

[11.4] Money and Elections



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Learning Objectives

- Analyze the impact of campaign spending on the media.
- Explain how campaign contributions by individuals and organizations affect the political process.
- Explain how public funding of candidates affects the political process.
- Explain how campaign finance laws have changed over time.
- Distinguish hard money from soft money.

[11.4] Money and Elections

Key Terms

- political action committees (PACs)
- subsidy
- FECA,
- BCRA,
- 'soft money'
- Federal Election Commission
- Super PAC
- Presidential Election Campaign Fund
- hard money
- John McCain
- Russ Feingold
- 527 organizations

The Price of an Election

Running for public office costs money—and often quite a lot of it. That fact creates some very real problems. It presents the possibility that candidates will try to buy their way into office. It also makes it possible for special interests to try to buy favors from those who hold office.

The Price of an Election

- How Much Gets Spent?
- What Does Campaign Money Pay For?

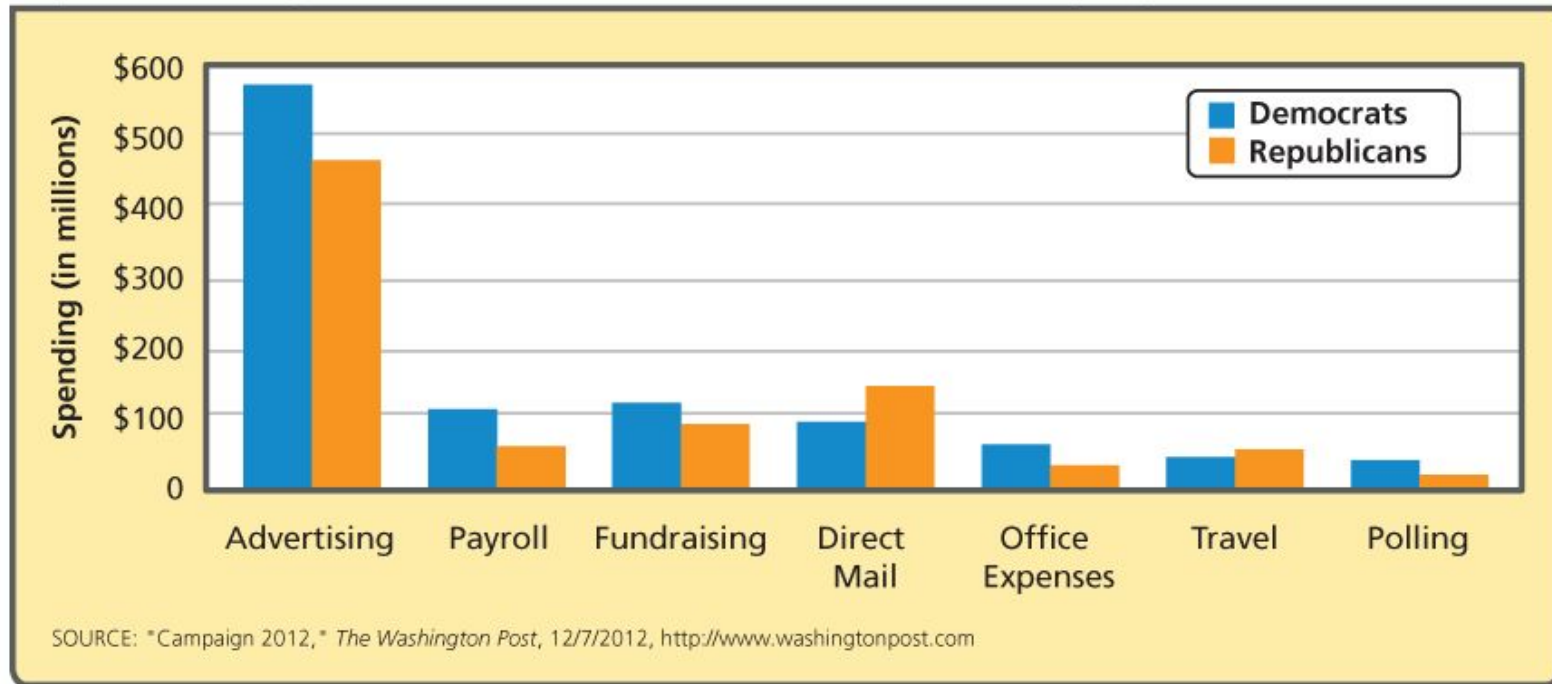
The Price of an Election



Elections are expensive. According to government data, Barack Obama and Mitt Romney's spending for the 2012 presidential election topped \$1.2 billion dollars.

