Campaign Finance

ACCORDING TO A well-known expression, money has always been “the mother's milk of politics.” Joseph Israel Tarte, a 19th-century Canadian political fundraiser, once declared “elections are not won with prayers.” Political organizations and political campaigns require large-scale financial resources in order to succeed. Party organizations need to be staffed, accommodated, and equipped. In a political campaign, the costs of advertising, marketing, events, tours, and related activities have become enormous. Political friends need to be rewarded and activated, enemies must be targeted, and the neutrals persuaded. Each of these activities costs money. In the American federal election of 2000, the presidential candidates, between them, spent over $600 million, while Congressional candidates spent in excess of a further billion dollars.

Although in both Canada and the United States campaign finance reform has been quite bipartisan, the effort to reduce the special influence of generous contributors has usually been viewed as favoring liberal candidates rather than conservative ones who are regarded as having more access to wealthy contributors.

The relationship between money and politics has been ethically questionable from the start. In the 19th and early 20th centuries, bribery, graft, clientelism, patronage, kickbacks, and other forms of corruption were commonplace among parties, leaders, and the moneyed elite everywhere in the Western world. However, it was not until the 1960s and 1970s that serious action was taken to stop these practices. In both Canada and the United States, growing political efficacy and declining levels of trust in public officials combined to promote bold legislative initiatives in campaign finance reform at the federal level. The Federal Election Campaign Act (FECA) (1971, amended in 1974 and 1979) established the broad parameters of contribution, expenditure, and reporting regulation in the United States, while the Election Expenses Act (1974) set up the rules for campaign finance in Canada.

The concept of campaign finance is distinctly American. Relative to other polities, notably those in Western Europe, political competition in the United States is focused on the candidate and the campaign. In Europe, political finance has been more closely associated with support for political parties both in election campaigns and between elections. Large-scale fundraising is less critical in Europe because public broadcasters provide adequate free time and there is a range of other subsidies to political parties, such as free or reduced rates of postage and public financial support for party organizations. Recent changes to the Canada Elections Act, which came into effect in January 2004, have Europeanized the nature of party financing in Canada. Substantial new public monies will now be available to registered Canadian parties, based on the number of votes they received in the previous election.

The political culture of liberal individualism, suspicion of government, and the power of First Amendment rights have prompted Americans to reject limitations regarding the raising and spending of money. In a landmark Supreme Court decision, Buckley v. Valeo (1976), mandatory limits on campaign spending were declared unconstitutional in a decision that equated the spending of money with freedom of speech. Despite this, the decision upheld the rights of governments to set limits to campaign donations. The Supreme Court acknowledged that excessive donations by an individual or political committee might well be associated with corrupt practices or at least have the appearance of such association. By the same token, corporations and unions have been unable to make direct contributions to campaigns under federal law for a long time.
Of growing concern to American citizens has been the power of so-called soft money in politics. Soft money lends support to candidates and campaigns beyond the parameters of state regulation. Such contributions can be used for issue advocacy, even when such statements effectively are an endorsement of a particular candidate or party.

There is a wide range of other campaign-related expenditures not covered by the FECA that soft money can purchase. Soft money raised by the Republicans and Democrats in 2000 was over $450 million. The 2002 Bipartisan Campaign Reform Act (BCRA) extended federal campaign finance regulations to cover certain aspects of soft money donations and expenditures. While it has so far been upheld in the courts, it has not taken political operatives long to find ways of avoiding its limitations.

—Paul Nesbitt Larking

Bibliography
Anthony Corrado, ed., Campaign Finance Reform: Beyond the Basics (Century Foundation Press, 2000)

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