

Conservative Money:

How the GOP Benefited From the Post-FECA Campaign Finance Environment

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Abstract

The purpose of this thesis is to provide an answer to the following research question: why and how did the Republican Party benefit from the increased flow of money outside traditional party structures which resulted from the campaign finance reform of the 1970s? On the basis of the partisan theory of reform, the Federal Election Campaign Act of 1971 and its subsequent amendments are described as part of a Democratic effort to stop the flow of money into Republican coffers. Nevertheless, in light of the financial and electoral success experienced by the GOP in the 1978 and 1980 congressional elections, it is argued that the Democratic campaign finance strategy backfired. The thesis demonstrates that the legislation enacted in the 1970s provided interest groups with expanded opportunities to influence elections through financial involvement. Furthermore, on the basis of thorough examination of the ventures of the increasing amount of political action committees in the wake of the FECA, it is argued that conservative leaning groups were disproportionately successful in taking advantage of these opportunities. The thesis emphasizes the financial involvement of business PACs and the National Conservative Political Action Committee, and connects their endeavors to the House and the Senate gains experienced by the Republican Party in 1978 and 1980.

To Mari. My beloved sister, who I will never forget.

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1 Introduction

One of the most significant developments of American politics during the last four decades has been the increasing importance of money in elections, specifically presidential and congressional elections. Politicians constantly seek support from donors and are afraid of casting votes that major contributors will criticize. In 2012 the role of so-called Super-PACs received substantial attention in the media. In order to understand the significance of these Super-PACs in elections during the 21st century, it is important to examine the campaign reform of the 1970s. The 1971 Federal Election Campaign Act and all its amendments can arguably be said to be products of a determined effort on part of the Democratic Party to limit the Republican advantages regarding campaign fundraising. Prior to the FECA, there were no limits on individual contributions to political candidates and parties. Thus, the Republican Party thrived on their longstanding and strong ties to wealthy individuals and businesses which donated huge amounts of money directly to the GOP in the form of individual contributions. In fairness, the Democratic Party also received their fair share of donations from wealthy individuals, but time and again they were outraised and outspent by their opponents. During the 1960s, political campaigns became increasingly expensive and the election of 1968 considerably demonstrated the elevated role of money in politics as well as the Democratic inability to keep up with this development. In the aftermath of the election, Democrats realized the need for reform in order to stop the continuous flow of money into Republican coffers and perhaps restore some sort of balance with regards to party fundraising. Thus, taking advantage of their current congressional majority, they quickly began framing new parameters for campaign financing.

Although the FECA regulations were designed to benefit the Democrats and their fundraising traditions, however, the legislation was followed by particularly good years for the Republicans both financially and electorally. The party was quick to adapt to the new campaign finance environment and with a relatively saturated war chest it experienced significant electoral gains in both 1978 and 1980. Thus, one can argue that the Democratic attempt to block the continuous flow of money into Republican coffers backfired on a large scale. Nevertheless, while a number of scholars studying this particular occurrence have emphasized the ability of the Republican Party organization to adjust to the new parameters requiring them to solicit a large number of small donations, this thesis will highlight the way in which the FECA facilitated an increasing flow of money outside traditional party structures and analyze how this particular development came to benefit Republican candidates. For a

number of reasons which will be carefully outlined throughout the paper, conservative leaning groups were much more successful than liberal groups with regards to taking advantage of the enlarged authority which was granted political action committees as a result of the 1970s reform. A complete account of the endeavors of all PACs of all categories preceding the Republican electoral triumphs in 78 and 80, however, is certainly beyond the limits of this thesis. Thus, on the basis of certain judgments which will be outlined in the next section, emphasis will be placed on the ventures of business PACs, representing connected PACs, and the National Conservative Political Action Committee, representing nonconnected ideological PACs. As will be revealed, these specific political action committees were especially influential and were arguably instrumental in the success experienced by a number of conservative challengers in the 1978 and 1980 congressional elections.

1.1 Thesis Statement and Theoretical Approach

The purpose of this thesis is to provide an answer to the following research question: why and how did the Republican Party benefit from the increased flow of money outside traditional party structures which resulted from the campaign finance reform of the 1970s? As already mentioned, the Democratic Party framed and championed extensive campaign finance legislation in the 1970s. However, while Democratic reformers might have argued that reform was necessary in order to defend the virtue of American democracy which was supposedly threatened by the corrupting role of money in politics, I argue that their incentive to push for reform derived from a desire to inhibit Republican fundraising. The basis of this argument is drawn from the partisan theory of reform which is amply analyzed by Raymond La Raja in *Small Change: Money, Political Parties and Campaign Finance Reform*. In essence, the theory argues that “[b]ecause money was becoming a more important political resource in the twentieth century the two major parties used campaign finance reform to gain advantages over the rival party”.¹ For the purpose of this thesis, the partisan theory of reform serves as a vantage point from which to assess the legislative developments of the seventies. Moreover, the design of the FECA and its amendments will be described in terms of its potential to impair the already established fundraising traditions of the GOP while simultaneously facilitate established Democratic methods.

Thus, the first part of this thesis is deliberated in accordance with a broader theory of

¹ Raymond J. La Raja, *Small Change: Money, Political Parties, and Campaign Finance Reform* (Ann Arbor: University of Michigan Press, 2008), 20.

governmental regulation commonly known as the economic theory of regulation. Professors of economics Burton A. Abrams and Russell F. Settle argue that the main principle of this theory “is that rational, self-interested individuals, groups, or industries seek regulation as a means of serving their own interests”.² This deduction is arguably reflected in the partisan theory of reform which, however, specifically pertains to that particular area of federal regulation concerning campaign finance. As a result, a reliance on the partisan theory of reform effectively translates into broad support for the economic theory of regulation. Conversely, it implies a rejection of the public-interest theory of regulation which claims that “regulation is supplied in response to the demand of the public for the correction of inefficient or inequitable market prices”.³ In their deliberation of the campaign finance reform of the seventies, Abrams and Settle also reject the public interest incentive and argue heavily in support of the main presumption of the economic theory. To reinforce their claim, they maintain that “when regulation has the potential for directly affecting the legislators themselves (e.g. political campaign regulations), the economic approach suggests that the regulation would be designed to serve the legislators’ interest rather than some vaguely defined ‘public interest’”.⁴ In line with Abrams and Settle, I argue that the design of the FECA serves to strengthen the legitimacy of the economic theory and invalidate the public interest presumption. More specifically, the numerous Democratic advantages integral to the legislation suggest that the interest of the public was not the primary concern of the legislators. Thus, when evaluated in connection with the FECA, the economic theory of regulation arguably gains strength.

However, while I agree with Abrams and Settle in terms of their support for the economic theory of regulation, I disagree with their claim that the intention of the campaign finance reform of the seventies corresponded with its ultimate effect. The changes introduced by the FECA and its amendments, they assert, “were highly beneficial to the Democratic Party”.⁵ Contrastingly, I argue that the FECA regulations, despite being largely framed and championed by the political left, eventually served to benefit the political right. Nevertheless, the conclusions reached by Abrams and Settle are understandable considering the fact that they wrote their analysis in the spring of 1978. At that time, some of the FECA amendments had not even seen the light of day and the full effect of the legislation had not yet manifested

² Burton A. Abrams and Russell F. Settle, “The Economic Theory of Regulation and Public Financing of Presidential Elections”, *Journal of Political Economy*, Vol. 86, No. 2 (1978): 247.

³ Abrams and Settle, “The Economic Theory of Regulation and Public Financing of Presidential Elections,” 246.

⁴ *Ibid.*, 247.

⁵ *Ibid.*, 245.

itself in American electoral politics. Today, however, it is widely acknowledged that the consequences of the reform were first demonstrated in the 1978 midterms and that they did not fully play out until two years later during the congressional elections. Thus, an effort to delineate the actual effects of the regulatory reforms of the seventies necessarily needs to be especially attentive to the financing and outcome of these elections in particular. Such an approach is adopted in this thesis, and on the basis of the electoral gains experienced by the GOP in both 78 and 80, it is argued that the Democratic campaign finance reform strategy of the seventies eventually backfired.

In order to illustrate the way in which the Republican Party benefited from the legislation enacted in the 1970s, emphasis is placed on the way in which the reform facilitated an increased flow of money outside traditional party structures. More specifically, attention is drawn to the growth, as well as the extended electoral involvement, of PACs in the wake of the FECA. Nevertheless, because a complete account of PAC growth in the late seventies is beyond the scope of this thesis, certain choices had to be made. On the basis of the disproportionate increase in the number of business PACs, as well as the business community's established connection to the GOP, chapter three is devoted to an examination of the activities of this particular PAC category during the 78 and 80 elections. In the discussion of the reasons for the business PAC explosion, a number of theories are referenced and rebutted. Conclusively, I argue that Robert Reich's theory that the extended political involvement of businesses was a result of the increased competitiveness between them is too limited. The business PAC explosion was rather, I claim, a consequence of a collaborative effort on part of the business community to expand their political influence. Furthermore, a review of the partisanship of business features an overview of several disparate theories. In sum, they all profess that while business has a natural affinity with the conservative ideology of the Republican Party, great many corporations value access to political officials over ideological concerns and thus donate money to incumbents regardless of party affiliation. Nevertheless, I argue that the statistics from the 1978 and 1980 elections dispute this deduction in that business PACs gave disproportionate amounts to conservative challengers.

Furthermore, on the basis of a number of estimates illustrating that conservative nonconnected PACs were the first to successfully utilize the independent expenditure option created by a 1976 Supreme Court decision, chapter four is devoted to an analysis of right-wing independent campaigns during the 1978 and 1980 elections. In an effort to establish the actual value of such campaigns, reference is made to a study by Richard N. Engstrom and Christopher Kenny. Arguably, their research on independent expenditures in Senate elections

develops a theoretical argument that this particular PAC strategy does in fact affect voter behavior. More specifically, it is revealed that spending on behalf of the incumbent helps the incumbent while spending on behalf of the challenger helps the challenger. Nevertheless, their study also exposes a discrepancy with regards to negative campaigns. According to Engstrom and Kenny, negative campaigns not only have an overall potential to be more influential, they also have a lopsided potential to favor challengers, regardless of which candidate the campaign is intended to support. Thus, on the basis of this evidence, the emphasis on the independent negative campaigns of the conservative political action committee, NCPAC, during the 1978 and 1980 elections is arguably justified. In sum, a great many theories are applied throughout the thesis and while some of them are rebutted, others serve to validate the paper's weighting priorities.

1.2 American Studies

American Studies is an interdisciplinary field of study of U.S. culture, history, and politics. This combination of different disciplines is valuable in that it facilitates a broad understanding of both American society in general as well as its significance in the past, the present, and the future. Furthermore, researchers of this field are able to evaluate specific aspects of U.S. society from a number of perspectives and on the basis of this make generous assumptions and reach wide-ranging conclusions. The topic of campaign financing in the U.S. is, according to Thomas E. Mann, most frequently analyzed from a political science perspective. Scholars of both legislative and administrative processes delve on the issue attempting to determine the proper role of money in elections.⁶ Nevertheless, rather than taking a stand on the degree to which campaign money should be regulated, this thesis will review campaign finance as an inherent and dynamic part of American society. Furthermore, as this is an American Studies thesis and not a political science thesis, the following analysis of campaign finance reform will be told with reference to a multitude of political, historical, and cultural features of the U.S.

1.3 Methodical Approach

The principal method applied in this thesis is textual analysis of both primary and secondary sources. The primary sources include a number of government documents such as acts and

⁶ Thomas E. Mann, "Linking Knowledge and Action: Political Science and Campaign Finance Reform," *Perspectives on Politics*, Vol. 1, No. 1, (March 2003): 69.

court rulings. In addition, in order to obtain broader knowledge of the political implications of some of these legislative developments, certain statements and speeches by federal officials are applied in the discussion. Furthermore, a significant amount of reliable statistical data has been consulted. For the most part, however, the following discussion is based on an analysis of secondary sources. A number of books and articles displaying and interpreting results from both qualitative and quantitative research on the topic of campaign finance have been visited. On the basis of such an approach, the hope is to provide an unbiased historical account which considers the multitude of arguments and opinions which have already been outlined.

1.4 Structure

This thesis is divided into five chapters. The introductory chapter at hand will continue with an account of the early history of campaign finance reform. Furthermore, it will provide a discussion of the partisan theory of reform which suggests that campaign finance regulation is frequently used as a weapon of partisan rivalry and which rebuts the traditional assumption that pro-reform legislators are motivated by a general desire to prevent corruption. In order to validate the partisan theory of reform, attention will be paid to the distinct resource dependencies of the two major parties as well as their competing preferences regarding campaign finance regimes. This discussion will emphasize the significance of ideology and traditional bases of support and, in addition to providing a preliminary perspective on how campaign finance reform has the potential to favor one party over another, it will illustrate the limitations pertaining to each party within different regulatory environments.

Chapter two sketches the main incentives behind, as well as the details of, the campaign finance reform enacted in the seventies. Initially, a review of the parties' traditional sources of support will be provided. Subsequently, the political climate of the 1960s will be discussed with particular emphasis on the emergence of the conservative movement and its impact on the Republican Party. Arguably, this development is significant in that it indirectly led to the Democratic push for reform in the 1970s. As will be demonstrated, the Republican Party triumphed in the 1968 election in part because their fundraising efforts were aided by the conservative grassroots. The GOP managed to raise unexpected sums of money and the Democratic disadvantages in the financing of political campaigns became increasingly visible. As a result, the Democratic establishment began to frame reform initiatives designed to hamper the Republican lead in the campaign money race. With a comfortable congressional majority, they managed to get the Federal Election Campaign Act enacted in 1971.

Nevertheless, the Republican gains in the 1972 election, as well as the succeeding Watergate revelations, exposed the limited reach of the FECA and thus, Democrats began to work towards an overhaul of the legislation. As will be illustrated, the extensive amendments which were passed by Congress in 1974 clearly targeted the resource dependency of the Republican Party. However, the reform also granted increased authority for political action committees in the financing of political campaigns and, as would soon become apparent, this development came to benefit the GOP which had the advantage of strong ties with a number of cash flush interest groups seeking to influence politics.

Chapter three outlines one of the ways in which the campaign finance reform of the seventies backfired on the Democrats. More specifically, it analyzes the way in which the Republican Party benefited from the growth of business PACs in the aftermath of the FECA. The PAC term will be sufficiently defined and the difference between connected and nonconnected PACs will be stressed. Furthermore, the socioeconomic, legislative, and political conditions encouraging the business PAC explosion will be delineated. Statistics displaying corporate PACs as the fastest growing PAC category will be provided and attention will be drawn to the general political partisanship of such PACs. The main part of the chapter, however, consists of an analysis of the involvement of business PACs in the 1978 and 1980 congressional elections. As will be revealed, huge amounts of corporate money went into these elections and these funds were, to a disproportionate extent, distributed to conservative candidates challenging liberal incumbents. Thus, on the basis of these statistics, as well as the election returns, it is argued that the business PAC explosion, which was a result of the FECA regulations, came to benefit the Republican Party.

Chapter four analyzes the way in which the GOP benefited from the Supreme Court's 1976 decision in *Buckley v. Valeo* to eliminate the FECA restrictions on expenditures. As will be thoroughly explained, the ruling granted political action committees the authority to spend unlimited amounts of money on uncoordinated independent campaigns advocating the election or defeat of a candidate. This independent expenditure loophole, as it is often called, thus provided PACs with yet another opportunity to influence politics, and a number of nonconnected ideological PACs, for the most part conservative in nature, were quick to take it. The chapter will review the emergence of the very conservative New Right and highlight the significance of the National Conservative Political Action Committee (NCPAC), one of the movement's most influential PACs. As will be demonstrated, NCPAC's connection with the New Right made it especially capable of utilizing the independent expenditure option, and because of the negative approach this organization employed, its independent campaigns were

successful, at least in 1978 and 1980. As a result of the massive attacks launched by NCPAC against liberal incumbents during these particular elections, the winning chances of conservative challengers were considerably elevated.

The last chapter of this thesis will summarize the main arguments that have been made throughout the thesis. In addition, a brief review of the long-term consequences of the political right's extensive resource mobilization in the wake of the FECA will be provided. More specifically, the events of the seventies will be tied to the later development of so-called 527s and the more recent emergence of Super PACs. As will be demonstrated, the changes brought to the campaign finance environment by the FECA set the precedent for the financial involvement of outside groups in the future. Furthermore, the right-wing mobilization which occurred in the initial years following the legislation was crucial in that it paved the way for the dominance of conservative ideas during the 1980s and beyond.

