The Watergate revelations brought to the attention of most Americans for the first time the significant campaign financing abuses made possible by weak laws and lax enforcement. Illegal contributions from corporations and labor unions were stockpiled in secret slush funds. Hundreds of thousands of dollars were secretly diverted from legitimate campaign purposes to be used for illegal activities.

The problem of wealthy interests buying special access or government favors through large secret campaign contributions shown by the Watergate disclosures exists not just on the federal level but in state and local campaigns as well. Special interests don't contribute to political campaigns out of a sense of civic duty. In the words of Jesse Unruh, former Speaker of the California House, "Money is the mother's milk of politics."

Robert A. Weinerman, the Connecticut Public Works Commissioner, in endorsing public financing of elections, recently admitted that the awarding of state contracts is sometimes influenced by political donations. "I'm a strong advocate of having elections paid for by the government," Weinerman said, "but until that happens the Democratic Party has a right to survive, too. I can't be unmindful of the party's responsibility to itself."
The corrupting influence of special interest contributions has been well documented but the equally important issue of competition in American political campaigns has been largely ignored. But the concept of competitive elections is at the very heart of our system of democracy. It is an essential ingredient in the accountability equation. Yet in looking at the record it becomes clear that competition is missing from today's political scene. For example:

-- In the United States House of Representatives, 98 percent of those incumbents who ran for re-election in 1968 were re-elected. In 1970 and 1972 the figure was 96 percent. In 1974, the year of Watergate, it dropped only slightly to 89 percent.

-- In November of 1972, 19 incumbent State Senators stood for re-election in California and 19 were re-elected. In 1974, incumbent Senators were 14 for 16, and 60 of the 66 incumbent Assemblymen who ran were re-elected.

-- In Massachusetts, 151 out of 280 legislators ran unopposed in the 1974 general election. Thirty-three of the 41 committee chairmen got a free ride at the polls.

-- In such diverse states as Arizona, Wisconsin, Delaware, and Texas, we have checked and the figures are similar. Incumbent state legislators are regularly re-elected at rates in excess of 90 percent.

Why is this?

One could argue that incumbents are being re-elected in record numbers because the people approve of what they are doing. The public record hardly seems to justify such a position. We are in what can only be described as a massive political
depression. In 1973, pollster Louis Harris found "a full-blown crisis of confidence." Only 24 percent of those polled expressed high confidence in state government. Seventy-four percent believed that "special interests get more from government than the people do."

And things have gotten worse over the last two years. In 1975, Harris told the National Conference of Mayors that "confidence in government at all levels in this country has hit rock bottom." Those who expressed high confidence in state government, for example, fell to 16 percent. The level of voter participation at the polls, to use another indicator, has plummeted.

This is not a constituency that re-elects incumbents simply because it is content with their performance. Common Cause believes that a major reason for incumbents' success is linked to the huge advantage they have in obtaining political financing.

In the states, as on the federal level, campaign dollars flow to incumbents and act to stifle competition. California Common Cause found that in their 1972 state legislative elections incumbents were able to outspend challengers by a factor of almost two to one.

In New Jersey in 1973, Common Cause found that 75 percent of contributions from lobbyists went to incumbents. Challengers received only eight percent with the rest going to candidates in open races.

California Common Cause also found that few average citizens contribute to campaigns. The money came from economic interest groups with special interests in certain matters before the
legislature. In California in 1972:

-- The Insurancemen's Political Action Committee gave to 29 California Assemblymen; 14 of these were on the 15-member Assembly Finance and Insurance Committee.

-- The California Life Underwriters' Political Action Committee contributed to 13 Assemblymen, nine of whom were on the Finance and Insurance Committee.

-- The California Medical Association's Political Action Committee gave to 78 of the 87 incumbent legislators but to only four challengers.

-- The California Title Insurance Committee contributed to 61 of the 87 incumbents but to no challengers.

The facts are similar in other states:

-- The Baltimore Evening Sun found that 90 percent of those who contributed over $1,000 to the incumbent Maryland Governor's 1970 re-election campaign had direct financial interests in governmental decisions -- contractors, engineers, racetrack owners, insurance executives, and so on.

-- The Miami Herald found that of the $2.7 million in reported contributions for the 1972 Florida legislative elections, one out of every two dollars was funneled in by lobbyists and four special interest groups with vital stakes in upcoming legislation. In 1974, the pattern was the same.

Common Cause Proposals.

To remedy the unhealthy influence of money in politics and to restore competition in political campaigns, Common Cause supports a program of full and timely disclosure of campaign
finances, limitations on contributions and expenditures, a mixed system of public and private financing of campaigns, and strict enforcement. Common Cause believes that each state should enact comprehensive campaign finance legislation that includes the following basic principles:

--- Full and timely disclosure of campaign finances. The voters have a right to know the major financial supporters of all candidates. Therefore, it is essential that all candidates for elective office and their controlled committees file statements that include the full name, address, occupation, and employer's name of each contributor of $50 or more. In order to complete the picture, information on each expenditure of $50 or more must be disclosed also.

This information, as valuable as it may be, is virtually useless unless it is available to the voters in advance of the election. Campaign finance statements should be filed twice before both the primary and general elections, with at least one final statement filed after election day.

