

**DEPARTMENT OF POLITICAL SCIENCE
AND
INTERNATIONAL RELATIONS
Posc 150**

“WASHINGTON’S OTHER SCANDAL”

- I. CONTENTS:
 - A. Failures of C\campaign finance reform.
 - B. Film: “Washington’s Other Scandal”

- II. LOOPHOLES:
 - A. Problems with the Federal Election Campaign Act (FECA) and amendments and court interpretations.
 - B. *Soft money
 - 1. Parties, particularly local parties, can raise and spend as much money on party building activities as they want.
 - i. These activities were meant to include activities such as voter registration and get-out-the-vote drives.
 - ii. They were not to be conducted on behalf of candidates for federal office.
 - iii. But in fact much of the money is recycled into presidential and congressional campaigns.
 - iv. Money contributed for this purpose is not regulated and does not have to be reported.
 - C. *Independent expenditures
 - 1. The Supreme Court has said that parties can spend money on “generic ads” so long as they are independent of candidates.
 - i. Generic ads do not explicitly advocate a vote for one party or another, but that is their intended message.
 - 2. Groups that operate separately from the presidential and congressional campaigns are not limited in spending.
 - 3. These committees provide opportunities for individuals to give more than maximums.
 - D. *Buckley v. Valeo
 - 1. Supreme Court’s “money talks” decision allows candidates to spend unlimited amounts of their personal wealth on their campaigns.
 - E. *Personal political action committees (PACs)
 - 1. Individuals can set up their own PACs, which can contribute to candidates.
 - 2. These individuals, particularly members of Congress, become just so many more “power centers.”
 - F. The Bipartisan Campaign Reform Act of 2002 (BCRA) tried to plug these loopholes.
 - 1. Partial ban on soft money.
 - 2. restricts the ability of corporations (including non-profit corporations) and

labor unions to run "electioneering" ads featuring the names and/or likenesses of candidates close to an election.

III. LOOPHOLES IN CAMPAIGN FINANCE LAW:

A. Today's film illustrates many of the loopholes in the laws regulating campaign finances.

1. ○Background.

- i. The 1994 congressional elections seemed to put Clinton on the ropes because Republicans captured both chambers of Congress.
- ii. In 1995 and early 1996 the president seemed to be in trouble politically.
- iii. He asked Dick Morris to help plan a counterattack.
- iv. Morris proposed a series of issue ads to run in key states.
- v. The problem: how to pay for them.
- vi. If the Clinton-Gore Campaign accepted public funds, it was obligated to *not* accept outside money and to limit its expenditures. If, on the other hand, it did not accept public financing, it could raise and spend as much as it wanted.
- vii. Harold Ickes—a key advisor to Clinton and later his wife, Hillary—argued that the money could not come from the campaign itself ("Clinton-Gore Campaign" funds), which was limited in how much it was allowed to spend.
- viii. Thus, the Clinton campaign turned to "Plan B," soft money.

2. Note also that both parties take advantage of the loopholes.

3. Refer to Drew, *The Corruption of American Politics*

B. ✱ Soft money

1. As noted above and in Drew, *The Corruption of American Politics*, parties, particularly local parties, can raise and spend as much money on party building activities as they want.

- i. These activities were meant to include activities such as voter registration and get-out-the-vote drives.
- ii. The parties can run "issue ads" so long as they do not advocate anyone's election.
- iii. In fact much of the money was recycled into presidential and congressional campaigns.
 - 1) ✓ In the film, for example, we see that soft money was spent for generic ads that did not directly endorse Clinton but that essentially presented his case on a number of issues.

C. ✱ Independent expenditures

1. The Supreme Court has said that parties can spend money on "generic ads" so long as they are independent of candidates.

- i. Generic ads do not explicitly advocate a vote for one party or another, but that is their intended message.

2. Moreover, groups that operate separately from the presidential and

congressional campaigns are not limited in spending and can support their favorite candidates.

3. These committees provide opportunities for individuals to give more than maximums.

IV. NEXT TIME:

A. The Presidency and The Congress

B. Reading:

1. Finish Drew, *The Corruption of American Politics*
2. Work on Tucker, *May God Have Mercy*, this weekend. Read it straight through if possible.
 - i. See below.
3. Read Heilbroner and Thurow, *Economics Explained*, Chapters 1, 3-5, 7-9.