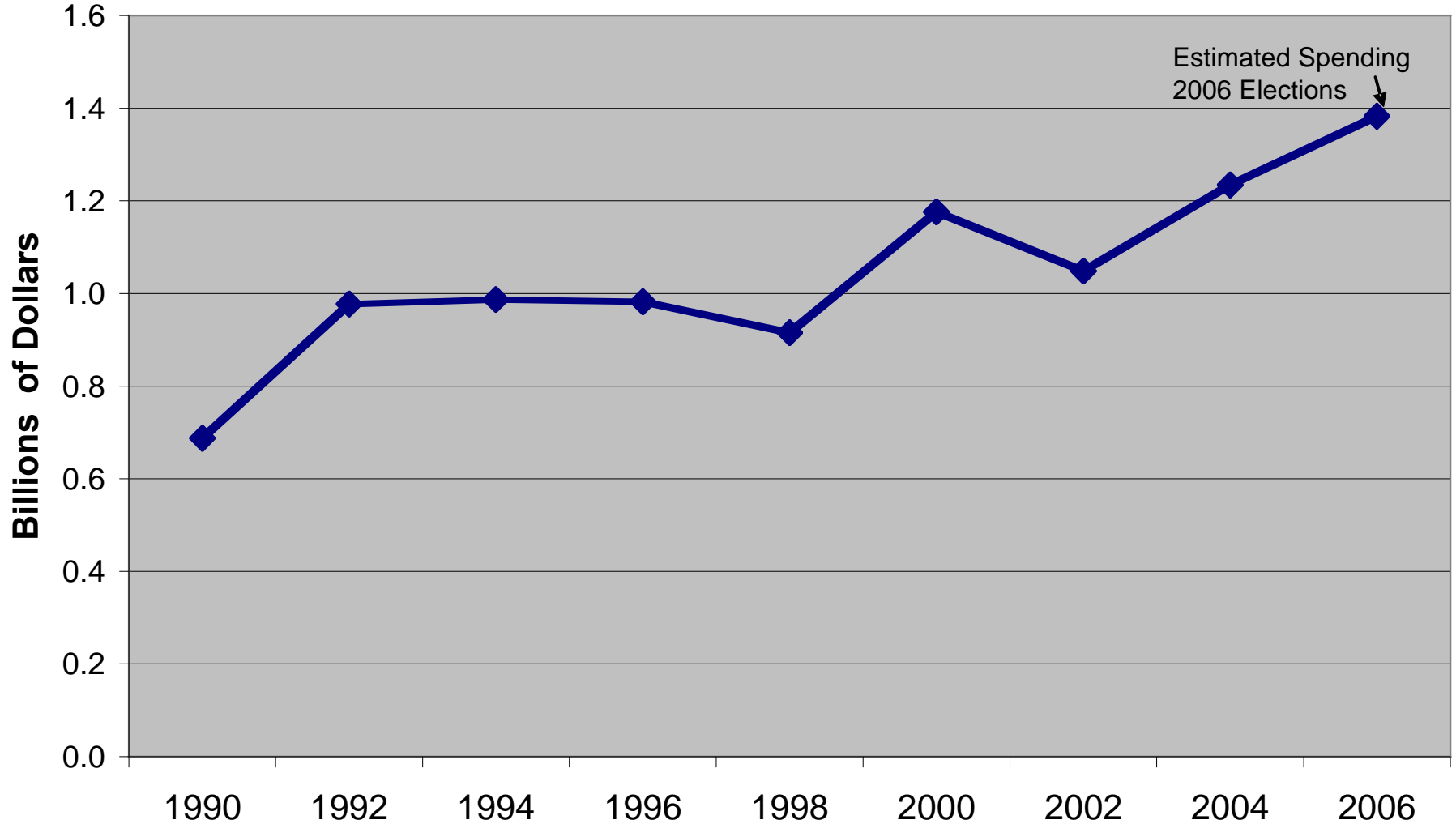
## Spending in Presidential Elections





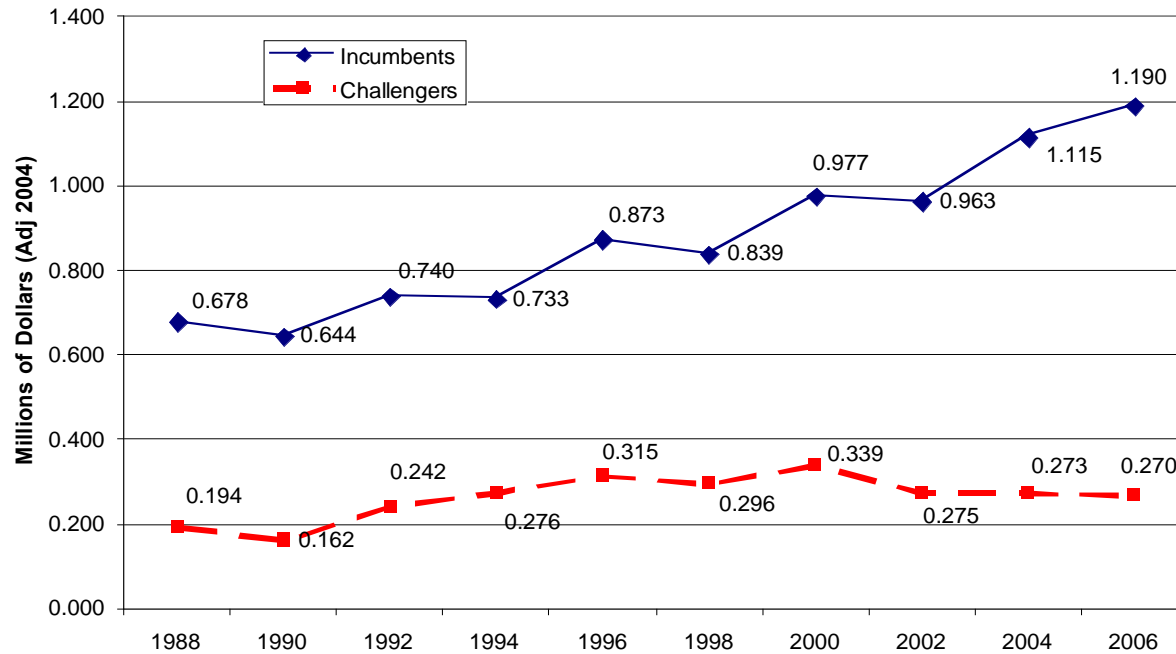
# Historical Trends

Congressional Campaign Spending, 1990-2006  
(in constant 2006 dollars)