1.5 General Introduction to Campaign Finance Reform

1.5.1 The Early History of Campaign Finance Reform

The discussion of the role of money in politics began over a century ago. In the very first comprehensive study of campaign finance, published in 1926, James K. Pollock argued that “[s]ince the Civil War scarcely an election has taken place without producing some more or less disparaging reference to money matters, and in every presidential campaign of the twentieth century the question of party funds has come up for discussion”.⁷ For the most part, the debate has evolved around the potentially corrupting effects of campaign finance. While it is true that “the expenses of nominating and electing public officials are the inevitable financial costs of democracy,” the role of money in politics is indeed quite complicated.⁸ Pollock explained that “[r]egarded in the abstract, the raising of money for expenditure in political campaigns seems quite proper and legitimate; but when it appears that sinister motives possibly lie behind the contributions of money, then a greater degree of importance attaches to the whole problem”.⁹ In essence, the dependency of political campaigns and candidates on both financial and in-kind support facilitates corruption in that those who are able to provide these resources are in position to require something in return. The fact that wealthy individuals and politicians have the opportunity to engage in quid pro quo exchanges

⁷ James K. Pollock Jr., *Party Campaign Funds* (New York: Alfred A. Knopf, 1926), 3 – 4.

⁸ Alexander Heard, *The Costs of Democracy* (Chapel Hill: The University of North Carolina Press, 1960), 8.

⁹ Pollock, *Party Campaign Funds*, 5.

is widely accepted as a threat to democracy. Thus, the campaign finance system in the U.S. has long been under scrutiny and “[m]uch of the public debate has focused on the potentially corrupting effects of political contributions to candidates and on how to curtail the influence of wealthy donors”.¹⁰

The first federal law regulating money in politics was the Naval Appropriations Bill passed in 1867.¹¹ At the outset the law “prohibited officers and employees of the government from soliciting money from naval yard workers”, but in 1883 it was extended to cover all federal civil service workers.¹² Nevertheless, campaign finance initially received limited attention from the federal government and Congress passed very few laws relating to the issue. State governments however, were generally more attentive to the problems connected to campaign finance, and the first law regulating the use of money in elections was indeed passed by the New York State legislature in 1890.¹³ Several other states also adopted the law known as the Corrupt Practices Act. However, because it only regulated the expenditures of candidates and not political committees, the law was “limited in scope and quite defective”.¹⁴ Most of the early attempts at campaign finance reform were in fact futile and public awareness of the issue was limited. However, several social and economic developments at the turn of the century sparked the campaign finance debate and put campaign finance reform on the agenda for good.

As the Industrial Revolution unfolded, and the U.S. gradually developed into an urbanized society, a need for new methods of voter mobilization emerged. Because of the homogeneous nature of the rural communities of the 1800s, it was fairly easy for political parties to establish personal and emotional connections with their voters. By staging local parades and rallies, parties generated a local partisan culture which they could rely on for support.¹⁵ However, as large numbers of people moved to the burgeoning cities across the country, many close-knit rural communities dissolved and local partisanship was weakened. The development towards an increasingly urbanized and heterogeneous electorate consisting of people from different countries and different social classes was quite challenging to the parties. In addition, the fact that the attention of the public was diverted away from politics

¹⁰ La Raja, *Small Change*, 1.

¹¹ *Ibid.*, 47.

¹² “Important Dates: Federal Campaign Finance Legislation,” FollowTheMoney.org, accessed November 18, 2012, <http://www.followthemoney.org/press/Reports/200206257.pdf>

¹³ Peter Argersinger, *Structure, Process, and Party: Essays in American Political History* (New York: M.E. Sharpe, 1992), 63.

¹⁴ Pollock, *Party Campaign Funds*, 8.

¹⁵ La Raja, *Small Change*, 26.

and towards new modes of entertainment further complicated the situation for the parties which had to completely reevaluate their strategies of mobilization.¹⁶ Raymond La Raja explains that “American society was trending towards mass culture which could more easily be reached through impersonal advertising”.¹⁷ Thus, in order to reach the rapidly growing and increasingly urbanized American electorate, political parties and candidates became dependent on the media. As a result, the expenditures associated with political campaigning skyrocketed.¹⁸

The development towards more expensive political campaigns dependent on media advertising was in fact also facilitated by the Progressive movement which had its heyday at the turn of the century.¹⁹ The movement’s philosophy was largely based on the antipartisan ideas of the Mugwumps of the Gilded Age, and for several years the Progressives ran an intense campaign against traditional forms of partisan politics.²⁰ They championed governmental reforms designed to undermine the power of political parties and they hoped to establish a more politically educated electorate independent of political institutions.²¹ Although the Progressives did not emphasize campaign finance reform at first, they were increasingly concerned about the “growing importance of cash for organizing elections and motivating voters”.²² Ironically, however, several Progressive reforms aimed at weakening the parties had unintentionally served to enhance the role of money in political campaigns. In an attempt to eradicate the intermediary function of parties in certain elections, the movement established the direct primary as well as the direct election of U.S. Senators.²³ Thus politics was “made more expensive simply by increasing the number of elections”.²⁴ In addition, the civil service reforms introduced by the Progressives eventually led to a shortage in “unpaid” partisans willing to mobilize voters in anticipation of getting a future job”.²⁵ As a result, voter mobilization increasingly came to depend on financial resources.

Thus, as the budding industrialization and certain Progressive reforms unintentionally made political campaigns more reliant on financial resources, political parties and candidates had to improve their fundraising strategies. As William McKinley’s campaign manager in the

¹⁶ Ibid., 27.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid., 21.

²¹ Ibid., 30.

²² Ibid.

²³ Ibid., 20.

²⁴ Ibid.

²⁵ Ibid., 30.

1896 election, Mark Hanna recognized the growing need for campaign money and he successfully implemented a new system for raising funds. Hanna realized the benefit of taking advantage of the vast financial resources of the growing business community and, “with his new administrative and marketing approach to campaigning”, he transformed the Republican campaign effort on several levels.²⁶ In order to raise enough money to run a successful campaign in a gradually modernized society, “Hanna targeted business firms, assessing them for fixed sums based on their total capital”.²⁷ The amounts of money requested by Hanna were significantly larger than what corporations and other party donors were accustomed to contribute, and many were surprised by his aggressive approach.²⁸ Nevertheless, Hanna managed to raise millions of dollars for the McKinley campaign, “most of which came from business or wealthy individuals with interest in government policy”.²⁹ The McKinley campaign actually doubled the amount of money spent by Republicans in the previous election, and McKinley won the election after having outspent his Democratic opponent William Jennings Bryan 5 to 1.³⁰

The strong relationship between business and political parties was arguably an inevitable consequence of the increased need for campaign money. Nevertheless, this particular connection was of great concern to the Progressive Movement which argued that “corporate funding of politics would corrupt politicians and also undermine the basic principle of one person, one vote”.³¹ In addition, the Progressives now feared that with the increased financial support of the business community and wealthy individuals, the parties, which they had only managed to undermine locally, might develop into strong national institutions.³² Thus, in an effort to protect democracy, as well as prevent the parties from gaining in strength, the movement added campaign finance reform to their agenda. At the outset however, there was little sentiment for the Progressive cries for increased regulation of money in politics, and the issue of campaign finance received limited attention at the federal level. While certain states had in fact issued laws limiting corporate support of political campaigns as early as 1897, the time was not yet ripe for any major changes in the federal law. However, this all changed during the election of 1904 when it was revealed that

²⁶ Ibid.

²⁷ Ibid.

²⁸ Ibid., 26.

²⁹ Anthony Corrado, “Money and Politics: A History of Federal Campaign Finance Law,” in *Campaign Finance Reform: A Sourcebook*, ed. Anthony Corrado et.al (Washington D.C.: Brookings Institution Press, 1997), 27.

³⁰ Jacob S. Hacker and Paul Pierson, *Winner-Take-All Politics: How Washington Made the Rich Richer – And Turned Its Back on the Middle Class*, (New York: Simon and Schuster, 2010), 171.

³¹ La Raja, *Small Change*, 32.

³² Ibid.

“corporations were providing President Theodore Roosevelt with campaign gifts to buy influence with the administration”.³³ Both politicians as well as the public were disturbed by the news, and as a result the “first organized movement for campaign finance reform” commenced.³⁴ Nevertheless, reform would not occur until 1907 when Congress passed the Tillman Act prohibiting “corporations from making money contributions in connection with political elections”.³⁵ This was the first federal law designed to thwart the creation of a political system disproportionately influenced by business and prevent quid pro quo exchange between the business community and politicians. However, the provisions of the law were too narrow and its enforcement mechanisms were too weak.³⁶ Thus, the Act was not as effective as the Progressives and other reformers had hoped and corporations simply created alternative methods for channeling funds to their party or candidate of preference. As a result, regulation of corporate political influence continued to figure prominently in the campaign finance debate.

Nevertheless, “eliminating corporate influence was only one of the ideas being advanced at this time to clean up political finance”.³⁷ Unlimited political contributions by wealthy individuals was still considered a threat to democracy, and “some reformers pushed for limits on individual donations”.³⁸ Full disclosure of all campaign contributions and expenditures as well as public financing of campaigns were also suggested as possible remedies, and eventually Congress heeded the calls and passed additional campaign finance laws.³⁹ During the course of the 20th century, more and more money has found its way into politics and the financing of political campaigns has frequently been up for discussion in the federal government. A number of laws have been passed and the campaign finance system has been altered several times. Contrary to popular belief, however, campaign finance legislation is not always motivated by a desire to prevent corruption. In fact, partisan interest is often the main incentive to propose reform.

1.5.2 Campaign Finance Reform as a Weapon of Partisan Rivalry

³³ Pollock, *Party Campaign Funds*, 8, and Corrado, “Money and Politics: A History of Federal Campaign Finance Law”, 27.

³⁴ Corrado, “Money and Politics: A History of Federal Campaign Finance Law”, 27.

³⁵ Tillman Act of 1907, 34 Stat. 864 (January 26, 1907), published in *Campaign Finance Reform: A Sourcebook*, ed. Anthony Corrado et.al (Washington D.C.: Brookings Institution Press, 1997), 36.

³⁶ “Important Dates: Federal Campaign Finance Legislation”.

³⁷ Corrado, “Money and Politics: A History of Federal Campaign Finance Law”, 28.

³⁸ Ibid.

³⁹ Ibid.

At the turn of the century, campaign finance reform was part of a broader Progressive “agenda to weaken the influence of political parties and give a new direction to modern politics”.⁴⁰ However, as the need for campaign funds increased and the parties raised more and more money from corporations and wealthy individuals, the ideas of the Progressive Movement became more relevant and the reform issue gained momentum. Eventually, the federal government assumed a more active role in the effort to regulate campaign money and in time they became quite invested in the issue. Over the past century, Congress has passed several campaign laws which have affected political fundraising in many ways. As a result, the parties have frequently had to adapt to new rules and regulations determining how they can finance their campaigns. However, before going further into the specifics of some of the major reforms and before analyzing how parties are affected by changes in the law, it is necessary to take a closer look at why reform happens in the first place. While there are several theories on this subject, not all of them are equally reasonable, at least not for the purpose of this particular research. Nevertheless, much of the following argumentation is based on partisan theory of reform, which emphasizes the different resource dependencies of the parties in an effort to explain the timing and design of campaign finance legislation. In general, the theory highlights the role of the parties and describes campaign finance reform as “a weapon of political rivalry in domestic politics”.⁴¹

1.5.3 The Partisan Theory of Reform

It is not always easy to understand why campaign finance reform happens. In an effort to explain why the Tillman Act was passed, one could argue that it was a direct result of the scandalous events surrounding the 1904 election. This particular interpretation of cause and effect is based on the public interest theory of reform which emphasizes “the importance of scandal as it forces politicians to shake up the status quo and pass laws that reflect the public interest”.⁴² However, this theory arguably overestimates the inherent power of scandal to trigger political reform. It is true that “scandal occasionally provides a useful catalyst to win over wavering legislators to pass reform,” but “it is not a sufficient or necessary condition”.⁴³ Several major reforms have in fact been passed in the absence of scandals, and thus, one can argue that for the purpose of explaining why campaign finance reform happens, the public

⁴⁰ La Raja, *Small Change*, 42.

⁴¹ Heard, *The Costs of Democracy*, 5.

⁴² La Raja, *Small Change*, 81.

⁴³ *Ibid.*, 82.

interest theory is quite unsatisfactory.⁴⁴ The partisan theory of reform, on the other hand, “explains the timing and design of reforms better than the public interest theory”.⁴⁵

“Because money was becoming a more important political resource in the twentieth century,” the partisan theory of reform argues, “the two major parties used campaign finance reform to gain advantages over the rival party”.⁴⁶ Such was also the case with the Tillman Act which was championed by Democrats who wished to bring an end to the continuous flow of corporate money into Republican coffers.⁴⁷ As illustrated by this particular case, “the role of scandal is to cast the rival party as ‘corrupt,’ thus allowing the ‘reforming’ party to gain the first-mover advantage of proposing a raft of reforms that are better suited for their own organization”.⁴⁸ According to the partisan theory of reform, members of Congress realize the inherent power of campaign finance legislation to influence the balance of power in American politics and consequently support “regulations strategically to advance partisan and factional interests”.⁴⁹ To be sure, reform is often “pursued in the name of public interest,” but partisan goals are in fact “integral to the design and motives for legislation”.⁵⁰ The theory therefore confronts the perception of campaign finance reform as simply a product of the federal government’s noble desire to prevent quid pro quo exchanges between public officials and donors and protect democracy. In contrast, the theory argues that reform is frequently motivated by partisan rivalry and that campaign finance legislation is often designed to challenge the resource dependency of the opposing party.

In its description of the reform dynamic, the partisan theory of reform greatly emphasizes the role of factions. While some factions are positioned within the party structure, others can be described as nonpartisan groups “vying for power in the political system”.⁵¹ Nevertheless, both partisan and nonpartisan factions have the habit of pushing for “reform based on their own interests”.⁵² Factions which are positioned outside the party structure and which compete with the parties for power might want to reduce “the availability of money to political parties and politicians,” and consequently, “enhance their own influence in the policy process”.⁵³ On the other hand, partisan factions competing with each other for influence

⁴⁴ Ibid., 85.

⁴⁵ Ibid., 82.

⁴⁶ Ibid., 20.

⁴⁷ Ibid., 48.

⁴⁸ Ibid., 82.

⁴⁹ Ibid., 43.

⁵⁰ Ibid.

⁵¹ Ibid., 89.

⁵² Ibid., 88.

⁵³ Ibid., 89.

within the party are generally interested in enhancing the value of their own resources and at the same time diminish the value of the resources of rival factions. Labor unions, for example, “will seek to curtail the role of cash in politics” and consequently enhance the value of the nonmonetary resources which they are able to provide.⁵⁴ Factions are adamant about protecting their own resources because by keeping parties dependent on their support, they are able to maintain a certain degree of political influence.⁵⁵ In fact, “subgroups within party coalitions are wary about any reform that cuts into their strategic resources, even if a proposed reform might help the party they support”.⁵⁶ Furthermore, because of their ability to withhold their resources, factions become “part of the partisan calculus in pursuing reform”.⁵⁷

In essence, the theory of partisan reform argues that the struggle over campaign finance reform is a partisan struggle. Because the two major political parties in the U.S. have developed in different directions as regards to who they consider to be their base, they have effectively come to rely on dissimilar sources for both financial and in-kind support. In addition, they have developed different methods for raising funds. As a result, campaign finance laws can hurt or benefit the parties disproportionately and reform can be utilized for the purpose of limiting a rival party’s fundraising options. Based on this judgment, the theory argues that campaign finance legislation is most likely to occur when one party feels threatened by the opposing party’s fundraising advantage.⁵⁸ This suggests that, in order to better understand the timing and design of reform, greater knowledge of the particular resource dependency of each party as well as their distinctive preferences regarding campaign finance regimes is required. Thus, a brief outline of the gradual development and main characteristics of the two major parties will follow. However, in an effort to describe Republican and Democratic preferences regarding campaign finance regimes, the significance of ideology should not be overlooked.

1.5.4 Ideology and Base

During the 19th century, “American parties used their control over nominations and material benefits to attract contributions”.⁵⁹ However, as the patronage system was abolished by a number of Progressive reforms, and as the Tillman Act and certain publicity laws discouraged

⁵⁴ Ibid., 88.

⁵⁵ Ibid., 90.

⁵⁶ Ibid., 89.

⁵⁷ Ibid., 84.

⁵⁸ Ibid., 87.

⁵⁹ Ibid., 124.

donations from corporations and wealthy individuals, the parties' needed to find a way to attract small voluntary donors.⁶⁰ Both parties quickly realized that in order to attract the masses they had to "be more ideological than American parties had ever been".⁶¹ Even though they had "always been ideologically distinct," American parties had "traditionally focused on broad governing principles rather than issue-specific agendas that attract ideological supporters". Nevertheless, the developments at the turn of the century required the parties to create coherent national programs and strengthen their ideological identities.⁶² As a result, the ideological differences between the parties were greatly accentuated and partisan support was increasingly determined by party principles. Consequently, the Republican Party and the Democratic Party came to rely on quite distinct bases of support. A base can be described as "a party's most committed and intense supporters: the first line of support, the leading source of money, the wellspring of ideological purity".⁶³ There is no doubt that the parties depend heavily on their distinct bases, and this is reflected in how the party organizations are structured and also which campaign finance regimes they generally prefer.