The Price of an Election

Top Seven Expenses of the 2012 Presidential Campaign



The huge amount of money spent on campaign advertising is spread across many different media. Analyze Graphs Why might travel expenses go down as advertising expenses go up?

Where the Money Comes From

Parties and their candidates draw their money from two basic sources: private contributors and the public treasury.

Where the Money Comes From

- Individual Contributors
- Fundraising
- Government Money
- Reasons for Contributing

Where the Money Comes From



Born in Texas in 1930, H. Ross Perot became one of America's wealthiest executives. He is best known for being one of the most successful third-party candidates in American history.

Federal Finance Laws

Congress first began to regulate the use of money in federal elections in 1907. In that year, it became unlawful for any corporation or national bank to make “a money contribution in any election” to candidates for federal office. Since then, Congress has passed several laws to regulate the use of money in presidential and congressional campaigns. Today, these regulations are found in four detailed laws: FECA, the Federal Election Campaign Act of 1971, the FECA Amendments of 1974 and of 1976, and BCRA, the Bipartisan Campaign Reform Act of 2002.

Federal Finance Laws

- The History of Campaign Finance Regulation

Federal Finance Laws



Arizona Republican Senator John McCain and Wisconsin Democratic Senator Russ Feingold coauthored the Bipartisan Campaign Reform Act of 2002.

FEC Requirements

The Federal Election Commission (FEC) administers all federal law dealing with campaign finance. Set up by Congress in 1974, the FEC is an independent agency in the executive branch. Its six members are appointed by the President, with Senate confirmation.


FEC Requirements



- Disclosure Requirements
- Disclosing Campaign Finances to the Public
- Limits on Individual Donations
- Contributions from Political Action Committees (PACs)
- Limits on PAC Contributions
- Campaign Spending Limits
- The Presidential Election Campaign Fund
- Preconvention Campaigns
- National Conventions
- Presidential Election Campaigns
- The 2012 Presidential Race
- Minor Party Candidates

FEC Requirements

★ **THE FEDERAL ELECTION COMMISSION** ★

3 THERE ARE **DEMOCRATIC** AND **REPUBLICAN** MEMBERS ON **THE COMMISSION**



OVERSEES  
THE PUBLIC FUNDING OF
PRESIDENTIAL ELECTIONS

APPOINTED BY THE **PRESIDENT** AND CONFIRMED BY THE ★★ **SENATE**

ONE **6 YEAR TERM**
2 SEATS ARE REPLACED EVERY
2 YEARS ★★

REGULATES THE **DISCLOSURE OF CAMPAIGN FINANCE INFORMATION**

No more than three members of the FEC can belong to the same political party. Analyze Charts What other evidence that the commission is regulated by a system of checks and balances can you see?

FEC Requirements



Wealthy individuals who make very large campaign contributions, such as W. Clement Stone (right), are often rewarded with access to the candidate or elected official.

Loopholes in Finance Laws

More than 40 years ago, President Lyndon Johnson described the then-current body of federal campaign finance law as “more loophole than law.” Over recent years, we have come dangerously close to the point where LBJ’s description can be applied to the federal election money statutes.