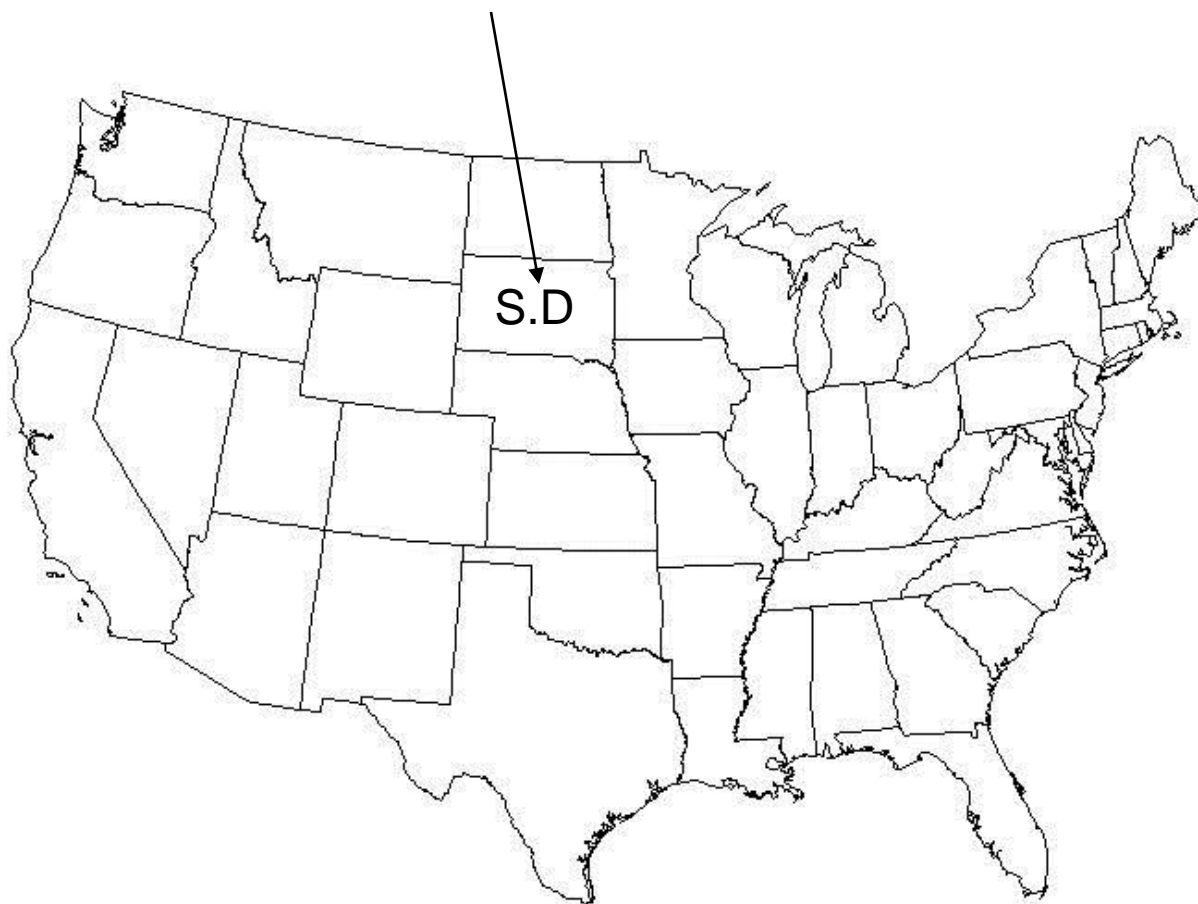
# Advantages to Incumbents

**Figure 1. House Incumbents vs. Challengers  
Average Receipts 1988-2006**

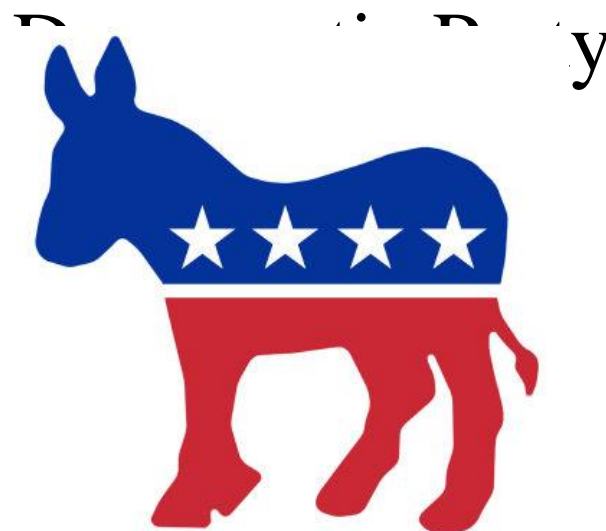
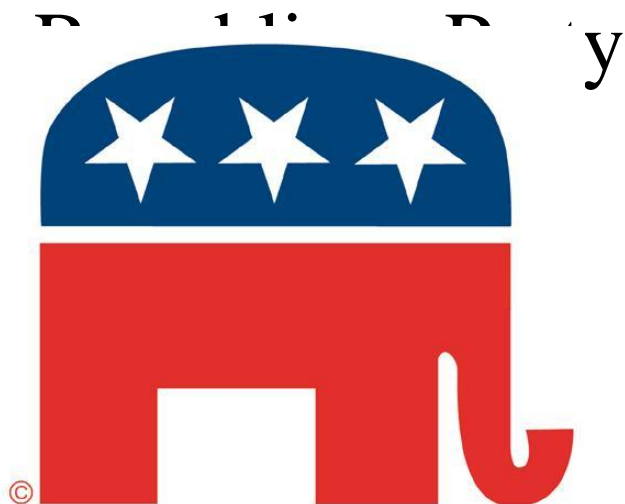