This suggests that ideology, at least to a certain degree, influences party preferences regarding campaign finance reform. The significance of ideology is contested however, and some actually argue that distinctive party ideologies are nonexistent in the U.S. and that the parties share a range of principles and beliefs. "However much at odds on specific issues," Richard Hofstadter has argued, "the major political traditions have shared a belief in the rights of property, the philosophy of economic individualism, the value of competition; they have accepted the economic virtues of capitalist culture as necessary qualities of man".⁶⁴ Others, like Louis Hartz, have argued that the parties did in fact possess distinctive principles, but that they "could not mobilize the electorate with ideological appeals, because electors were strapped securely in the cultural straitjacket of liberalism".⁶⁵ Today however, many professionals agree on the importance of ideology in American politics. John Gerring argues that since their founding "American parties have articulated views that were (and are) coherent, differentiated, and stable".⁶⁶ In addition, he claims that "American party history and,

⁶⁰ Ibid.

⁶¹ Ibid., 125.

⁶² Ibid., 124.

⁶³ Jacob S. Hacker and Paul Pierson, *Off Center: The Republican Revolution and the Erosion of American Democracy* (New Haven: Yale University Press, 2005), 110.

⁶⁴ John Gerring, *Party Ideologies in America, 1828 – 1996* (Cambridge: Cambridge University Press, 1998), 4.

⁶⁵ Gerring, *Party Ideologies in America*, 4.

⁶⁶ Ibid., 6.

by extension, American political history at large have been irreducibly ideological”.⁶⁷ By extension, one can argue that ideology is also quite significant to the history of campaign finance reform. Party ideologies however, are complex and dynamic, and both Republican and Democratic principles have changed over time. Thus, a brief outline of the basic ideological evolution of the parties will be provided.

1.5.5 The Democratic Party

According to John Gerring, the ideology of the Democratic Party can be separated into three distinct phases. What he calls the Jeffersonian phase lasted from 1828 to 1892 and was marked by strong emphasis on such themes as white supremacy, antistatism, and civic republicanism.⁶⁸ The next phase dubbed Populism, lasted approximately fifty years, from 1896 to 1948. In this particular period, egalitarianism, majoritarianism, and Christian humanism were important themes for the Democratic Party.⁶⁹ The last phase called Universalism lasted from 1948 to 1992 and was marked by a focus on civil rights, social welfare, redistribution, and inclusion.⁷⁰ However, it is important to mention that because it is dated and only extends to 1992, Gerring’s analysis is quite limited and in some ways inadequate. Nevertheless, although this particular separation of Democratic ideology into three distinct phases can be questioned on many levels, it does provide an adequate outline of the general ideological tendencies of the Democratic Party over the past two centuries. Furthermore, this ideological evolution is related to the development of the party’s loyal constituencies and trusted base of support. Because of the rather fragmented nature of Democratic ideology however, the party has attracted voters and donors from several different layers of American society and its main constituencies are quite heterogeneous. The complex nature of the Democratic coalition has influenced the party organization in many ways, and especially considering which campaign finance reform regime it tends to prefer.

Traditionally, the Democratic Party is viewed as a liberal party supportive of labor.⁷¹ Labor union support for the Democratic Party surged during the presidency of liberal Democrat Franklin D. Roosevelt, and the party became heavily dependent on this particular group.⁷² Even though the 1950’s saw a slight decrease in pro-Democratic unions, the faction

⁶⁷ Ibid.

⁶⁸ Ibid., 17.

⁶⁹ Ibid.

⁷⁰ Ibid.

⁷¹ Ibid., 14.

⁷² Heard, *The Costs of Democracy*, 170.

continued as the party's first line of support.⁷³ The key resources provided by the labor movement include "campaign workers and activists willing to mobilize voters".⁷⁴ Consequently, the Democratic Party tends to "prefer regimes that devalue the importance of cash versus labor as a political resource".⁷⁵ In addition, their dependency on in-kind support and the fact that they have traditionally been cash-poor, has led Democrats to "prefer a system that subsidizes political campaigns...or minimizes the advantages of wealth through contribution and spending limits".⁷⁶

Nevertheless, the Democratic Party ideology has attracted supporters from many spheres of American society, and they have not only depended on labor unions for support. At the beginning of the twentieth century, the party had indeed come to represent "a heterogeneous coalition of farmers, unskilled workers, union members, ethnics, minorities, and elderly".⁷⁷ The comprehensiveness of the Democratic coalition has made it difficult for the party organization to centralize power in a national committee, and as a result the Democratic Party organization is better fit to mobilize at a local rather than national level. When it comes to campaigning, they rely heavily on local parties "which are tailored to distinct cultures".⁷⁸ In addition, certain Democratic constituencies, such as "urban machines, labor unions, and African American churches all possess, or possessed at some time, institutionalized ties to masses of citizens who could be exploited for electioneering".⁷⁹ The party has traditionally relied heavily on these groups, and thus "Democrats favor campaign finance regimes that decentralize partisan activity".⁸⁰

1.5.6 The Republican Party

John Gerring divides what he calls the Whig-Republican party into two distinct ideological epochs. The first period called Nationalism lasted from 1828 to 1924.⁸¹ He argues that during these ninety-six years, the party emphasized such themes as Protestantism, moral reform, mercantilism, free labor, social harmony, and statism.⁸² Their self-proclaimed mission was to "contain the passions of the individual, largely through the actions of an interventionist

⁷³ Ibid., 171.

⁷⁴ La Raja, *Small Change*, 90.

⁷⁵ Ibid., 91.

⁷⁶ Ibid.

⁷⁷ Ibid., 98.

⁷⁸ Ibid., 99.

⁷⁹ Ibid.

⁸⁰ Ibid., 91.

⁸¹ Gerring, *Party Ideologies in America*, 16.

⁸² Ibid.

state”.⁸³ During the 1920s however, the party remade “itself in a *Neoliberal* image” maintaining that “the individual was to be set free from the machinations of the state”.⁸⁴ According to Gerring, this Neoliberal epoch lasted from 1928 to 1992 and the major themes emphasized by the party were antistatism, free market capitalism, right-wing populism, and individualism.⁸⁵ One can argue that this is a fairly generalized description of Republican ideology and that it is of little use in a serious evaluation of party principles and characteristics. However, Gerring’s outline of the party’s basic ideological progression during the past two centuries is useful in that it helps explain the development of the traditional Republican constituencies. These bases of support do, in turn, influence the Republican preferences regarding campaign finance reform.

As suggested by Gerring, the Republican ideology has gone through significant transformations during the past centuries. The party which began as “a radical, reformist political movement” has eventually become “the conservative party of the nation, offering resistance to the activist programs of Democrats to its left”.⁸⁶ Today, the strength of the Republican Party is “that they are more cohesive ideologically and culturally than Democrats”.⁸⁷ Indeed, through much of the twentieth century the party did an excellent job defining its ideology and positioning itself to the right of the political spectrum. The conservative nature of the Republican ideology has attracted “activists from the ranks of upper income groups, business professionals, white-collar workers, and mainline Protestant denominations”, and one can argue that “their ideological coherence and affinity with citizens of greater wealth give them a broader base of contributors than Democrats”.⁸⁸ Because of their easy access to money, and because of their belief in the conservative idea of *laissez-faire*, the Republican Party usually prefers little or no regulation of campaign finance.⁸⁹ In addition, because of the homogeneous nature of the Republican coalition, it has been fairly easy for the party to “centralize operations without incurring as many political costs for various factions within the party”.⁹⁰ As a result, Republicans have generally opposed campaign finance laws facilitating decentralized partisan activity.

Although the Republican Party is supported by a range of factions, many would

⁸³ *Ibid.*, 15.

⁸⁴ *Ibid.*

⁸⁵ *Ibid.*, 16.

⁸⁶ Lewis L. Gould, *Grand Old Party: A History of the Republicans* (New York: Random House, 2003), 484.

⁸⁷ La Raja, *Small Change*, 99.

⁸⁸ *Ibid.*, 92 and 99.

⁸⁹ *Ibid.*, 92.

⁹⁰ *Ibid.*, 99.

characterize it as the party of business.⁹¹ To be sure, the Democratic Party also receives financial support from business. Nevertheless, research has shown that “most corporations prefer Republicans over Democrats and conservatives over liberals”.⁹² The strong Republican connection to the business community has had significant effects on the practices of the party organization, and most importantly the party has “adopted a businesslike approach to political organizing”.⁹³ With his professional and methodical style of campaigning, Mark Hanna set an example which continues to guide the Republican campaign effort. For years, the Republican Party has based their fundraising and advertising practices on “the organizing principles of business administration”, and as a result their political committees “are more rationally organized than Democratic groups”.⁹⁴

1.5.7 The Parties Compared

“Given their unique organizational characteristics and the nature of their factions,” Raymond La Raja argues, “the two major parties have sought different kinds of campaign finance regimes.”⁹⁵ Both the ideological as well as the organizational differences between the parties have facilitated a federal campaign finance debate driven largely by partisan interest. While partisan support of reform is indeed conditional, and cannot be predicted, one can argue that there are certain aspects of campaign finance on which the parties fundamentally disagree. In sum, “Democrats, with their nonmonetary advantages and decentralized structure, favor a system that minimizes the importance of private cash resources and discourages concentration of resources”.⁹⁶ The Republicans on the other hand, with their wealthy constituents and their centralized structure, “prefer campaign finance regimes that give them maximum flexibility to use money”.⁹⁷ The party faces few obstacles when it comes to raising money, “not only because their constituents are wealthier but also because the party’s unity makes impersonal appeals for donations (through direct mail, for example) more successful”.⁹⁸ Thus, the Republican Party generally does not support campaign finance regulations of any kind. However, they do tend to “sponsor reforms that limit nonmonetary advantages (restricting

⁹¹ Ibid.

⁹² Heard, *The Costs of Democracy*, 130 and Val Burris, “The Political Partisanship of American Business: A Study of Corporate Political Action Committees,” *American Sociological Review* Vol. 52, No. 6 (Dec., 1987), 734.

⁹³ La Raja, *Small Change*, 99.

⁹⁴ La Raja, *Small Change*, 99 and 100.

⁹⁵ La Raja, *Small Change*, 100.

⁹⁶ Ibid.

⁹⁷ Ibid.

⁹⁸ Ibid.

union electioneering) or reduce the electoral influence of strong factions in the Democratic Party”.⁹⁹ Furthermore, the parties usually disagree on the issue of disclosure of campaign funds. Because much of Democratic campaigning is often conducted through nonparty-organizations, and because the Republican Party tends to raise more money, Democrats often support legislation recommending public disclosure.¹⁰⁰ Nevertheless, Republicans can also employ this particular strategy, especially when they are the minority party. In essence, they can “use the same tactics against Democrats to show that they are ‘bought and sold’ by interest groups”.¹⁰¹

1.5.8 Conclusion

As demonstrated above, the two major parties have drifted in different ideological directions and, consequently, they have developed distinct bases of support. Their specific resource dependencies have, in turn, induced the parties to prefer contrasting campaign finance regimes. Thus, certain campaign laws have the potential to significantly favor one party over the other, and on the basis of this deduction, the partisan theory of reform claims that campaign finance reform is frequently utilized as a weapon of partisan rivalry. As we shall see, this theory helps put the following analysis of the connection between the reform enacted in the 1970s and the ensuing electoral success experienced by the GOP in perspective. As will be demonstrated in the next chapter, the campaign finance laws enacted in the seventies can be counted as a Democratic endeavor to obstruct the fundraising advantages of the Republican Party. In essence, the legislative provisions were specifically designed to accommodate the campaign finance preferences of the Democratic Party. Paradoxically, however, the first elections held in the new campaign finance environment framed by the Democrats were marked by significant Republican success, both in terms of fundraising as well as election returns. This discrepancy will be the main topic of this thesis and it will be assessed on the basis of an unprecedented effort on part of the political right to adjust to the new parameters established by these reforms.

⁹⁹ Ibid., 101.

¹⁰⁰ Ibid., 100.

¹⁰¹ Ibid.

2 Reform in the 1970s

2.1 Introduction

The main focus of this thesis is on how the right wing of American politics has adapted to changes in campaign finance law. More specifically, the analysis will consider the ways in which this particular faction utilized the new opportunities for raising money produced by some of the major campaign finance reforms of the 1970s. Many would argue that the Federal Election Campaign Act of 1971 and its 1974 amendments were the first effective pieces of legislation regulating money in political campaigns.¹ However, one should not completely dismiss the campaign finance laws enacted prior to the 70s. Raymond La Raja argues that, although they “may have been ineffective in the sense that they did little to staunch the flow of money into politics or make political contributions more transparent to the public”, the early campaign laws had a certain impact on future campaign finance legislation.²

Nevertheless, because of the extended scope of the laws, as well as the political ecosystem in which they emerged, the FECA of 1971 and 1974 were the first laws which had a considerable effect on how American political campaigns were financed. In addition, considering the fact that the growth of the right-wing coincided with these legislative developments, the Federal Election Campaign Act of 1971 and the amendments of 1974 provides a natural starting-point for this analysis. However, before going further into the specifics of the laws, and before detailing right-wing response, it is necessary to take a closer look at some of the developments leading up to their passing.

This chapter will initially provide an overview of the political parties’ traditional ties to business and labor. This will be followed by a brief outline of the political climate of the 1960s, including the increasingly visible Radical Left and the growing conservative movement. This section will mainly emphasize the conservative capture of the Republican Party and right wing fundraising strategies leading up to the election of 1968. As we shall see, this particular election sparked a Democratic desire for increased regulation of campaign money and eventually led to the passing of the 1971 FECA. Thus, a detailed description of the specifics of this reform will follow. Furthermore, the analysis will account for the immediate response of the right-wing and the events leading up to the amendment of the act in the fall of

¹ Raymond La Raja, *Small Change: Money, Political Parties, and Campaign Finance Reform* (Ann Arbor: University of Michigan Press, 2008), 11.

² La Raja, *Small Change*, 44.

1974. Finally, the amendments will be thoroughly outlined and the purpose of the reform will be connected to the theory of partisan reform.

2.2 Sources of Support

As mentioned in the introduction, this analysis will be largely based on the theory of partisan reform which suggests that, because of their disparate resource dependencies, the parties are affected differently by changes in campaign finance law. Because of their particular traditions and ideologies, the parties have developed different bases of support as well as distinct fundraising techniques. Thus, seeing as a campaign law can for instance determine which sources the parties can legally petition for support, it can increase one party's access to funds while simultaneously hamper the opposing party's chances of raising campaign money. On the basis of this conception, the theory argues that campaign finance reform can be used as a weapon of partisan rivalry and that legislation often will "occur during periods of heightened electoral uncertainty for one party in presidential elections".³ In essence, if a party feels that they have fallen behind the opposing party in regards to financial strength, they will most likely encourage "rule changes that favor their side". According to Raymond La Raja, this has happened on a number of occasions, including in 1971 and in 1974 when the Democrats pressed for reforms which were designed to diminish the cash advantage of the Republicans.⁴ Nevertheless, while the circumstances surrounding the reforms of the 70s will be more thoroughly examined later, for now the purpose is simply to bring attention to the fact that the reform dynamic is closely related to the sources of campaign contributions as well as party fundraising techniques.

In essence, the theory of partisan reform helps explain why campaign finance reform is often motivated by partisan rivalry. Moreover, it illustrates the connection between the parties' resource dependencies and their preferences regarding campaign finance reform. As demonstrated in the previous chapter, because the Democratic coalition is quite heterogeneous, the party has developed a decentralized organizational structure which facilitates fundraising at a local rather than national level. In addition, they have traditionally depended on non-monetary support from labor unions, and received less cash contributions than the Republican Party has. Thus, they have come to prefer campaign reforms which promote decentralized fundraising and increase the value of in-kind support. The Republican

³ *Ibid.*, 96.

⁴ *Ibid.*, 97.

Party on the other hand, has developed a rather homogeneous coalition mainly consisting of people from the middle and upper income levels. Thus, the party's organizational structure is relatively centralized and they tend to fundraise at a national level. As a result, the Republican Party prefers campaign finance laws which favor cash contributions and centralized fundraising. Nevertheless, these organizational characteristics not only determine the party's preferences regarding campaign finance reform, they are also influential regarding how they adapt to changes in campaign law. The parties will always strive to collect as much campaign resources as possible. Thus, if a certain law limits their traditional techniques of fundraising or restricts their access to their financial bases, they will employ alternative methods in an effort to prevent falling behind in the campaign money race. Nevertheless, their organizational structures and their traditional bases of support do in fact limit the parties' available options. In essence, when the parties adapt to campaign finance law, they need to consider their own organizational boundaries and their relationship to their donors. As we shall see however, these boundaries are not constant as both the party organization and the party's financial base can be transformed as a result of either internal or external developments. With regards to the Republican Party, it is particularly important to consider the internal changes which occurred during the 1960s. As the conservative faction grew increasingly stronger and eventually captured the GOP, the party's financial base was altered and new fundraising techniques were introduced. These changes are important not only because they indirectly led to the Democratic push for reform in the 70s, but also because they had an impact on how the Republican Party adapted to these new laws.