Loopholes in Finance Laws

- Hard Money and Soft Money
- Campaign Finance Reform
- Citizens United v. FEC

Loopholes in Finance Laws

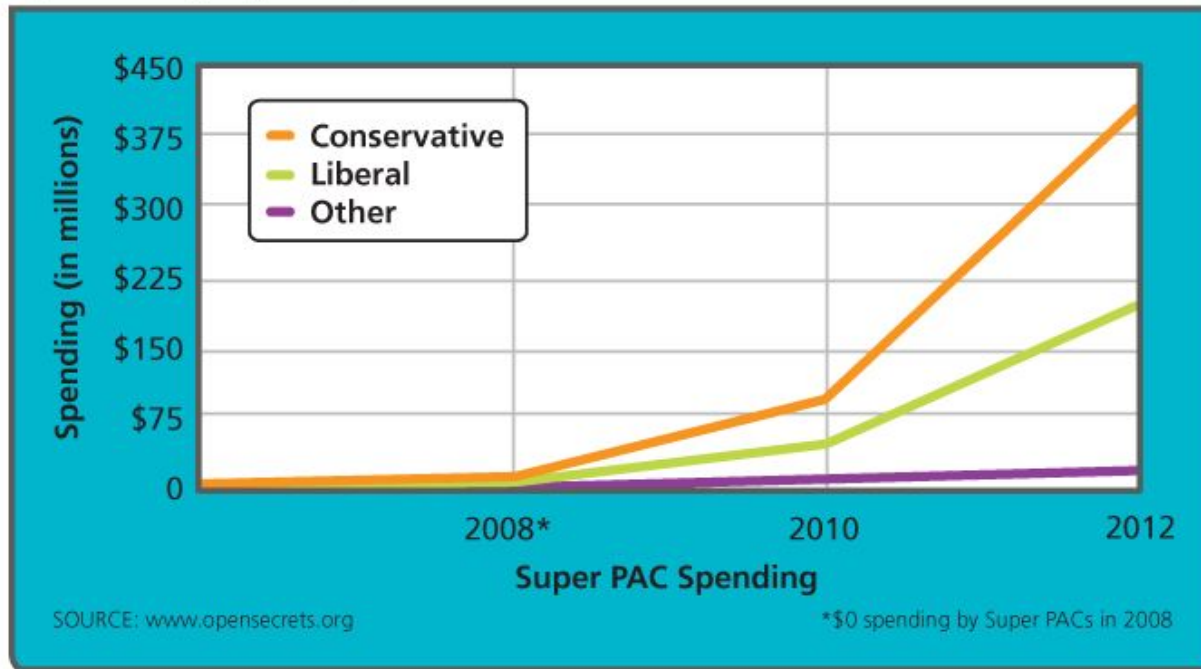


"Some of it is soft and some of it is hard, but the main thing is that all of it is money."

Fundraising happens even in the shadow of the Capitol. Analyze Political Cartoons How can fundraising be maximized while minimizing the potential for fraud by contributors?

Loopholes in Finance Laws

Spending by Super PACs



Interest groups spent large amounts of money in the 2012 election. Analyze Charts Approximately by what factor did conservative groups outspend other groups in the 2012 election?

Quiz: The Price of an Election

Why might campaign spending pose a risk to the political process in a democracy?

- A. People of a particular race or ethnicity may have more political influence.
- B. People who are well-educated may have more political influence.
- C. People who know a candidate personally may have more political influence.
- D. People who have more money may have more political influence.

Quiz: Where the Money Comes From

Which of the following is an example of a political action committee (PAC)?

- A. Dairy Farmers of America
- B. Democratic Party
- C. Tea Party
- D. Committee to Elect Barack Obama

Quiz: Federal Finance Laws

How did the Citizens United case open the door to increased amounts of campaign spending?

- A. Individuals could contribute any amount to campaigns.
- B. Unions and corporations could contribute to campaigns.
- C. Special-interest groups could contribute to campaigns.
- D. Political parties and candidates could contribute to campaigns.

Quiz: FEC Requirements

What is the most likely reason why a candidate for president would refuse to accept money from the Presidential Election Campaign Fund established by the government?

- A. does not believe in spending taxpayer dollars
- B. prefers to remain independent of the government
- C. can raise more money from private sources
- D. does not believe in using advertising to influence the political process

Quiz: Loopholes in Finance Laws

Congress enacted the Bipartisan Campaign Reform Act

- A. to reduce the amount of hard money received by candidates.
- B. to reduce the amount of soft money received by candidates.
- C. to reduce the amount of political advertising in presidential election years.
- D. to reduce the amount of money the government must spend to subsidize candidates.