# An expensive race

\$36 million

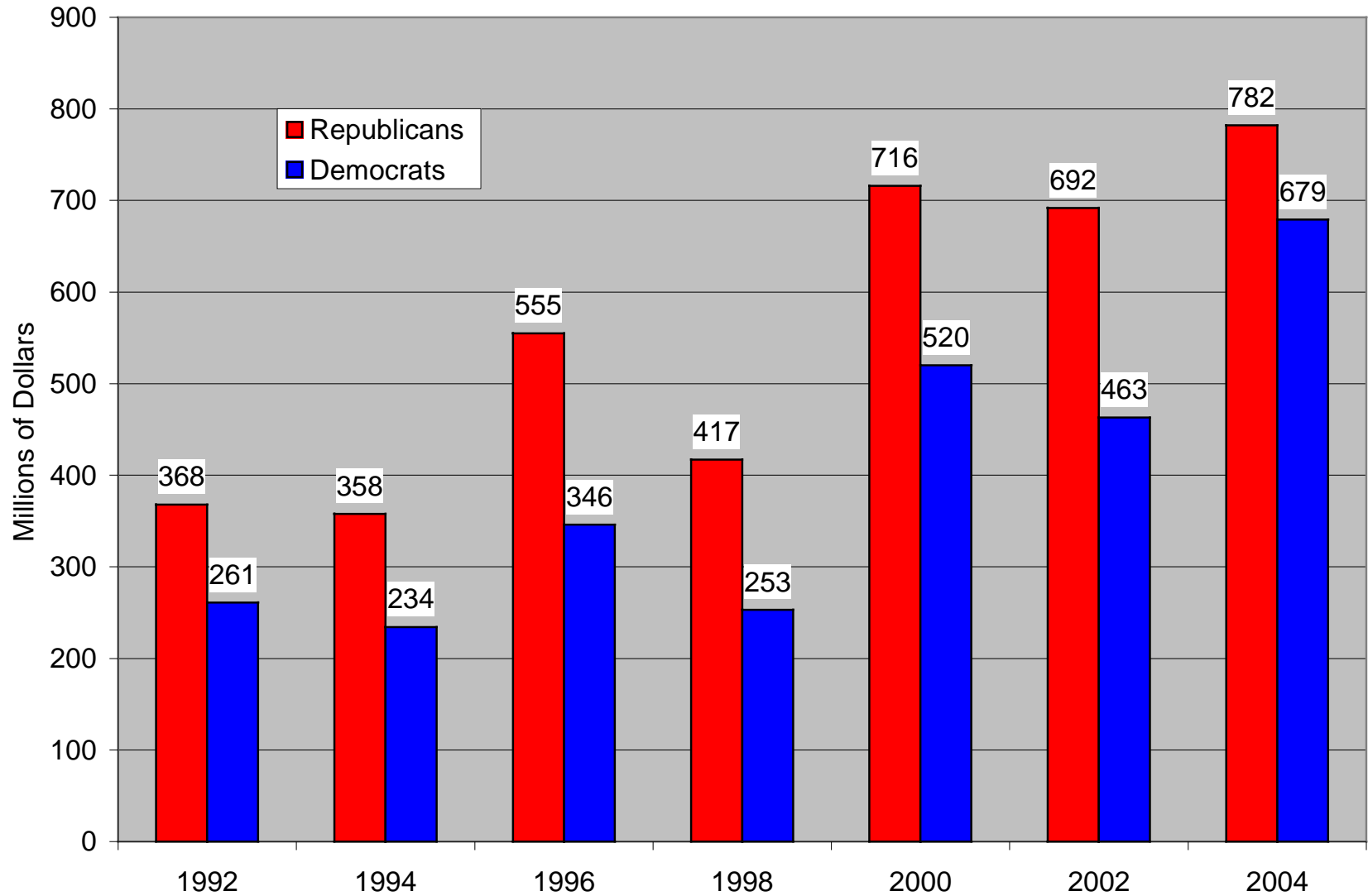








# Party Fundraising





# Party Spending: U.S.A. vs Canada (in millions)

## United States (2004)

Democrats	\$680
Republicans	\$780
Green	\$1
Reform	\$0

## Canada (2005)

Liberal	\$18.2
Conservative	\$18.2
Green	\$18.2
New Democratic	\$18.2
Bloc Quebecois	\$4.7
Marxist-Leninist	\$4.5
Marijuana	\$1.4