2.3 The Conservative Capture of the GOP

Today, conservatism is generally associated with the Republican Party. Conservative principles such as "smaller government, lower taxes, free-market capitalism, constitutionalism, and American exceptionalism" are more or less represented in the Republican platform, and most Republicans will probably describe themselves as conservatives.⁵ However, over the past centuries the Republican emphasis on conservative ideas has indeed fluctuated and the party has not always been equally devoted to this particular ideology. As already mentioned, John Gerring argues that the Republican Party went through an ideological transformation during the 1920s when it discarded some of the

⁵ Douglas E. Schoen, *Hopelessly Divided: The New Crisis in American Politics and What it Means for 2012 and Beyond* (Lanham: Rowman and Littlefield Publishers, Inc., 2012), 130.

more liberal ideas and values it had previously identified with.⁶ To be sure, there were certain principles which were not abandoned, and the party did not completely reinvent its ideology. Nevertheless, “in response to a new set of challenges to liberty, prosperity, and the American nation” the party adopted slightly more conservative “attitudes towards state and society”.⁷ Thus, Gerring challenges the widely accepted notion that the Republican Party’s move towards the right commenced in the 1960s. “Usually,” Gerring argues, “the ideology of the contemporary Republican party...is viewed as the outgrowth of postwar conservatism, a conservatism personified in the figure of Barry Goldwater and in the movement designated the New Right”.⁸ According to Gerring however, the conservative ideas which began to flourish within the Republican Party in the sixties had actually taken root in the party as early as the 1920s.⁹ He portrays Barry Goldwater, the iconic figure of the 1960s conservative movement, as “the intellectual stepchild of Hoover”, and he contends that both Goldwater and Ronald Reagan “propagated a set of ideas and ideals that had been characteristic of their party for quite some time”.¹⁰ Nevertheless, while some of their ideas might have circulated within the GOP since the 20s, it was not until the sixties that conservatives began to make themselves heard in politics and started to resemble a legitimate political force.

For much of the 1930s and 40s, the Democratic Party enjoyed a significant majority in Congress and American politics was dominated by social reform. There was a strong liberal consensus and broad support for Democratic President Franklin D. Roosevelt’s New Deal policies. Although a Republican entered the White House in 1952 however, many have argued that liberalism continued as a major force in American politics through the 50s. For much of this decade, the GOP was in fact dominated by a liberal faction that “embraced New Deal-style social and economic programs”.¹¹ However, these policies contradicted the beliefs of the growing number of conservatives who opposed any kind of governmental regulation and championed local control.¹² Nevertheless, the Republican right-wing was generally overlooked and had little political influence. Thus, “a conservative movement began to coalesce outside the political structure”.¹³ Conservatives of different stripes united against the liberal domination of the GOP and created an effective grassroots movement. As a result of a

⁶ John Gerring, *Party Ideologies in America, 1828 – 1996* (Cambridge: Cambridge University Press, 1998), 158.

⁷ Gerring, *Party Ideologies in America*, 158.

⁸ *Ibid.*, 155.

⁹ *Ibid.*, 156.

¹⁰ *Ibid.*

¹¹ Mary C. Brennan, *Turning Right in the Sixties: The Conservative Capture of the GOP* (Chapel Hill: The University of North Carolina Press, 1995), 7.

¹² Brennan, *Turning Right in the Sixties*, 8.

¹³ *Ibid.*, 9.

general change in public opinion, economic growth in the South, JFK's fiscal policies, and the hard work of right-wing activists, the conservative movement gained a great number of followers in the early sixties.¹⁴ In 1964 right-wing leader Barry Goldwater was nominated as the Republican presidential candidate. However, a number of factors, including Goldwater's extremist image, severely hurt his chances in the general election. Eventually he lost in a landslide against Democratic candidate Lyndon B. Johnson. Nevertheless, conservatives were pleased about their accomplishments during the Goldwater campaign as well as their progress within the Republican Party. "By emphasizing grassroots activism, right-wing leaders significantly altered the relationship between the GOP and the conservative movement, ensured that the movement would outlast its candidate, and set important precedents for future campaigns".¹⁵

The Goldwater campaign had successfully experimented with certain techniques which significantly broadened the conservative constituency and increased the movement's financial worth. The conservatives saw the value of continuing this good trend, and they were especially keen on going forward with the Goldwater campaign's use of direct-mail. "Using lists gathered from conservative organizations, Goldwater's staff sent out frequent mailings requesting funds, providing information on campaign activities, and generally building a network of supporters".¹⁶ The Goldwater campaign personally addressed people all across the country and, because they primarily requested small donations, they appealed to people who were unaccustomed to political giving. As a result, the number of small contributors grew significantly and the campaign received a total of one million contributions.¹⁷ Thus, "having learned the value of grassroots activism, conservatives continued to cultivate associates at that level by direct-mail techniques developed during the 1964 campaign".¹⁸

In the years leading up to the 68 election, "the escalating violence of the civil rights and student movements as well as growing protests against the Vietnam War made the conservative agenda acceptable to more people".¹⁹ For long, the right had felt ignored and overlooked because of the excessive focus on the Left. In the early 1960s, "journalists and scholars, by spotlighting only the protesters, students, hippies, and demonstrators, ignored the action taking place at stage right and therefore presented a lopsided view of the decade".²⁰

¹⁴ Ibid., 42 and 46.

¹⁵ Ibid., 81.

¹⁶ Ibid., 87.

¹⁷ Ibid., 88.

¹⁸ Ibid., 103.

¹⁹ Ibid., 4.

²⁰ Ibid., 1.

However, as left-wing radicalism escalated, the emergent right-wing came to represent a counterweight to what many Americans perceived as an alarming trend. As a result, the conservative movement suddenly had fewer problems gathering members and their constituency grew steadily.²¹ The continuous growth of right-wing supporters was also aided by the significant fund-raising effort on part of the conservative strategist Richard Viguerie. He copied the direct-mail technique employed by the Goldwater campaign and he “created the first mailing list ‘containing most of the active Conservatives in the U.S.’”²² Consequently, “right-wing organizations not only expanded their memberships but also raised considerable sums of money”.²³ The growing appeal of the right-wing was to a certain extent demonstrated by the results of the 1966 midterm elections. The Republican Party secured “forty-seven additional seats in the House, three more seats in the Senate, and eight new governorships”.²⁴ Although it did not give them a majority, many viewed this as a victory for the GOP which had not enjoyed congressional power for years. Moreover, the results, including the appointment of four new conservative governors, increased the optimism of the Right.²⁵ The midterm elections confirmed that the Republican Party had not been damaged by the past two years of conservative domination. In addition, it illustrated that the measures taken by the right-wing after Goldwater’s defeat, including a relaxation of their uncompromising stance and increased cooperation with other factions of the GOP as well as their efforts to get rid of their extremist image, had indeed worked in their favor.²⁶

While the conservatives might have preferred Ronald Reagan as the Republican candidate in the 1968 election, it was Richard Nixon who eventually secured the nomination. Because Nixon was not a staunch conservative like Goldwater or Reagan, many conservatives viewed him with skepticism. However, in order to get the nomination, Nixon knew he needed the support of the right-wing. Thus, he made several attempts to court the conservatives, including “advocating a hard-line stance on Vietnam and an antistatist domestic policy” and campaigning “for conservative candidates during the 1966 campaign”.²⁷ To a certain extent, one can argue that his tactic worked. Although many right-wingers disagreed with a lot of Nixon’s policies, they came to realize that he was “the most ideologically acceptable

²¹ Ibid., 114.

²² Ibid.

²³ Ibid.

²⁴ Ibid., 119.

²⁵ Ibid.

²⁶ Ibid.

²⁷ Ibid., 122.

candidate who could win “.²⁸ Thus, numerous conservatives, perhaps because they felt that they had no choice or because they had eventually been persuaded by his conservative rhetoric, gave Nixon their support and contributed to his campaign. As we shall see, the Nixon campaign, adopting many of the fundraising techniques developed in 1964, turned out to be a very successful venture leading to a Republican victory in the general election.

Although they had made tremendous progress during the sixties, it was not until 1980 that the right-wing reached their ultimate goal of getting a devoted conservative in the White House. Nevertheless, their success in 1980 was more or less facilitated by the movement’s earlier achievements. As we shall see, the 1970’s presented the Republican Party with certain challenges which complicated their efforts to raise funds. However, the lessons learned by the right-wing during the 60s regarding the significance of cooperation and the value of direct-mail techniques would ultimately benefit the GOP in the 70s as they struggled to adapt to the new campaign laws.²⁹ In essence, “the conservatives of the 1970s and 1980s built on the structures created in the 1960s and utilized the techniques and the personnel cultivated during that time”.³⁰

2.4 The Federal Election Campaign Act of 1971

Over the past century, researchers of campaign finance have gathered information regarding how much the parties’ spend in each election. While this data is an indicator of several social and economic trends, its main contribution is it’s manifestation of party characteristics. Most importantly, the accumulated data shows that “Republicans consistently outspend Democrats”.³¹ Between 1888 and 2008, the Democratic Party managed to parallel GOP campaign spending on six occasions only.³² It is important to keep in mind however, that the Democratic Party “have possessed important nonmonetary advantages that do not show up in financial figures”.³³ These advantages include the in-kind support which the Democratic Party has received primarily from labor unions. As previously mentioned, labor union support for Democrats surged in the 1930s and, while they did provide financial contributions occasionally, their main resource consisted of a voluntary workforce capable of mobilizing voters through for example get-out-the-vote drives. This kind of support however, is more

²⁸ Ibid., 133.

²⁹ Ibid., 140.

³⁰ Ibid., 141.

³¹ La Raja, *Small Change*, 97.

³² Ibid.

³³ Ibid.

difficult to measure and does not pertain to this particular discussion regarding campaign spending. Nevertheless, the findings validate “the argument that Republicans made the transition from labor to cash campaigns more easily than Democrats”.³⁴ In addition, if “set against a time line of campaign finance legislation”, the numbers gathered by the researchers also reveal the legitimacy of the theory of partisan reform.³⁵ Primarily, this format will reveal a “correlation between periods of heightened Republican advantage and campaign finance reform”.³⁶ In essence, “after an election in which Republicans outspend Democrats by roughly two to one, reforms follow”.³⁷ The 1971 reform serves as an example.

The 1968 election was devastating for the Democratic Party. In addition to losing the presidency, they had also accumulated a record debt which was going to be very difficult to pay off.³⁸ The Republicans, on the other hand, with Nixon in the foreground, “broke all fundraising records”.³⁹ As mentioned, the Nixon campaign borrowed some of the fundraising techniques successfully employed by the Goldwater campaign in the previous election. In addition to utilizing direct-mail, however, Nixon’s associates adopted a Mark Hanna-style approach to fundraising and “established contribution quotas for different industries and firms”.⁴⁰ As a result, Nixon “spent a record sum of \$63 million (\$342 million in 2004 dollars)”, and “the 1968 elections once again exposed Democratic weaknesses in competing with Republicans for political money in presidential campaigns”.⁴¹ The Democratic Party became increasingly anxious looking towards the 1972 election, and they decided to take action.

Several campaign finance laws had been passed since the 1907 Tillman Act which prohibited direct contributions from corporations. While some laws set limits on contributions, others limited expenditure or required public disclosure. Certain laws targeted specific interests, such as the 1943 Smith-Connally Act and the 1947 Taft-Hartley Act which prohibited “labor organizations from making political contributions through union dues they collected from members”.⁴² These particular Acts were in fact the result of a Republican effort to check the nonmonetary advantages of the Democratic Party.⁴³ Nevertheless, the main

³⁴ Ibid.

³⁵ Ibid.

³⁶ Ibid.

³⁷ Ibid.

³⁸ Ibid., 72.

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹ Ibid., 72 and 251.

⁴² Ibid., 64.

⁴³ Ibid., 65.

bulk of these early campaign laws were quite narrow and their enforcement mechanisms were quite weak. Thus, parties, candidates, labor unions, and corporations easily found ways to circumvent the regulations and continued the exchange of political favors and money. The legality of their actions can certainly be questioned, but at the time there was no particular oversight which could have stopped them. The financing of the 1968 election thus transpired in a time when “election finance was largely an extension of the private marketplace”.⁴⁴ According to Richard Briffault, “campaigns were funded through private, voluntary contributions to parties and candidates, with donors contributing to the extent of their interest and wealth, and private economic inequalities were replicated in the political marketplace”.⁴⁵ However, the 1968 election clearly demonstrated that such a lenient system did not benefit the Democratic Party. Thus, their decision to work towards an overhaul of the campaign finance system was reached shortly after their defeat.

In the summer of 1970, Democratic Party leaders began outlining a bill which established certain parameters for campaign finance which would ultimately work in their favor.⁴⁶ The 1970 midterm elections ensured the continuation of a Democratic congressional majority, and enhanced the probability of getting a reform proposal passed.⁴⁷ Initially, “they decided to push for a bill that would inject public funds into Democratic Party coffers for the convention and provide money to presidential candidates”.⁴⁸ Furthermore, “presidential candidates who accepted roughly \$20 million in public funds would have to agree to limit spending to the amount of the grant”.⁴⁹ This system would hurt the Republicans more than the Democrats, who could still receive support from labor unions which, after the antilabor laws of the 40s, had developed political action committees that would remain untouched by the new regulations.⁵⁰ The bill also “proposed spending limits on media buys for all federal candidates”.⁵¹ In essence, any measures that sought to limit expenditures would ultimately benefit the cash poor Democratic Party. In addition, “as the incumbent party, Democrats had less to fear from scaling back media expenditures, since incumbents generally have greater

⁴⁴ Richard Briffault, “The Federal Election Campaign Act and the 1980 Election,” review of *Financing the 1980 Election*, by Herbert E. Alexander and *Politics and Money*, by Elizabeth Drew, *Columbia Law Review* Vol. 84, No. 8 (Dec., 1984): 2083.

⁴⁵ Briffault, “The Federal Election Campaign Act and the 1980 Election,” 2083.

⁴⁶ La Raja, *Small Change*, 72.

⁴⁷ John Gray Geer, *Public Opinion and Polling Around the World: A Historical Encyclopedia* (Santa Barbara: ABC-CLIO Inc., 2004), 125.

⁴⁸ La Raja, *Small Change*, 73.

⁴⁹ *Ibid.*

⁵⁰ *Ibid.*

⁵¹ *Ibid.*

name recognition than challengers”.⁵² Eventually, a rather extensive bill, containing a number of provisions, was introduced in Congress. In a clever move, however, the Democrats presented the bill as an attachment to the Revenue Act, which had already gone through the House with the support of the President.⁵³ Thus, the Republicans were caught off guard. Nevertheless, they quickly understood the implications of this bill and tried to develop an effective opposition. However, their efforts were futile and eventually the measure was passed in the Senate “by a vote of fifty-two to forty-seven”.⁵⁴

Next, the campaign finance bill would be discussed in conference committee. The Democratic strategy had worked so far, and they were convinced that their proposal would not be compromised in conference. However, they could not have predicted the actions of the chair of the Appropriations Committee, Arizona Democrat Wilbur Mills. Later claiming he had no choice; Mills “offered a compromise to Nixon to the effect that public funding of the presidential election would be put off until the 1976 elections”.⁵⁵ Democratic leaders were furious with Mills for making this deal. Nevertheless, this would not be the only revision forced by the Republicans in conference. In fact, they were able to “remove all preexisting contribution and spending limits for candidates”.⁵⁶ In addition, they secured the inclusion of certain provisions limiting “contributions by candidates and their families to their own campaigns”.⁵⁷ This condition was especially harmful to the cash poor Democrats who “were typically more open to finding wealthy candidates who would not drain resources from party coffers”.⁵⁸ Perhaps as a result of these Republican revisions, Nixon signed the bill into law on February 7, 1972. In a statement, Nixon declared that “the Federal Election Campaign Act of 1971 is a realistic and enforceable bill, an important step forward in an area which has been of great public concern. Because I share that concern, I am pleased to give my approval of this bill”.⁵⁹ Whether this was a reflection of his true feelings is difficult to decide, but as we shall see, some of his actions in the following years suggests otherwise.

Despite the Republican adjustments, however, Democrats were generally satisfied

⁵² Ibid.

⁵³ Ibid.

⁵⁴ Ibid.

⁵⁵ Ibid., 74.

⁵⁶ Ibid.