--- Limits on contributions by individuals and groups. In order to reduce the influence of large contributors, Common Cause favors limitations on the amount that individuals and groups may contribute. The Common Cause proposal prohibits contributions from corporate funds or union dues but allows corporations or unions to pool voluntary contributions.

--- Limits on expenditures high enough to ensure competitive races. Common Cause believes that the amount of money that a
candidate's committee may spend should be limited. However, the danger in imposing expenditure limits is that they may be set so low as to prevent challengers from adequately presenting their positions to the voters, thereby virtually assuring re-election of the incumbent.

Common Cause believes that each candidate must be allowed to spend enough money to insure the candidate the opportunity to communicate fully with the voters about the issues in his or her candidacy. This amount will vary from state to state, and should be arrived at only after a thorough analysis of what candidates must spend in order to run an open and competitive race.

In addition to imposing expenditure limits on candidates, Common Cause recognizes that individuals and groups not controlled by the candidate, while they have the right to express their own views about the different candidates, must be placed under spending limits.

-- A mixed system of public and private financing for primary and general elections for state offices. The fact is, we already have public financing of elections in the form of higher prices and wages, costlier roads and buildings, and inadequate returns on the investment of state funds. The special interest contributors merely pass the costs along to the consumer and taxpayer. Common Cause believes that it is well past time for state governments to establish a neutral channel through which to provide public dollars for elections.

The cost of the old system is far too high -- both in taxpayer
dollars, and in lack of citizen confidence in government. The cost of public financing is comparatively low. Common Cause/Massachusetts determined that its comprehensive public financing bill would cost each taxpayer only $1.54 each year. That is a small amount to pay, even at a time of economic recession, to help pull us out of a political depression.

Under the Common Cause proposal, public money to finance these campaigns will come from a voluntary income tax check-off system. In order to make sure that frivolous candidates do not receive tax dollars, primary candidates must qualify for public funds by raising a certain amount of private dollars from small contributions. After qualification to receive funds in the primary, additional small contributions are matched by public funds. In the general election, major party nominees receive direct grants of public funds of up to 75 percent of the expenditure limit. There are special provisions for minor party candidates and independents based on demonstrated public support.

-- Tough sanctions enforced by an independent enforcement commission. While the goal of campaign finance laws is disclosure rather than criminal convictions, only strong administration backed up by tough penalties will ensure meaningful disclosure. Knowing violation of the law should be a criminal offense. The law should be enforced by an independent commission with members who are not otherwise public officials and with a full time staff and strong enforcement powers. Citizens should be able to sue to enforce the law where the appropriate officials do not.
Progress in the States

When the voters of Washington State overwhelmingly approved Initiative 276 with 72 percent of the vote in November of 1972, they touched off a wave of campaign finance reform that has reached nearly every state. Since that time, over 40 states have enacted significant new campaign finance laws.

Louisiana, Michigan, and Tennessee enacted laws in 1975 requiring pre-election disclosure for the first time. This leaves only seven states that do not require candidates to file disclosure reports before elections -- Alabama, Indiana, Nevada, New Mexico, North Dakota, Pennsylvania, and Wyoming. (North Dakota does not even require post-election reporting.) Twenty states now require disclosure reports at least twice before every election -- Alaska, Arkansas, California, Connecticut, Florida, Georgia, Idaho, Kentucky, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Jersey, New York, Oregon, Texas, Utah, and Washington.

As a result of 1975 legislative action, 31 states now limit the amount that candidates may spend in campaigns. Twenty-two states now limit the amount individuals may contribute to campaigns.

Independent enforcement commissions were established in Georgia, Maine, Michigan, and Montana in 1975. More than one-half of the states now have such commissions to enforce campaign financing laws.

Idaho, Michigan, and North Carolina enacted public financing
laws with dollar checkoffs in 1975. This brings the total to eight -- Iowa, Minnesota, Montana, Rhode Island, and Utah are the others. These five states reported between 20 and 25 percent participation by taxpayers in 1975. In Maine, however, where public financing is funded by a tax surcharge (i.e., an added tax liability), participation has been just above one percent. Maryland also has a surcharge and Massachusetts enacted one in 1975. New Jersey provides for public financing of the gubernatorial election from the general fund. In 1975, the Oregon legislature enacted a public financing law and made it subject to voter approval in 1976.

Campaign Financing Reference Materials

(1) Common Cause Model State Campaign Finance Reform Act;

(2) Common Cause et al, Brief for the Appellees in the Supreme Court of the United States, Buckley v. Valeo (October 20, 1975);

(3) Common Cause, "The Case for Public Financing of Political Campaigns" (Wertheimer speech, August 26, 1975);

(4) Common Cause Memorandum: Public Funding of State Campaigns Through the Use of Income Tax Deduction, Credit, Check-off and Surcharge (May 1975);

(5) Campaign Practices Report, "Campaign Practices Legislation in the 50 States" (2814 Pennsylvania Avenue, N.W., Washington, D.C. 20007);


(7) National Association of Attorneys General, "Legislative Approaches to Campaign Finance, Open Meetings and Conflict of Interest" (1516 Glenwood Avenue, Raleigh, North Carolina 27608) (December 1974);
Ethics Clearinghouse

The National Conference on Government, a service of the National Municipal League, is headquarters for a new clearinghouse of information on ethics, lobbying disclosure, and campaign financing. Contact: William J.D. Boyd, National Municipal League, 47 East 68th Street, New York, New York 10021.
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