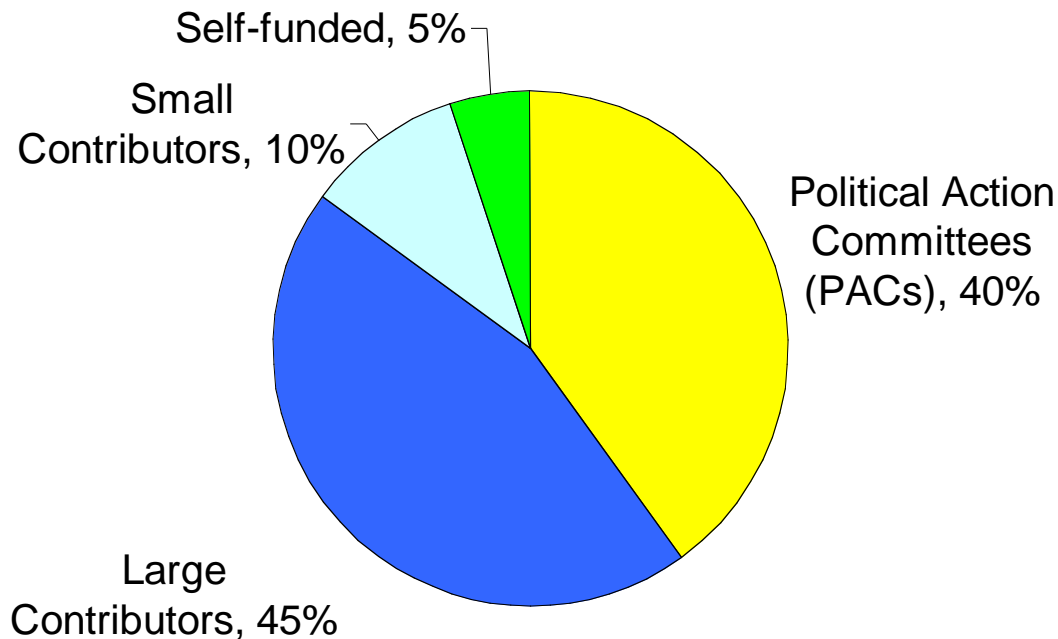
# Why are American campaigns so expensive?

- Candidate-centered elections
- Long elections
- 1<sup>st</sup> Amendment of U.S. Constitution  
(*Buckley v. Valeo* 1976)



# Where Does Money Come From?

## House Candidates 2004





What are the political finance laws?



# Disclosure of contributors

- name, address, occupation, and amount
- <http://www.opensecrets.org/>



# Rules on Contributions

- Individuals: up to \$2300 per election to candidate; \$28,500 to political party
- Political Action Committees: \$5000
- No contributions from foreigners
- <http://www.fec.gov/press/press2007/20070123limits.html>





# Rules on Spending

- No limits



## Public subsidies

- Presidential candidates: \$80 million each (with restrictions on spending)
- Political Parties: \$20 million for convention
- Congress: none