⁵⁷ Legislative History of the Federal Election Campaign Act of 1971: P.L. 92-225: 86 Stat. 3: Feb. 7, 1972 XI (1972) Remarks by Mr. Nixon upon signing S. 382 into Law. 8 Weekly Compilation of Presidential Documents 213-4, February 14, 1972

<http://www.heinonline.org/HOL/Page?handle=hein.leghis/fedecat0006&id=557&collection=leghis&index=leghis/fedecat>

⁵⁸ La Raja, *Small Change*, 74.

⁵⁹ Remarks by Mr. Nixon upon signing S. 382 into Law.

with the FECA. Indeed, compared to earlier efforts at campaign finance regulation, the 1971 Act was much more extensive. Because the Act addressed “the weaknesses of campaign finance reform that prior legislation had missed”, many reformers were convinced that real change would follow.⁶⁰ “We have a crackerjack bill here”, Democratic Representative Morris K. Udall declared.⁶¹ “It will stop millionaires from buying Senate seats and the Presidency. It brings this television monster under control”.⁶² In essence, the Federal Election Campaign Act touched on three major campaign finance reform issues. It “limited personal contributions, established specific ceilings for media expenditures, and required full public disclosure of campaign receipts and disbursements”.⁶³ Regarding personal contributions, the act imposed ceilings of “\$50,000 for presidential and vice presidential candidates, \$35,000 for Senate candidates, and \$25,000 for House candidates”.⁶⁴ As a response to the increasing use of the media in political campaigns, the act “limited the amounts candidate for federal office could spend on radio, television, cable television, newspapers, magazines, and automated telephone systems in any primary, runoff, special, or general election to \$50,000 or 0.10 times the voting-age population of the jurisdiction covered by the election”.⁶⁵ Moreover, the act specified that “no more than 60 percent of a candidate’s overall media spending could be devoted to radio and television advertising”.⁶⁶ Furthermore, “the act required every candidate or political committee active in a federal campaign to file a quarterly report of receipts and expenditures”.⁶⁷ All contributions and expenditures exceeding \$100 had to be filed and donors and recipients needed to be identified. In addition, “during election years, additional reports had to be filed fifteen days and five days before an election, and any contribution of \$5000 or more had to be reported within forty-eight hours of its receipt”.⁶⁸ To be sure, the Federal Election Campaign Act of 1971 contains additional provisions which are beyond the scope of this thesis. The preceding outline is therefore a simplified version of the act which, in its entirety, would fill several hundred pages. Arguably however, the paragraph sufficiently sketches the FECA’s most significant regulations.

⁶⁰ Glenda C. Williams, “Overview of Campaign Finance Law,” in *Campaign Finance Reform: The Political Shell Game*, ed. Melissa M. Smith et.al. (Lanham: Lexington Books, 2010), 3.

⁶¹ Williams, “Overview of Campaign Finance Law”, 3.

⁶² Ibid.

⁶³ Anthony Corrado, “Money and Politics: A History of Federal Campaign Finance Law,” in *Campaign Finance Reform: A Sourcebook*, ed. Anthony Corrado et.al (Washington D.C.: Brookings Institution Press, 1997), 52.

⁶⁴ Corrado, “Money and Politics: A History of Federal Campaign Finance Law,” 52.

⁶⁵ Ibid.

⁶⁶ Ibid.

⁶⁷ Ibid.

⁶⁸ Ibid.

2.5 The Prelude to the 1974 Amendments

In his statement regarding the 1971 act, President Nixon referred explicitly to the disclosure requirements and argued that “by giving the American public full access to the facts of political financing, this legislation will guard against abuses and will work to build public confidence in the integrity of the electoral process”.⁶⁹ However, based on what we now know about Nixon’s fundraising activities in 1968, one can only assume that the FECA’s disclosure provisions were in fact his greatest concern.⁷⁰ Nevertheless, the law did not go into effect until April 7, 1972, and Nixon knew to take advantage of this delay.⁷¹ Together with the Committee to Re-Elect the President (CREEP), he began planning an elaborate scheme to raise as much money as possible before the April 7 deadline. Through what can only be described as a “fundraising blitz”, Nixon and his associates managed to raise as much as \$20 million from several big donors across the country.⁷² Many donors gave more than \$100,000, including the founder of McDonalds Ray Kroc, who gave \$250,000, and businessman W. Clement Stone who donated as much as \$2,000,000.⁷³ As long as the donations were in the hands of the CREEP before April 7, the contributions would not be subject to the FECA and were thus perfectly legal. However, Nixon’s express fundraising effort was in fact subject to previously established limitations on the money’s sources, and “later allegations suggested...that some of it had come from corporations or from abroad”.⁷⁴

The confusion surrounding the actions of the CREEP is illustrated in a 1972 confidential report by the U.S. House of Representatives Committee on Banking and Currency. After it was discovered that some of Nixon’s campaign money originated in Mexican banks, the Committee on Banking and Currency issued a preliminary report addressing the issue. Initially, the report declares that “the \$89,000 of Mexican bank checks which went into the Republican campaign and then into the account of Bernard Barker...raise tremendous questions for the Committee”.⁷⁵ Furthermore, the Committee clarifies that “we do not know whether these funds were raised in the United States or Mexico and we do not know

⁶⁹ Remarks by Mr. Nixon upon signing S. 382 into Law.

⁷⁰ La Raja, *Small Change*, 73.

⁷¹ Corrado, “Money and Politics: A History of Federal Campaign Finance Law,” 52.

⁷² “Follow the Dark Money,” Mother Jones, last accessed April 30, 2013, <http://www.motherjones.com/politics/2012/06/history-money-american-elections>

⁷³ Andrew Rudalevige, *The New Imperial Presidency: Renewing Presidential Power after Watergate* (Ann Arbor: The University of Michigan Press, 2006), 95.

⁷⁴ Rudalevige, *The New Imperial Presidency*, 95.

⁷⁵ “Report on Watergate,” U.S. House of Representatives, Committee on Banking and Currency, Ninety-Second Congress, September 12, 1972. Published on motherjones.com, last accessed April 15 2013, <http://www.motherjones.com/documents/363194-report-of-the-house-banking-and-currency>

whether they are the type of funds which could be legally contributed to or received by a political committee”.⁷⁶ As a later investigation would show, the Mexican bank checks were in fact part of a donation from the president of the Gulf Resources and Chemical Company, Robert Allen.⁷⁷ A total of \$100,000 was funneled “through a Mexico City bank to Díaz de León, head of Gulf Resources’ Mexican subsidiary, who carried the loot over the border”.⁷⁸ This all happened on April 5 1972, and constitutes the “last gasp” of the CREEP fundraising scheme.⁷⁹ “Hugh Sloan, CREEP treasurer, later described an ‘avalanche’ of cash pouring into the group’s coffers – all of it secret”.⁸⁰

2.5.1 Watergate

Nevertheless, as already established, the activities of the CREEP did not remain a secret for long. According to the Committee on Banking and Currency’s report, the money that was funneled through Mexico ended up in the account of a man named Bernard Barker, who in fact was one of five men who in June 1972 were caught breaking into the headquarters of the Democratic National Committee. Their unsuccessful burglary “lit the fuse on the biggest political scandal in modern American history”, commonly known as Watergate.⁸¹ As it was revealed that the men who had broken into the DNC were instructed by the President to bug the building, a full-blown investigation of the Nixon administration commenced.⁸²

Apparently, the break-in was part of a larger scheme on part of the President to control what he and his associates “regarded as a hostile political environment”.⁸³ In fact, “convinced from the outset of his presidency that he faced a coordinated and ruthless opposition from Democrats... wiretaps of White House aides and reporters, done on Nixon’s orders, had begun as early as 1969”.⁸⁴ In addition, the investigation revealed the extent of the Nixon campaign’s corrupting activities including the funneling of contributions through Mexico and the fact that the DNC burglars had been paid with CREEP money. Nevertheless, in a remarkable endeavor, Nixon managed to keep the public, Democrats, and the law enforcement out of the loop, at least temporarily. Thus, the 1972 election was not affected by the developing situation

⁷⁶ “Report on Watergate”.

⁷⁷ “Follow the Dark Money”.

⁷⁸ Ibid.

⁷⁹ Ibid.

⁸⁰ Ibid.

⁸¹ Ibid.

⁸² Rudalevige, *The New Imperial Presidency*, 93.

⁸³ Lewis L. Gould, *Grand Old Party: A History of the Republicans* (New York: Random House, 2003), 390.

⁸⁴ Gould, *Grand Old Party*, 387.

and the Republicans emerged victoriously. In early 1973 however, the scandal blew open and Nixon was castigated for his wrong-doings.⁸⁵ As time went by and the scope of the scandal began to surface, Nixon was threatened with impeachment and in August 1974 he resigned.⁸⁶

In a discussion of campaign finance reform in the 70s, one simply cannot avoid mentioning Watergate. In essence, the disclosure provisions of the 1971 reform “provided a paper trail for investigators to follow” and thus contributed to the extensive scope of evidence that would eventually bring Nixon down. In addition to compromise Nixon however, the evidence revealed the inadequacy of the 1971 reform as a whole. While the act’s main purpose had been to decrease campaign spending, the figures from the 1972 election exposed a development towards increased expenditures. According to David Adamany and George Agree, “the Nixon presidential campaign managers spent a staggering \$56 million – more than double the previous high of \$25 million reached in the 1968 Nixon-Agnew canvass”.⁸⁷ In addition, Nixon’s Democratic opponent George McGovern “spent \$49 million, more than four times Hubert Humphrey’s 1968 costs”.⁸⁸ As a result of these findings, as well as other pieces of evidence illustrating the weaknesses of the 1971 reform, it was agreed that the law needed to be amended. The decision to revise the law was in fact also aided by the Watergate scandal itself. As mentioned earlier, this thesis is based on the theory of partisan reform, which argues that “politicians seek reforms when they perceive that their party or faction appears to be losing influence or competitiveness relative to other groups”.⁸⁹ According to this theory, scandal does not play an important role when it comes to campaign finance reform. However, one can argue that the 1974 FECA is the exception to the rule. “If ever scandal proved decisive in campaign finance reform”, Raymond La Raja argues “it was the events surrounding the Watergate burglary that was linked to President Nixon’s reelection committee”.⁹⁰

2.6 The 1974 FECA Amendments

Although Watergate had generated strong public support for reform and the 74 midterm elections strengthened the Democratic majority in Congress, “it was not easy passing

⁸⁵ Ibid., 390.

⁸⁶ Rudalevige, *The New Imperial Presidency*, 99.

⁸⁷ David Adamany and George Agree, “Election Campaign Financing: The 1974 Reforms,” *Political Science Quarterly*, Vol. 90, No. 2 (Summer 1975): 205.

⁸⁸ Adamany and Agree, “Election Campaign Financing,” 205.

⁸⁹ La Raja, *Small Change*, 87.

⁹⁰ Ibid., 75.

amendments to the FECA”.⁹¹ Liberal Democrats in the Senate were especially quick to advance reform proposals. They took advantage of the favorable attention to reform which was generated by Common Cause, a newly established organization devoted to legislative lobbying for campaign finance reform.⁹² During the 1972 election, Common Cause had run a project monitoring the financing of congressional races. The endeavor “revealed the amounts spent, the size of gifts, the special interest contributions, and the money edge of incumbents in every congressional race in the country”.⁹³ Such research contributed to an increased public awareness regarding campaign finance which arguably benefitted reformers in terms of public support. Nevertheless, as the Watergate scandal unraveled and the inadequacy of the 1971 reform began to surface during the summer of 1973, the Democratic Senate introduced a measure “providing spending and contribution limits, strengthening full disclosure, and establishing an independent enforcement agency”.⁹⁴ In addition, Senators Ted Kennedy (D-MA) and Hugh Scott (R-PA) brought forth a proposal to establish public funding for congressional general elections.⁹⁵ Initially, the Senate decided to put the provision on hold. Nevertheless, southern Democrats and Republicans were generally pessimistic about the proposed regulations and several prolonged filibusters followed.⁹⁶ The Senate delays continued until April 11th 1974 when S. 3044 was finally passed.⁹⁷ This bill, in addition to containing the same provisions which were introduced in 1973, also established “public financing of primary and general election campaigns for Federal elective office”.⁹⁸ Furthermore, the bill clarifies that Federal office is defined as “the office of the President, Senator, or Representative”.⁹⁹ Thus, the measure effectively proposed public financing of both congressional and presidential elections.

However, this broad provision met resistance in the House where many representatives were keen on protecting their incumbency advantage.¹⁰⁰ For months, reform proposals were held up by disbelieving representatives from both parties. The most conspicuous opponents of reform were perhaps Representative Wayne Hays, chair of the Administrations Committee and Representative John Dent, chair of the Subcommittee on Elections who “held protracted

⁹¹ Ibid.

⁹² Adamany and Agree, “Election Campaign Financing,” 207.

⁹³ Ibid.

⁹⁴ Ibid., 208.

⁹⁵ Ibid.

⁹⁶ La Raja, *Small Change*, 75.

⁹⁷ Adamany and Agree, “Election Campaign Financing,” 209.

⁹⁸ U.S. Senate. 93rd Congress. 2nd Session. S. 3044. *An Act to Amend the Federal Election Campaign Act of 1971*, (Washington, April 12, 1974), 1, http://transition.fcc.gov/Bureaus/OSEC/library/legislative_histories/1049.pdf

⁹⁹ U.S. Senate. S. 3044. *An Act to Amend the Federal Election Campaign Act of 1971*, 2.

¹⁰⁰ La Raja, *Small Change*, 76.

hearings through the end of the session”.¹⁰¹ On the 8th of August 1974 however, the House finally presented a proposal which had both added to and deducted certain provisions from the Senate bill. First of all, the House bill introduced “public financing of presidential nominating conventions”.¹⁰² Secondly, it “rejected public financing of congressional campaigns and approved only a weak enforcement agency”.¹⁰³ Thus, the stage was set for a standoff in conference committee.

In conference the discussions were many and the atmosphere was tense. According to David Adamany and George Agree, the conferees were “faced with 138 points of difference” and they “deliberated for thirteen days”.¹⁰⁴ The main issue of disagreement was arguably the Senate proposal establishing public financing for congressional elections. On the 30th of September however, “the Senate conference members dropped this part of the bill after they won concessions from the House members to support higher spending limits in congressional campaigns and a strong independent electoral commission to enforce the law”.¹⁰⁵ Thus, after deadlock in conference, the bill was eventually passed with bipartisan support and President Gerald Ford reluctantly signed the bill into law on October 15th 1974.¹⁰⁶ In a clever move, the Democrats had pushed for reform at a time when they had the advantage of a Congressional majority and when public opinion was increasingly in favor of increased regulations. In fact, numbers show that the attitude towards public financing of presidential campaigns had reversed itself in the years between 1964 and 1973. In 1964, opinion polls revealed that 71 percent of Americans were against public financing.¹⁰⁷ In 1973 however, “65 percent favored tax support for both presidential and congressional campaigns”.¹⁰⁸ Thus, although the Republicans were appalled by some of the bill’s provisions and realized that it would “preserve the Democratic majority”, they really had no choice but to support it.¹⁰⁹ At that particular point in time, considering the Watergate revelations, no one could afford opposing increased regulation of campaign finance.

Technically, the 1974 reform were a collection of adjustments to the 1971 Federal Election Campaign Act. Nevertheless, the amendments were wide-ranging and strengthened the FECA of 71 considerably. Thus, the FECA of 1974 came to “stand as the most

¹⁰¹ Adamany and Agree, “Election Campaign Financing,” 208.

¹⁰² *Ibid.*, 209.

¹⁰³ *Ibid.*

¹⁰⁴ *Ibid.*, 210.

¹⁰⁵ La raja, *Small Change*, 76.

¹⁰⁶ Adamany and Agree, “Election Campaign Financing,” 210.

¹⁰⁷ *Ibid.*, 206.