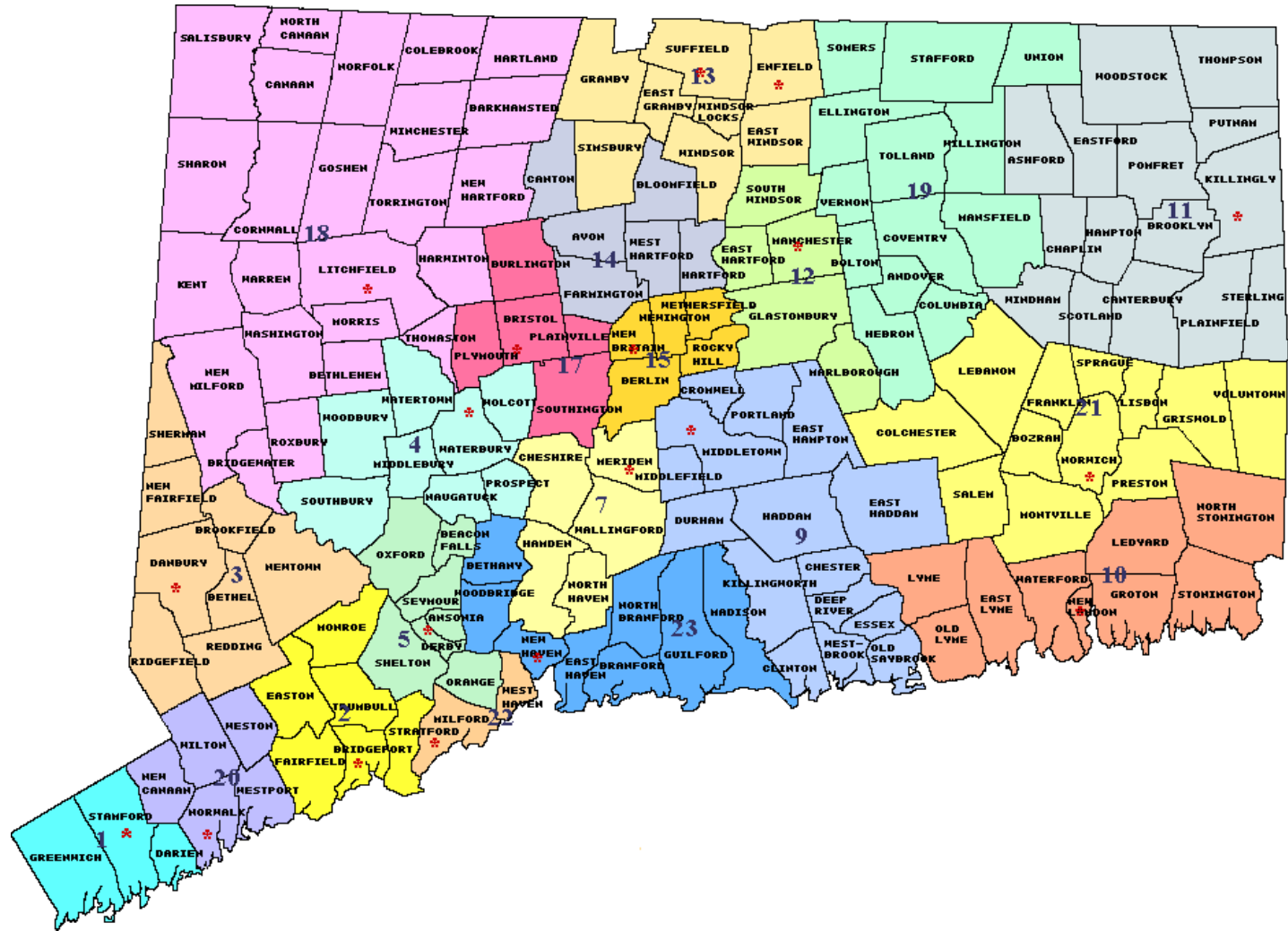
# Enforcement

- Federal Election Commission
- 6 Commissioners (3 from each party)
- interpret laws, collect financial reports, conduct audits, investigate complaints
- <http://www.fec.gov/>



# State Election Laws

- Great variety in 50 states.
- half permit corporate and union money
- Some require disclosure only.
  - Examples: Virginia, Utah, New Mexico.





Who benefits under these rules?



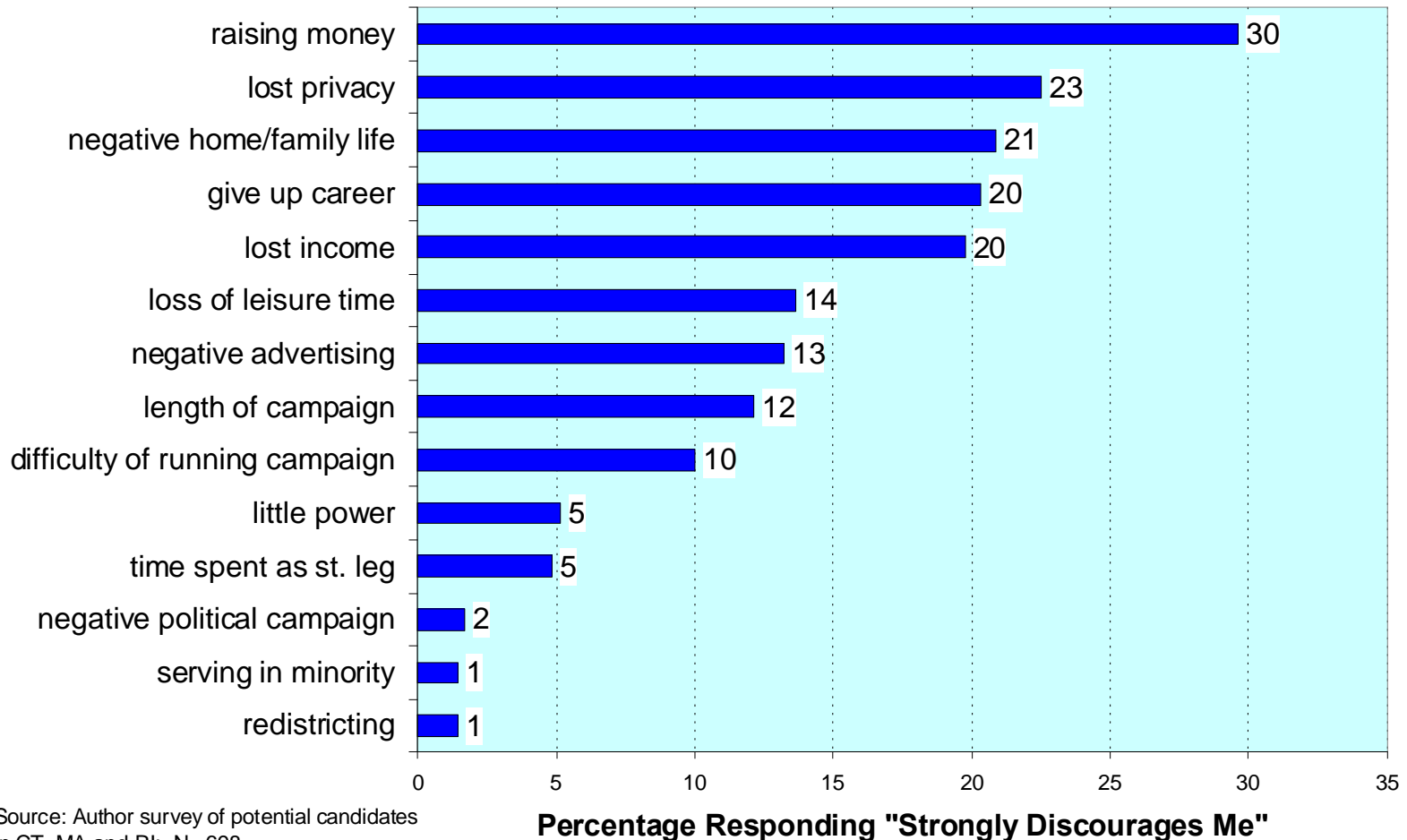
# Who benefits?

- party leaders
- incumbents
- candidates who know “bundlers”
- The rich?
- Republicans??