¹⁰⁸ *Ibid.*

¹⁰⁹ La Raja, *Small Change*, 76.

comprehensive reform of the campaign finance system ever adopted”.¹¹⁰ As in 1971 however, the act’s provisions were mainly designed to benefit the Democratic Party.¹¹¹ First of all, the provision establishing public funding in presidential elections “addressed the quadrennial Democratic predicament of finding money to keep up with the Republican presidential nominee”.¹¹² If a candidate in a general election chose to accept public funds, he would not be allowed to accept private donations and he would be subject to a \$20 million spending limit.¹¹³ Public funding was also made available to the national party committees in connection with their expenses towards the nominating conventions. If they chose to accept the offer, the committees could receive funds matching, but not exceeding, the \$2 million spending limit for nominating conventions.¹¹⁴ For primary elections, the rules regarding public funding were slightly more complicated. In essence “major party candidates seeking a presidential nomination may receive matching grants for each individual contribution up to \$250, after qualifying by raising \$5000 in such contributions in each of twenty states”.¹¹⁵ However, they could not receive more than a total of \$5 million, or half of the \$10 million spending limit for primaries, in public matching funds.¹¹⁶ In addition, “the bill included a number of amendments designed to strengthen the disclosure and enforcement procedures of the 1971 act”.¹¹⁷ This entailed the establishment of the Federal Election Commission (FEC), a bipartisan agency which would serve as a campaign finance watchdog.¹¹⁸

The FECA of 1974 also set up new and broader limits on contributions and spending which ultimately would benefit cash poor Democrats.¹¹⁹ As already mentioned, presidential candidates were not allowed to spend more than \$10 million in primary elections and \$20 million in general elections. For Senate candidates however, the expenditure limit was set to “\$100,000 or \$0.08 times the voting-age population of the state in a primary election, whichever was greater, and no more than \$150,000 or \$0.12 times the voting-age population in a general election, whichever was greater”.¹²⁰ While House candidates in multidistrict states were not allowed to spend more than \$70,000 in a primary or general election, candidates in “states with a single representative were subject to the ceilings established for

¹¹⁰ Corrado, “Money and Politics: A History of Federal Campaign Finance Law,” 53.

¹¹¹ La Raja, *Small Change*, 76.

¹¹² *Ibid.*

¹¹³ Corrado, “Money and Politics: A History of Federal Campaign Finance Law,” 54

¹¹⁴ *Ibid.*

¹¹⁵ Adamany and Agree, “Election Campaign Financing,” 213.

¹¹⁶ *Ibid.*

¹¹⁷ Corrado, “Money and Politics: A History of Federal Campaign Finance Law,” 54.

¹¹⁸ Williams, “Overview of Campaign Finance Law,” 4.

¹¹⁹ La Raja, *Small Change*, 76.

¹²⁰ Corrado, “Money and Politics: A History of Federal Campaign Finance Law,” 53.

Senate candidates”.¹²¹ In addition, the 74 amendments restricted the amount that national party committees could spend in support of a candidate.¹²² With regards to political action committees, the act stated that “independent expenditures made on behalf of a candidate were limited to \$1,000 a year”.¹²³ Because of the Democratic Party’s disadvantage regarding financial resources, these limits would not hurt them as much as it would hurt the Republicans. In essence, because the Republican Party had grown accustomed to a higher level of campaign spending, they would feel the effects of the expenditure limits to a much greater extent.

In 1976 however, the expenditure limits were ruled unconstitutional by the Supreme Court in *Buckley v. Valeo*.¹²⁴ The lawsuit was filed by a group of Senators, including James Buckley (R-NY), shortly after the 1974 amendments were signed into law.¹²⁵ The Senators complained that several provisions of the 1974 FECA were in violation of the First Amendment which confirms that “Congress shall make no law...abridging the freedom of speech”.¹²⁶ In the ruling, the Court argues that “the Act’s expenditure ceilings impose direct and substantial restraints on the quantity of political speech”.¹²⁷ Moreover, the Court refers to and questions the constitutionality of three specific aspects of the act’s restriction on expenditures. First of all, the Court declares that “the governmental interest in preventing corruption and the appearance of corruption is inadequate to justify § 608(e)(1)’s ceiling on independent expenditures”.¹²⁸ Second, it is argued that “the primary governmental interest served by the Act – the prevention of actual and apparent corruption of the political process – does not support the limitation on the candidate’s expenditure of his own personal funds”.¹²⁹ Lastly, the Court considered the limitations on over-all campaign expenditures and stated that “no governmental interest that has been suggested is sufficient to justify the restriction on the quantity of political expression imposed by § 608(c)’s campaign expenditure limitations”.¹³⁰ Thus, the ruling repealed the expenditure limits imposed by the 1974 amendments, “except

¹²¹ *Ibid.*

¹²² *Ibid.*

¹²³ *Ibid.*, 54.

¹²⁴ Williams, “Overview of Campaign Finance Law,” 4.

¹²⁵ La Raja, *Small Change*, 77.

¹²⁶ Daniel R. Ortiz, “The First Amendment at Work: Constitutional Restrictions of Campaign Finance Regulation,” in *Campaign Finance Reform: A Sourcebook*, ed. Anthony Corrado et.al. (Washington D.C.: Brookings Institution Press, 1997), 63.

¹²⁷ *Buckley v. Valeo*, 424 U.S. 1 (1976) available at <http://supreme.justia.com/cases/federal/us/424/1/case.html>

¹²⁸ *Buckley v. Valeo*.

¹²⁹ *Ibid.*

¹³⁰ *Ibid.*

for those presidential candidates receiving public funds”.¹³¹

Nevertheless, the Supreme Court upheld most of FECA’s limitations on contributions, except the restrictions on how much a candidate and his immediate family could contribute to the candidate’s own campaign.¹³² Thus, when Congress, as a response to the Court’s ruling in *Buckley v. Valeo*, further amended the FECA in May 1976, it was established that there would be no limit on the amount that candidates and their families wished to contribute to their own campaigns. If a candidate received public funding however, the limit was set to \$50,000.¹³³ Nevertheless, most of the 1974 amendments regarding contributions were retained, including the provision that “an individual was allowed to contribute no more than \$1,000 per candidate in any primary, runoff, or general election and could not exceed \$25,000 in annual aggregate contributions to all federal candidates”.¹³⁴ Regarding political action committees however, a provision declared that they could not donate more than \$5,000 per candidate per election, with no aggregate limit.¹³⁵ Thus, with regards to political influence through campaign contributions, individuals were at a disadvantage compared to political action committees. In addition, the extent of the concessions granted to candidate committees and political action committees revealed a deemphasized role for national party organizations considering fundraising. This was believed to benefit the Democrats who were less reliant on centralized fundraising and had more to gain from a decentralized and candidate-centered system.¹³⁶

However, the 1974 amendments also “allowed corporations and unions with federal contracts to establish and operate PAC’s to make political contributions”.¹³⁷ Since it was mostly labor unions which had established PACs up until then, this provision was believed to ultimately benefit the Democratic Party. As mentioned, the 1907 Tillman Act prohibited corporations from using their treasury funds for political contributions.¹³⁸ However, the legality of labor union contributions was not addressed until the 1940s when their political involvement surged. As a result of the New Deal policies of the Democratic Party during the 30s, “labor organizations increasingly tied themselves to the Democrats through political

¹³¹ La Raja, *Small Change*, 77.

¹³² Corrado, “Money and Politics: A History of Federal Campaign Finance Law,” 56.

¹³³ *Ibid.*

¹³⁴ *Ibid.*, 54.

¹³⁵ *Ibid.*

¹³⁶ La Raja, *Small Change*, 77.

¹³⁷ *Ibid.*, 79.

¹³⁸ *Ibid.*, 124.

contributions and get-out-the-vote operations”.¹³⁹ In fact, “labor union expenditures in campaigns almost doubled between 1936 and 1944, from roughly \$770,000 to \$1,300,000”.¹⁴⁰ This development was greatly disturbing to members of the Republican Party which swiftly proposed counteractive reform. In 1943 Congress passed the Smith-Connally Act which “banned labor organizations from making political contributions through union dues they collected from members”.¹⁴¹ Reformers argued that it would only be right to “put labor unions on exactly the same basis, insofar as their financial activities are concerned, as corporations have been for many years”.¹⁴² However, because this particular provision was included in a bill that would only be in effect during wartime, Republicans needed to make the statute permanent as soon as WWII drew to a close. They regained control of Congress in 1946 and in 1947 they managed to pass the Taft-Hartley Act which, not only reestablished the prohibition on labor union contributions, but extended it to cover political expenditures as well.¹⁴³

However, labor unions had already found a way to circumvent the legislation by setting up separate political action committees funded by voluntary donations from union members.¹⁴⁴ The Congress of Industrial Organizations (CIO) established the first official PAC in 1943. The PAC “was funded by contributions from members from seven unions” and its resources were mainly used in support of the Roosevelt-Truman ticket in 1944.¹⁴⁵ However, in addition to using PAC money as direct contributions, labor organizations “continued spending general treasury funds (collected through union dues) on activities that only indirectly – but substantially – affected elections, such as ‘educational’ expenditures to sponsor registration drives, GOTV campaigns, and printing of the voting records of legislators”.¹⁴⁶ Labor unions quickly discovered the benefit of this system and established several PACs at a rapid speed. At the same time, corporations exerted political influence by taking advantage of the limited restrictions on individual contributions. In essence, corporate contributions were disguised as the individual donations of affiliated persons of wealth and the business community thus saw little need to establish PACs.¹⁴⁷ Consequently, the number of non-union PACs at the time of the FECA amendments’ passage was insignificant and the

¹³⁹ *Ibid.*, 56.

¹⁴⁰ *Ibid.*, 57.

¹⁴¹ *Ibid.*, 64.

¹⁴² *Ibid.*

¹⁴³ *Ibid.*, 64 and 135.

¹⁴⁴ *Ibid.*, 64.

¹⁴⁵ *Ibid.*, 135.

¹⁴⁶ *Ibid.*, 135 and 136.

¹⁴⁷ Edwin M. Epstein, “An Irony of Electoral Reform,” *Regulation*, Vol 3 (May/June 1979), 35.

fact that the business community might eventually take advantage of the PAC system was perceived as unlikely. Thus, the 1974 statute permitting both labor unions and corporations with government contracts to establish PACs was mainly perceived as an effort to further validate union PAC activity and both labor and Democrats believed that it was worth the risk of effectively opening up for corporations to establish PACs.¹⁴⁸ However, what Democrats and other reformers could not foresee was the massive organization of the business community that had in fact already begun, but the effects of which would soon become apparent.

2.7 Conclusion

With social unrest, foreign threats, and fiscal challenges the 1960s were turbulent years in the U.S. The left-wing grew increasingly strong, liberalism dominated the political scene, and a number of social reforms were passed. Simultaneously, a growing number of conservatives began to express their concerns about this development and united in an effort to defeat the liberal hold of American politics in general and the Democratic Party in particular. With an emphasis on the grassroots, the right-wing expanded their political influence and eventually gained control of the GOP. The conservative endeavor included experimentation with alternative fundraising techniques to attract small contributors, with direct-mail figuring prominently. The right-wing fundraising strategies were hugely successful and benefited Republican candidates trying to keep up with the rising costs of running political campaigns which were increasingly dependent on the media. As the decade drew to a close, generous amounts of money were virtually flowing into Republican campaign coffers. Democrats, on the other hand, had always had a difficult time raising money and had traditionally been more dependent on non-monetary support from labor unions. As a result, they were less able to adjust to a political environment in which campaigns became gradually more expensive. The Democrats anxiously stood by and watched as they fell behind the Republicans in the campaign money race and eventually lost the 1968 presidential election. Thus, in an effort to impede the financial advantage of their opponents, the Democratic Party engaged in an effort to reform the entire campaign finance system. With a considerable congressional majority, Democrats managed to get the 1971 Federal Election Campaign Act and its amendments passed despite the fact that the legislation was mainly designed to benefit the Democratic Party. The main bulk of the provisions were intended to hurt the Republican fundraising effort

¹⁴⁸ Epstein, "An Irony of Electoral Reform," 36.

and put Democrats ahead in the campaign money race. However, despite the obvious Democratic concessions central to the FECA, these measures did not bring an end to the financial advantages of the GOP. Conversely, the reform of the 1970s created a campaign finance environment marked by a “flow of money outside the party structure and into the hands of candidates and interest groups”.¹⁴⁹ Furthermore, this development served to benefit the Republican Party because right-leaning groups were especially quick to adapt to these changes and take advantage of the new opportunities to influence politics. Thus, as we shall see, the FECA ultimately backfired on the Democrats.

¹⁴⁹ La Raja, *Small Change*, 80.

3 Business PACs and Republican Electoral Success

3.1 Introduction

A political action committee (PAC) is basically a committee that is “organized for the purpose of raising and spending money to elect and defeat candidates”.¹ Moreover, “PACs are simply a residual category: political committees other than those of political parties”.² In addition, to be regarded as a PAC and be subject to PAC specific restrictions, a committee must “receive contributions from more than fifty people and contribute to at least five candidates for federal office”.³ In the U.S., political action committees have been part of the political landscape for approximately seventy years. During that time, however, several socioeconomic and legislative developments have altered their political position radically. While PAC activity constituted only a small piece of the campaign finance puzzle in the 1940s, today PACs have come to dominate the system of campaign finance. Political action committees are involved in the financing of electoral politics on a number of levels, and both parties and candidates have come to depend on their services.

Nevertheless, there are several different types of PACs which play different kinds of roles in campaign financing. In general, political action committees “can be divided into two broad types depending on their organizational structure: the connected and the non-connected”.⁴ The non-connected PACs are “without parent organizations” and “are free to solicit any American citizen”.⁵ Connected PACs however, are affiliated with corporations, unions, or membership organizations and are only allowed to solicit their owners, employees, or members.⁶ Furthermore, connected PACs can be divided into five subcategories depending on their parent organization’s characteristics: labor PACs, corporate PACs, PACs of membership organizations, of cooperatives, and of corporations without stock.⁷ In addition, PACs can adopt different measures to exert political influence. In essence, they can donate money directly to congressional or presidential candidates, or they can use “independent

¹ “What is a PAC?” OpenSecrets.org, last accessed May 2, 2013, <http://www.opensecrets.org/pacs/pacfaq.php>

² Frank J. Sorauf, “Political Action Committees,” in *Campaign Finance Reform: A Sourcebook*, ed. Anthony Corrado et.al. (Washington D.C.: Brookings Institution Press, 1997), 124.

³ Sorauf, “Political Action Committees,” 124.

⁴ Ibid.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

expenditures” to campaign on behalf of a candidate.⁸

As will be thoroughly outlined, the FECA and all its amendments resulted in a considerable increase in the political influence of political action committees. Following these legislative initiatives, the number of PACs and the sum of their political contributions grew speedily. However, the development towards their increased political influence was arguably dominated by one particular PAC category. Corporate PACs, or business PACs, experienced unparalleled growth in the wake of the FECA and quickly manifested their presence in electoral politics. This development was not foreseen by the political left which had envisioned that it would primarily be labor, their main ally, which would take advantage of the expanded opportunity for organizations to establish PACs. To the dismay of Democrats, however, the business community, the long-standing ally of the Republican Party, was quick to realize the PAC potential and thus followed an explosion of the number of business PACs. Their direct contributions to candidates and parties were prominent in the financing of the 1978 and 1980 congressional elections and represent one of the unintended consequences of the campaign finance reform of the seventies. To be sure, however, the business PAC explosion is not the only product of the FECA which had a significant effect on campaign financing. The legislation also led to an increase in non-connected PACs which engaged in independent expenditures. Nevertheless, this development will be further examined in the next chapter. The following chapter, however, will feature an analysis of the business PAC explosion with special regards to the partisanship of business PACs as demonstrated by their direct contributions to congressional candidates in 1978 and 1980. This study functions as the first part of an endeavor to determine the effects of the 1970s legislation on the Republican Party.

This chapter will seek to illuminate the immediate effects of the campaign finance reform of the seventies and attempt to determine whether these effects favored the political right. The first part of this chapter will thoroughly examine the socioeconomic, legislative, and political developments which facilitated the significant expansion of business PACs in the seventies. Then, attention will be directed towards the statistics of business PAC growth compared to other types of PACs, labor in particular. This overview will be followed by a discussion of several theories of the political partisanship of business as regards to corporate characteristics. Furthermore, in order to determine the extent to which the business PAC explosion favored the political right, I will examine the involvement of corporate PACs in the

⁸ Larry Powell, “NCPAC and the Development of Third-Party Expenditures,” in *Campaign Finance Reform: The Political Shell Game*, ed. Melissa M. Smith et.al. (Lanham: Lexington Books, 2010), 29.

financing of the 1978 and 1980 congressional elections. These particular elections have been chosen because of their pro-Republican outcomes and because they coincide with the first phase of the business PAC explosion.

3.2 Socioeconomic Conditions Encouraging the Business PAC Explosion

3.2.1 The End of the Climate of Cooperation

The postwar era in the U.S. was marked by economic stability and a continuously growing middle class. The 1950s especially was a decade of unprecedented economic prosperity and an unusual degree of financial equality among U.S. citizens. According to Robert Reich, American society at that time adhered to a system of democratic capitalism.⁹ “Roughly between 1945 and 1975”, he argues “America struck a remarkable accommodation between capitalism and democracy”.¹⁰ During this period corporations, labor movements, and the federal government operated within a climate of cooperation and worked together for the common good. They viewed themselves not as opposing entities, but as distinct forces which depended on each other to maintain their own positions in society and continue the positive economic trend. Compared to today, the number of businesses was very modest and competition was minimal. The few big corporations that were operational knew that, in order to secure stable production and financial returns, they needed the cooperation of the labor movement and the support of the public.¹¹ Thus, “the companies agreed to give their workers, organized by industry, a higher share of their profits”.¹² In addition, “they negotiated with government over how the additional benefits of economic growth would be distributed, while also protecting jobs, communities, and, eventually, the environment”.¹³ By combining “a hugely productive economic system with a broadly responsive and widely admired political system”, rivalry was avoided and economic stability was ensured.¹⁴

Nevertheless, many researchers will agree that the 1970s were marked by a dramatic change in the relationship between the business community, the labor movement, and the federal government in the U.S. More specifically, this decade saw the end of the climate of

⁹ Robert Reich, *Supercapitalism: The Transformation of Business, Democracy, and Everyday Life* (New York: Alfred A. Knopf, 2007), 6.