# Is Raising Money Discouraging?

Figure 1. Factors that Discourage Running for State Representative

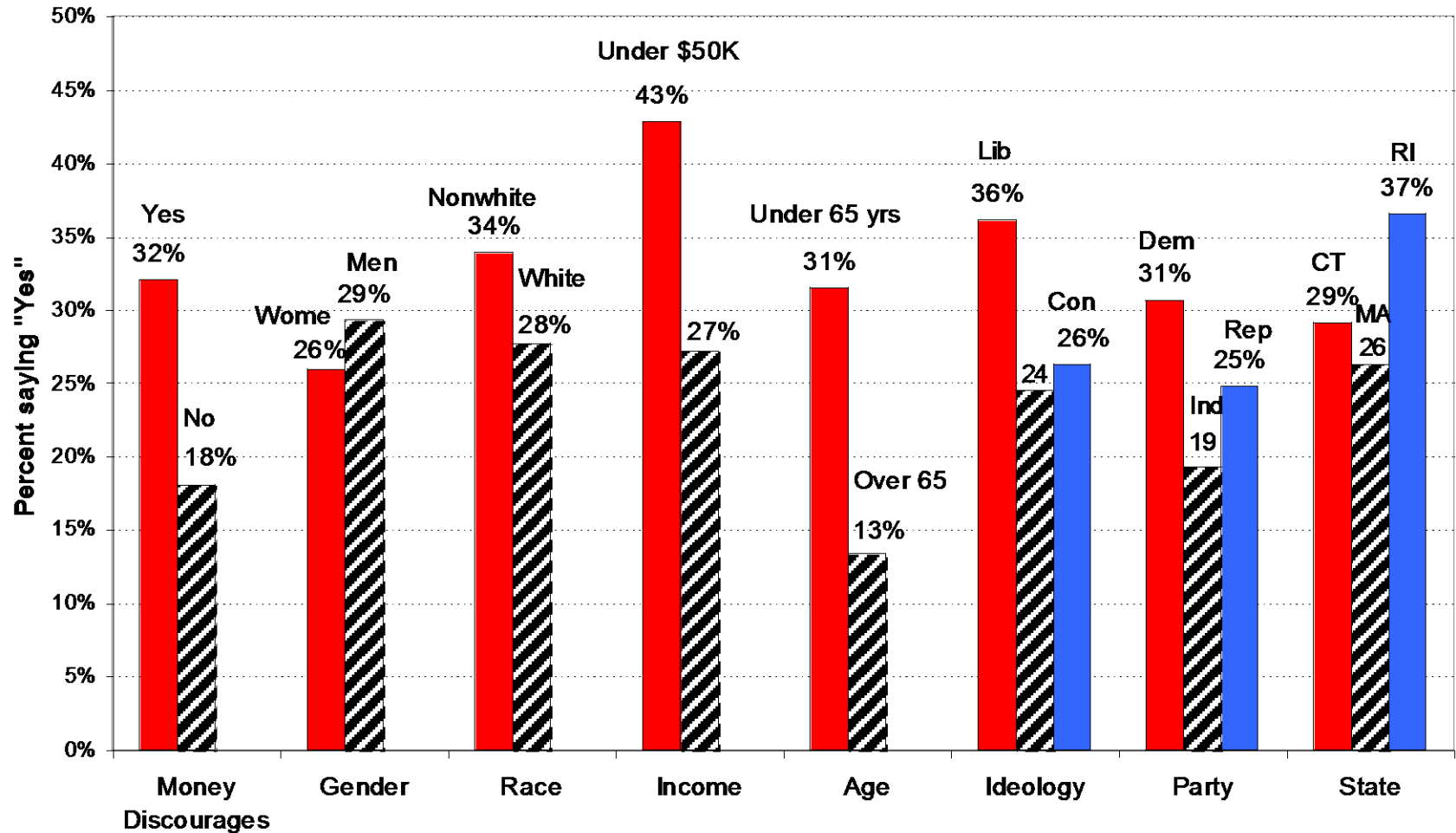






# Who Is MOST likely to take advantage of public \$?

Figure 2. Would Availability of Public Funds Increase the Likelihood of Your Running for State Representative?



# Congressional Scandals involving money from lobbyists



Jack Abramoff



Bob Ney



Tom DeLay



## Reform (2002)

- Bipartisan Campaign Reform Act of 2002
  1. No more “soft money” to political parties
  2. No ads with interest group soft money 60 days before General Election
  3. Millionaires cannot spend over a certain amount without penalty



# Consequences of Reform

- Parties spend “independently”
  - \$200 million without coordinating w/ candidates
- Interest groups spend soft money
  - \$500 million in 2004
  - \$300 - \$400 million estimated in 2006
- Political parties become more ideological

# Looking Ahead



- Congress
- Presidency
- How are they as Institutions?
- How do they relate?
- Emphasis on War Power