¹⁰ Reich, *Supercapitalism*, 15.

¹¹ *Ibid.*, 6.

¹² *Ibid.*

¹³ *Ibid.*

¹⁴ *Ibid.*, 15.

cooperation which had characterized American society since the end of WWII. The number of corporations multiplied and the economy continued to grow, but “the institutions that had negotiated to spread the wealth and protect what citizens valued in common began to disappear”.¹⁵ The number of labor unions plummeted, large corporations controlling different branches of industry were phased out, the number of regulatory agencies decreased, and the focus of CEO’s was increasingly directed towards personal profit.¹⁶ Thus, “the postwar Keynesian coalition that formerly accommodated the conflicting interests of big business, organized labor, and the welfare state” eventually collapsed and the business community gained a disproportionate amount of power in American society.¹⁷ Nevertheless, while the actual events of the 70s are certain and indisputable, there is considerable disagreement with regards to *why* this change occurred. According to Reich, the system of democratic capitalism dissolved because of the emergence of Cold War technology. Arguably, the technological developments during the war produced new goods and services which in turn “created possibilities for new competitors, beginning in transportation, communications, manufacturing, and finance”.¹⁸ Furthermore, “these cracked open the stable production system and, starting in the late 1970s and escalating thereafter, forced all companies to compete more intensively for customers and investors”.¹⁹ Thus, American society had been engulfed by what Reich dubbed supercapitalism. He further argues that the increased competition amongst corporations was eventually played out on the political arena as corporations “sought to gain competitive advantage through public policy”.²⁰ However, I argue that the increased political influence of the business community during the seventies can be explained with reference to other important developments of that particular period.

Reich mentions three distinct theories which attempt to explain the increased flow of corporate money into politics in the seventies. One theory suggests that this development resulted from “a deal between big business and the Republican Party that begun with the election of Ronald Reagan and has continued through the administration of George W. Bush”.²¹ Reich however, dismisses this explanation on the grounds that corporate political

¹⁵ Ibid., 7.

¹⁶ Ibid.

¹⁷ Val Burris, “The Political Partisanship of American Business: A Study of Corporate Political Action Committees,” *American Sociological Review* Vol. 52, No. 6 (Dec. 1987), 741.

¹⁸ Reich, *Supercapitalism*, 7.

¹⁹ Ibid.

²⁰ Ibid., 131.

²¹ Ibid., 136.

giving has been largely bipartisan.²² As we shall see later, this is a relatively accurate observation as Democrats have in fact received their fair share of corporate donations. Nevertheless, for reasons which will be explained later on, I argue that the GOP has profited substantially more from the political involvement of corporations than the Democratic Party has. However, while Reich objects on the grounds of bipartisan corporate donations, I object to this theory based on the fact that the development towards rising corporate contributions and the increased political influence of the business community actually commenced before Reagan won the 1980 election. As will be thoroughly explained at a later stage, the Republican gains in the 1978 and 1980 congressional elections can arguably be attributed, at least partly, to the political involvement of corporations during the seventies.

The next theory mentioned by Reich suggests that the escalating flow of corporate money into politics is connected to “the increasing size and scope of the federal government”.²³ The theory argues that with a government in possession of growing regulatory power comes increased political involvement of those seeking to ensure that regulations are in their favor. Reich however, argues that this deduction cannot be used to justify the developments during the seventies mainly because “regulation declined after 1980”.²⁴ While this might be true, Reich also declares that “the largest increases in postwar public spending at all levels of government occurred between 1947 and 1973”.²⁵ If one examines these regulatory measures further however, one might come to the conclusion that the expansion of corporate political influence was a reaction on part of the business community to preceding governmental initiatives. As mentioned earlier, the 1960s were marked by an increasingly growing radical Left and a liberal domination of American politics. Despite the election of a Republican president in 1968, these developments continued well into the 70s. The implications for the business community became increasingly apparent in the late sixties when several governmental regulations restricted a number of corporate activities. David Vogel has argued that “from 1969 to 1972, virtually the entire American business community experienced a series of political setbacks without parallel in the postwar period”.²⁶ Jacob S. Hacker and Paul Pierson argue that “Washington undertook a vast expansion of its regulatory power, introducing tough and extensive restrictions and requirements on business in areas

²² Ibid.

²³ Ibid., 140.

²⁴ Ibid.

²⁵ Ibid.

²⁶ David Vogel quoted in Hacker and Pierson, *Winner-Take-All Politics: How Washington Made the Rich Richer – And Turned Its Back on the Middle Class* (New York: Simon and Schuster, 2010), 116.

from the environment to occupational safety to consumer protection”.²⁷

With regards to consumer protection, a large number of laws were enacted in the 60s and 70s. Because a complete analysis of this legislation is beyond the scope of this thesis, emphasis will be put on the two key laws passed between 1969 and 1972. The Fair Credit Reporting Act of 1971 required “consumers denied credit on the basis of reports from credit agencies to be given access to their reports and to be allowed to correct inaccurate information”.²⁸ The Consumer Product Safety Act of 1972 “created the Consumer Product Safety Commission, an independent federal agency, to establish and enforce consumer product safety standards”.²⁹ Together with similar consumer protection acts passed in the same period, these legislative measures were perceived with contempt by the business community which felt that their interests were basically ignored.³⁰ Furthermore, the federal government passed a number of acts protecting the environment. When the Clean Air Act was amended in 1970, specific standards for air quality were implemented and retributions for noncompliance were established. The main goal of the act was to “protect public health and public welfare and to regulate emissions of hazardous air pollutants”.³¹ The main objective of the Federal Water Pollution Control Act of 1972 was to “restore and maintain the chemical, physical, and biological integrity of the Nation’s waters”.³² Furthermore, the act prohibited the release of toxic materials into waters and established specific time frames within which their goal of uncontaminated waters should be reached.³³ Because the growing pollution problem was often identified as being in direct connection with the actions of business institutions, a great number of corporations viewed this legislation as an attack on the interests of the business community.³⁴ Thus, one can argue that the increased political influence of corporations in the seventies was the result of an effort on part of the business community to obtain a certain amount of control over the government which they felt had turned against them.

The third theory mentioned by Reich “attributes the escalating flow of money into

²⁷ Hacker and Pierson, *Winner-Take-All Politics*, 117.

²⁸ Lawrence J. Gitman and Carl McDaniel, *The Future of Business: The Essentials* (Mason: Cengage Learning, 2009), 66.

²⁹ Gitman and McDaniel, *The Future of Business*, 66.

³⁰ Hacker and Pierson, *Winner-Take-All Politics*, 117.

³¹ “Summary of the Clean Air Act,” 42 U.S.C. §7401 et. Seq. (1970) available at: <http://www.epa.gov/lawsregs/laws/caa.html>

³² “The Federal Water Pollution Control Act Amendments of 1972,” P.L. 92-500 (October 18, 1972) available at: <http://www.wilderness.net/NWPS/documents/publiclaws/PDF/92-500.pdf>

³³ “The Federal Water Pollution Control Act Amendments of 1972”.

³⁴ Sharon Beder, “Anti-Environmentalism,” herinst.org, last accessed March 12, 2013, <http://www.herinst.org/sbeder/PR/antienvironmentalism.html#UVRxIRypCpM>

politics to a conspiracy of big business and Wall Street seeking to usurp the machinery of government and co-opt both political parties”.³⁵ To some extent, this explanation relates to the preceding argument that the business community came together in the face of what they perceived to be a federal attack on their interests. Nevertheless, Reich argues that this theory does not hold up either. “Far from conspiring with one another”, he argues “firms have become steadily more competitive with one another”.³⁶ However, while a certain degree of competition amongst corporations is unavoidable, the 1970s were in fact marked by an unprecedented level of cooperation on part of the business community. As we shall see, leaders of different companies organized into strong coalitions and worked together to achieve political goals.³⁷ Thus, I disagree with Reich’s opposition to the proposed theories. I also disagree with Reich’s argument that the changes which occurred during the seventies were the direct result of technological developments and ensuing corporate competitiveness. However, I do not dismiss his analysis entirely as I can agree that the increased competitiveness of corporations might have motivated businesses to assert themselves on the political arena. Nevertheless, I do not believe that this tells the whole story of what really happened during the seventies. In my view, the increased flow of corporate money into politics and the growing political influence of the business community was the result of several parallel developments. I argue that the escalating political involvement of corporations was the result of a determined effort on part of the business community to counter federal anti-business regulations, and that this endeavor was aided by recently enacted campaign finance reform, the development towards more expensive political campaigns, and an elevated political position of interest groups in particular.

3.2.2 The Powell Memorandum

While I agree that technological developments contributed to the growth of the business community during the seventies and stimulated corporate competition, I do not agree that this simply translated into increased political influence for American companies. Rather, I argue that the increased presence of business in Washington was mainly the result of organized corporate cooperation, the source of which can arguably be found in what is commonly known as the Powell memo. On August 23rd 1971, the soon to be Supreme Court Justice Lewis F. Powell Jr. submitted a confidential memo to the U.S. Chamber of Commerce. The

³⁵ Reich, *Supercapitalism*, 141.

³⁶ *Ibid.*, 141 and 142.

³⁷ Hacker and Pierson, *Winner-Take-All Politics*, 118.

memo described an ongoing attack on the business community and suggested possible responses. Powell begins his memo by stating that “no thoughtful person can question that the American economic system is under broad attack”.³⁸ He continues by affirming that “the assault on the enterprise system is broadly based and consistently pursued”.³⁹ Furthermore, he identifies the sources of the attack, the tone of the attack, and the responsibilities of the business executives as well as the Chamber of Commerce. Lastly, Powell introduces several ways in which the business community can strike back and defend themselves against future attacks. Regarding the sources of the attack, Powell argues that they include “the Communists, New Leftists and other revolutionaries”.⁴⁰ Of the tone of the attack, he points out that it has become increasingly hostile. More specifically, he calls attention to certain statements allegedly made by Ralph Nader including that “a great many corporate executives belong in prison”.⁴¹

In addition, Powell argues that “a prerequisite to any effective action – is for businessmen to confront this problem as a primary responsibility of corporate management”.⁴² However, he highlights the fact that an uncoordinated effort on the part of the business community will not be sufficient. Thus, the Chamber of Commerce is requested to take on the task of uniting corporations and organizing an effective retaliation.⁴³ Conclusively, Powell suggests specific measures that will inhibit their opponents and strengthen the role of business in general. These measures include restructuring the schools and the media, which in his opinion are basically controlled by leftists. More importantly, Powell emphasizes the significance of reinforcing the political influence of the business community. He argues that “one does not exaggerate to say that, in terms of political influence with respect to the course of legislation and government action, the American business executive is truly the ‘forgotten man’”.⁴⁴ While reforming the schools and the media would eventually influence public opinion and create a more hospitable environment for the business community, Powell urges corporate executives and the Chamber of Commerce not to wait for this to happen. He argues that “business must learn the lesson, long ago learned by Labor and other self-interest

³⁸ Lewis F. Powell Jr., “Attack on American Free Enterprise System,” August 23, 1971, available at http://brianholmes.files.wordpress.com/2012/06/5b-powell_memorandum.pdf 1.

³⁹ Powell, “Attack on American Free Enterprise System,” 2.

⁴⁰ Ibid.

⁴¹ Ibid., 6.

⁴² Ibid., 10.

⁴³ Ibid., 12.

⁴⁴ Ibid., 25.

groups”.⁴⁵ “This is the lesson,” he continues “that political power is necessary; that such power must be assiduously cultivated; and that when necessary, it must be used aggressively and with determination – without the embarrassment and without the reluctance which has been so characteristic of American business”.⁴⁶

However, “Powell was just one of many who pushed to reinvigorate the political clout of employers”.⁴⁷ As the situation turned for the worse in the early 70s, considering the increased governmental emphasis on environmental and consumer protection, he was joined by several representatives of the business community, including senior Washington representative for Proctor and Gamble Bryce Harlow who declared his determination to “prevent business from being rolled up and put in the trash can by that Congress”.⁴⁸ Many pro-business advocates began to articulate their grievances with the leftist tilt of American society and the federal government, and in the process they came to realize that they shared a number of political goals. People like Powell and Harlow “recognized that business had hardly begun to tap its potential for wielding political power” and thus began the “organizational counterattack of business” which would be so characteristic of the 70s.⁴⁹

Arguably heeding Powell’s call, the business community united in a large scale effort to gain considerable political influence. More specifically, they focused on extensive lobbying and established several pro-business groups and foundations, including the Business Roundtable and the Heritage Foundation. The Heritage Foundation was founded in 1973 and is a think-tank working to shift “public opinion and policy in a conservative direction”.⁵⁰ According to their manifesto, their mission is “to formulate and promote conservative public policies based on the principles of free enterprise, limited government, individual freedom, traditional American values, and a strong national defense”.⁵¹ In other words, the Heritage Foundation “sought to set the political agenda, to provide argumentative weaponry for the conservative cause, and to train and house reliable policy specialists who could staff business-friendly administrations”.⁵²

The Business Roundtable was founded in 1972 and it was “designed to mobilize high-

⁴⁵ Ibid.

⁴⁶ Ibid., 26.

⁴⁷ Hacker and Pierson, *Winner-Take-All Politics*, 117.

⁴⁸ Ibid.

⁴⁹ Ibid., 118.

⁵⁰ Ibid., 123.

⁵¹ Ibid., 124.

⁵² Ibid., 123.

level CEOs as a collective force to lobby for the advancement of shared interests”.⁵³ It was the first organization to restrict its’ membership to top CEOs only and “within five years the new mega-organization had enlisted 113 of the top Fortune 200 companies, accounting for nearly half of the economy”.⁵⁴ The Roundtable was a success. Through effective lobbying, it managed to significantly reinforce the influence of the business community in Washington. “The Roundtable has made a lot of difference,” deputy treasury secretary Charls Walker once argued.⁵⁵ “They know how to get the CEOs into Washington and lobby; they maintain good relationships with the congressional staffs; they’ve just learned a lot about Washington they didn’t know before”.⁵⁶

Most importantly however, corporations realized that they could exert a great deal of political influence simply by contributing money to parties and candidates. To be sure, business had practiced political giving in the past. However, these contributions had been largely uncoordinated (and predominantly illegal) and could not match the size and scope of the financial and in-kind support provided to parties and candidates by the labor movement. Thus, in order to outmaneuver organized labor in the area of political giving, corporations needed to both coordinate and increase their donations. Fortunately for the business community, their increased desire for political influence coincided with an increased need for campaign money as well as the enactment of new campaign finance laws which opened up for corporations to establish political action committees. As mentioned in the previous chapter, prior to the 1974 amendments to the FECA, PACs were mainly run by labor unions. However, as a result of this new legislation the number of business PACs virtually exploded and, as we shall see, eventually surpassed the number of labor PACs. In addition, because of the traditional connection between business and the Republican Party, this development would ultimately favor the GOP. Thus, the provisions of the FECA backfired on the Democrats who, in 1974, were convinced that they would be the major beneficiaries of PAC growth.

3.3 Political and Legislative Conditions Encouraging the Business PAC Explosion

⁵³ Ibid., 120.

⁵⁴ Ibid.

⁵⁵ Ibid.

⁵⁶ Ibid.

Although corporate PACs were not officially legalized until the FECA was amended in 1974, the process of authorizing their establishment began with the 1971 reform. The original FECA actually “allowed corporations and labor unions (1) to communicate on any subject (including partisan politics) with stockholders and members, respectively, and their families, (2) to conduct nonpartisan registration and get-out-the-vote drives directed at these same constituencies, and (3) to spend company and union funds to establish and administer a ‘separate segregated fund’ to be used for political purposes – that is, to set up political actions committees”.⁵⁷ These provisions were highly supported and partly drafted by the labor movement which at the time was threatened by a court of appeal’s ruling that one of their PACs was “compulsory and union financed rather than voluntary and member financed”.⁵⁸ If the Supreme Court were to maintain this decision, the activities of this particular PAC would have been exposed as illegal and the labor movement would have suffered a detrimental blow. Thus, notwithstanding the obvious concessions to corporations inherent in the before mentioned provisions, labor deemed it necessary that they be implemented. In order to safeguard their own interests, labor essentially gave business “a virtual carte blanche to establish PACs”.⁵⁹ However, because corporations had previously shown little interest in following the PAC model to gain political influence, few believed that they would take advantage of such committees in the future.

Initially, labor’s tactic seemed to be working smoothly. The court of appeals ruling was reversed and union PAC activity was continued without mentionable competition from the business community. The reason for this is arguably twofold. As mentioned in the previous chapter, the disclosure requirements of the FECA were not implemented until April 1972, roughly five months prior to the presidential election. Thus, candidate committees, most notably CREEP, had ample time to tap businesses for direct contributions which would not have to be accounted for. Another explanation for the absence of corporate PACs in 1972 is related to a lawsuit filed by the pro-reform organization Common Cause against TRW Inc. in 1972. In essence, Common Cause charged that TRW, “a large company with major government contracts, maintained an illegal campaign fund composed of money from employers”.⁶⁰ By referring to the particular section of the FECA which prohibited government contractors from contributing to political campaigns, Common Cause not only highlighted the

⁵⁷ Epstein, “An Irony of Electoral Reform,” 38.

⁵⁸ Ibid.

⁵⁹ Ibid., 36.

⁶⁰ Julian E. Zelizer, *On Capitol Hill: The Struggle to Reform Congress and Its Consequences, 1948 – 2000* (New York: Cambridge University Press, 2004), 115.

obvious misconduct of TRW, but also questioned whether or not this restriction was compatible with the other provisions authorizing the establishment of corporate PACs.⁶¹ After all, most corporations had government contracts. As a result, a number of companies refrained from establishing political action committees in fear of violating the law and ending up like TRW, which ultimately had to give up the practice and return all illegally solicited funds.⁶²

Nevertheless, “labor was also concerned about the Common Cause suit, because a number of unions were government contractors by reason of their federal manpower training and development contracts”.⁶³ Thus, when the FECA was amended in 1974, the labor movement championed a provision reversing the ban and effectively allowing both unions and corporations with government contracts to establish PACs.⁶⁴ Once again, labor believed that the benefit of safeguarding their own PAC related activities exceeded the risk of granting corporations the same authorities. However, this time they were painfully wrong in their assumption. After all, “the majority of government contractors are corporations”.⁶⁵ Nevertheless, in addition to the legal basis provided by the FECA, other aspects of the legislation further encouraged businesses to set up PACs and rendered the subsequent explosion of corporate PACs inevitable. As mentioned earlier, compared to individuals, PACs benefited disproportionately from the contribution limits established in 1974. While individual contributions were limited to \$1,000 per candidate per election with an annual aggregate limit of \$25,000, PACs could contribute up to \$5,000 per candidate per election with no aggregate limit.⁶⁶ The purpose of these limits was primarily to thwart the lopsided political influence of wealthy people like W. Clement Stone. However, “Congress apparently overlooked the incentive for collective action it was creating with PAC limits five times greater than those placed on individuals”.⁶⁷

As already mentioned, the business community’s newly emergent desire to exert greater political influence significantly boosted their incentive to establish PACs. In addition, so did the fact that interest groups had eventually gained a favorable position in American society in general and American politics in particular. In fact, the organizational endeavor of the business community conveniently coincided with a development towards decreased party

⁶¹ Epstein, “An Irony of Electoral Reform,” 36.

⁶² Epstein, “An Irony of Electoral Reform,” 36 and Zelizer, *On Capitol Hill*. 115.

⁶³ Epstein, “An Irony of Electoral Reform,” 36.

⁶⁴ Ibid.

⁶⁵ Ibid.

⁶⁶ Frank J. Sorauf, “Political Action Committees,” 124.

⁶⁷ Ibid., 123.

loyalty and weaker party organizations.⁶⁸ Political parties had actually begun to lose ground quite early in the 20th century when certain campaign laws left them in possession of “relatively few incentives – material, solidary, or purposive – to attract prospective donors”.⁶⁹ Increasingly, donors were attracted to individual candidates and issue-specific groups rather than national party organizations. Nevertheless, parties remained in relative control until the 1960s when new technology, especially the television, created a direct link between political candidates and the public.⁷⁰ “Advancements in survey research, computerized data processing, and mass media advertising provided candidates with new tools for gathering information about voters and communicating messages to them”.⁷¹ In addition, with the help of private political consultants as well as new fundraising technology, it became increasingly easier for candidates to run their own campaigns without being dependent on party organizations.⁷² By the 1970s, a declining number of people had a favorable view of political parties and “more voters were refusing to vote the party line, choosing instead to split their ticket between candidates of different parties for Congress and the presidency”.⁷³ Thus, new technology facilitated a political environment in which party adherence was less significant and campaigns became predominantly candidate-centered. Moreover, citizens became generally more reluctant to channel their political influence through party organizations and they began searching for alternative options. Before long, “interest groups became the political organization of choice for many Americans concerned about specific (and even narrow) interests and issues”.⁷⁴ At the same time, candidates who distanced themselves from the party organizations needed to find alternative sources of funds. Thus, they looked to the increasing number of interest groups which eventually were granted the right to establish political action committees. Through these PACs, interest groups could finance candidate campaigns and in that way take on the role of financial contributor which had previously been held by the parties.⁷⁵ In essence, as political campaigns became more candidate-centered and more dependent on the media, political parties lost control of this part of the electoral process

⁶⁸ Ibid.

⁶⁹ La Raja, *Small Change*, 145.

⁷⁰ Ibid., 161.

⁷¹ Paul S. Herrnson, “The Revitalization of National Party Organizations,” in *The Parties Respond: Changes in American Parties and Campaigns*, ed. L. Sandy Maisel (Boulder: Westview Press, 1994), 48.

⁷² Herrnson, “The Revitalization of National Party Organizations,” 48.

⁷³ La Raja, *Small Change*, 161.

⁷⁴ Sorauf, “Political Action Committees,” 123.

⁷⁵ Ibid.

to interest groups.⁷⁶ Thus, the “historic division of labor in which parties had mobilized support in elections and interest groups brought influence to bear on officials already elected” officially came to an end.⁷⁷

Yet another factor contributing to the growth of PACs, and especially business PACs, during the seventies was the Federal Elections Commission’s 1975 SUN-PAC ruling. Although the 1974 amendments to the FECA basically gave the green light to corporate PACs, some companies were still quite unsure about the specific rules regarding the establishment and operation of such PACs. One of these companies was the Sun Oil Company which in July 1975 asked if the FEC could determine the legality of their plan to “use corporate funds to establish, administer, and solicit contributions for a political action committee”.⁷⁸ Eventually, the FEC decided that the company was allowed to:

- (1) use general treasury funds to establish, administer, and solicit contributions to SUN-PAC, its political action committee, (2) solicit contributions to SUN-PAC from both stockholders and employees, and (3) establish multiple PACs, each with separate contribution and expenditure limits, as long as the monies came solely from voluntary contributions.⁷⁹

In essence, the FEC validated that the Sun Oil Company, and other corporations, could use company money to operate PACs. Thus, businesses did not have to use part of what they received in voluntary contributions to cover overhead costs. Instead, they could funnel all of this money directly to political candidates.

The SUN-PAC ruling was a huge concession to corporations wanting to exert more political influence, and “in the six months following FEC’s decision, over 150 corporations established PACs, bringing the number in existence to nearly 300”.⁸⁰ According to the prominent business analyst Professor Edwin M. Epstein, labor watched this development with apprehension and decided to seek a congressional reversal of the recently established parameters for corporate political activity. Thus, when the 1976 amendments to the FECA were drafted, union lobbyists worked intensively to establish “a new and politically

⁷⁶ Sorauf, “Political Action Committees,” 123 and Frank J. Sorauf and Scott A. Wilson, “Political Parties and Campaign Finance: Adaptation and Accommodation Toward a Changing Role,” in *The Parties Respond: Changes in American Parties and Campaigns*, ed. L. Sandy Maisel (Boulder: Westview Press, 1994), 248.

⁷⁷ Sorauf, “Political Action Committees,” 123.

⁷⁸ *Ibid.*, 130.

⁷⁹ Epstein, “An Irony of Electoral Reform,” 36.

⁸⁰ *Ibid.*

acceptable balance between union and corporate rights in federal elections”.⁸¹ The final provisions of the bill were believed to primarily benefit the labor movement which regained some of its PAC power relative to business. Unions and corporations were granted relatively equal concessions with regards to who they could solicit for contributions.⁸² In addition, “organized labor achieved a key objective when it was permitted to use payroll deduction plans (‘check-offs’) to collect from its members if the company PAC used that method with its stockholders or executive/administrative personnel”.⁸³ Most importantly, while the 1976 amendments provided that it was still legal to establish multiple PACs, it was added that all committees affiliated with a specific company or union would be regarded as one entity in terms of contribution limits. Thus, even if a corporation or a union established say five separate PACs, these five PACs combined could not contribute more than the \$5,000 contribution limit per candidate per election.⁸⁴ However, although the 1976 amendments restored some of what labor had lost as a result of the SUN-PAC ruling, corporations emerged triumphant from the legislative adjustments of the seventies. As we shall see, the number of business PACs grew rapidly at the same time as labor’s political clout atrophied, and eventually business gained the upper hand and established itself as a permanent fixture of American politics.

3.4 The Business PAC Explosion

Since the 1970s, the number of political action committees has steadily increased. According to the Federal Election Commission, 608 PACs were registered in 1974.⁸⁵ In September 2012 however, the number of operating PACs had climbed to 6,464.⁸⁶ Although this increase has developed over approximately forty years, annual statistics reveals that the highest percentage of PAC growth occurred in the immediate years following the amendments to the FECA. In the two years between 1974 and 1976 the number of operating PACs nearly doubled, from 608 to 1,146.⁸⁷ In 1980 the number had risen to 2,551, and in 1984 there were no fewer than

⁸¹ Ibid.

⁸² Ibid.

⁸³ Ibid.

⁸⁴ Anthony Corrado, “Money and Politics: A History of Campaign Finance Law,” in *Campaign Finance Reform: A Sourcebook*, ed. Anthony Corrado et.al. (Washington D.C.: Brookings Institution Press, 1997), 56.

⁸⁵ “Number of Federal PACs Increases,” The Federal Election Commission, March 9, 2009, available at: <http://www.fec.gov/press/press2009/20090309PACcount.shtml>

⁸⁶ “Summary of PAC Activity,” Federal Election Commission, available at: http://www.fec.gov/press/summaries/2012/ElectionCycle/file/pac_financial_activity/PAC1q32012.pdf

⁸⁷ “Number of Federal PACs Increases”.

4,009 operating PACs in the U.S.⁸⁸ In the following years however, the PAC growth slowed down temporarily. The number of PACs lingered around 4,000 until 2007 when it had climbed to 5,048.⁸⁹ Nevertheless, as evidenced by the 6,464 PACs that were registered in 2012, a significant increase occurred once again in the five years following the 2007 tally. As will be illustrated at a later stage, the reason for this particular development is connected to a 2010 Supreme Court ruling opening up for the establishment of yet another type of political action committee frequently dubbed Super PACs.

Nevertheless, what these numbers do not reveal is the fact that it is primarily corporate PACs which have contributed to the last forty years of PAC growth. In 1974, only 89 corporate PACs had registered with the FEC, compared to 201 labor PACs.⁹⁰ Two years later, however, the number of corporate PACs had more than quadrupled and climbed to 433.⁹¹ In the same timeframe, labor PACs experienced modest progress adding only 23 to their numbers. Thus, the number of corporate PACs was suddenly twice as high as the number of labor PACs, and in just two years business had effectively gained control of “labor’s long time and essential political mechanism”.⁹² Between 1976 and 1984, the number of business PACs had risen by 388.4 percent, reaching 1,682. From then on, the figures are rather stable with only a slight increase towards 2012 when the number had climbed to 1,843.⁹³ For organized labor however, the figures are rather depressing. Between 1980 and 1982, the number of labor PACs rose from 297 to 380.⁹⁴ However, since then the number has lingered around 300, and in 2012 the count was only 301.⁹⁵ Thus, based on these statistics one can arguably assume that in a swift and sweeping move, business replaced labor as the most influential interest group in electoral politics.

However, in an effort to calculate PAC influence one cannot rely on the numbers provided above. In order to determine the political influence of different types of PACs, it is necessary to examine the size and scope of their political contributions, their receipts, and their total disbursements. In 1978 the number of corporate PACs was 785 and the number of labor PACs was 217.⁹⁶ Based on these figures, one might simply infer that PAC contributions to congressional candidates in that year derived predominantly from business PACs.

⁸⁸ Ibid.

⁸⁹ “Summary of PAC Activity”.

⁹⁰ “Number of Federal PACs Increases”.

⁹¹ Ibid.

⁹² Epstein, “An Irony of Electoral Reform,” 35.

⁹³ “Summary of PAC Activity”.

⁹⁴ “Number of Federal PACs Increases”.

⁹⁵ “Summary of PAC Activity”.

⁹⁶ “Number of Federal PACs Increases”.

However, numbers from the Federal Election Committee show that while corporate PACs contributed \$9.5 million to congressional candidates in 1978, labor PACs contributed \$9.9 million.⁹⁷ Thus, despite the numerical imbalance between labor and corporate PACs, they were almost at an equal level considering contributions. However, this comparison is rather simplified and does not accurately illustrate the scope of business' influence in electoral politics.

According to Epstein, it is the FEC's classification of PACs which is at the root of these misleading figures. In addition to the labor/corporate distinction, the FEC separates other types of PACs into four distinct categories; "No-Connected PACs (for example, Business-Industry Political Action Committee), Trade/Membership/Health (for example, National Association of Realtors), Cooperatives (for example, Associated Milk Producers, Inc.), and Corporations without Stock (for example, California Almond Growers Exchange)."⁹⁸ However, considering the fact that the main bulk of these particular groups and associations most likely can be considered to be business-related in some way, these distinctions are rather misleading. In essence, one can arguably assume that at least half of the PACs categorized as neither labor nor corporate are in fact associated with business, and in that case the previous estimates come off as rather skewed.⁹⁹ According to the FEC, the number of such non-labor and non-corporate PACS was 651 in 1978.¹⁰⁰ Furthermore, their contributions to congressional candidates in the 1978 midterm elections totaled an approximate \$ 15 million.¹⁰¹ Thus, if one assumes that at least half of these contributions derive from PACs that are somehow related to business, the total amount of contributions from business rises to approximately \$17 million. The statistics regarding the amounts raised and spent by PACs in 1978 can also be interpreted in the same fashion. At first look, the record of that year reveals that the total receipts and disbursements of what is defined as corporate PACs almost paralleled those of labor PACs. However, if half of the non-labor and non-corporate PACs are in fact related to business in one way or another and if their receipts and disbursements are included in the corporate PAC estimate, the matter becomes an entirely different one. "Based on these estimates", Epstein argues "business and business-related groups out-raised and out-disbursed labor groups by almost two to one in 1978 and out-

⁹⁷ Sorauf, "Political Action Committees," 141.

⁹⁸ Epstein, "An Irony of Electoral Reform," 37.

⁹⁹ Ibid.

¹⁰⁰ "Number of Federal PACs Increases".

¹⁰¹ Sorauf, "Political Action Committees," 141.

contributed them almost 70 percent”.¹⁰² Nevertheless, whichever way one decides to interpret the PAC statistics of 1978, there is no denying that, in the few years following the FECA amendments, corporate PACs had increased their financial worth and their contributions to a much greater extent than labor PACs had. Thus, “whatever measures one uses, it is apparent that business related PACs (both of the corporate and non-corporate varieties) played a far more important role in 1978 than they had in any election theretofore”.¹⁰³

Further on in his 1979 analysis, Epstein argues that it is highly likely that business will “increase both the size and the vigor of their PAC operations in the future”.¹⁰⁴ By comparing the number of corporate PACs with the number of corporations in 1978, he reaches the conclusion that “the market for potential PAC formations is virtually untapped”.¹⁰⁵ According to his numbers for 1978, business PACs “represented only 22 percent of the 3,755 U.S. corporations with reported assets of \$100 million or more (1974) and a meager 3.4 percent of the 23,834 corporations with reported assets of \$10 million or more”.¹⁰⁶ Furthermore, he argues that for the 1978 election cycle, corporate PACs raised and donated only a fraction of what they really were capable of.¹⁰⁷ However, based on the sudden increase in their receipts and contributions, as well as their remarkable financial potential, Epstein argued that it was likely that business PACs would continue to expand their funds and their political donations.¹⁰⁸ “Surely by 1982,” he continues “there could be 1,000 corporate PACs spending a total of some \$50 million (an average of \$50,000 apiece) and distributing \$25 - \$30 million directly to congressional candidates”.¹⁰⁹ As it would turn out, in 1982 there were 1,469 corporate PACs contributing a total of \$28 million to congressional candidates.¹¹⁰ Thus, Epstein was right in his assumptions. The number of business PACs virtually exploded after 1978 and their financial contributions became increasingly larger. Already in 1980, the amount of corporate PAC (not including business-related PACs) donations to congressional candidates reached \$19 million, and they were out-contributing labor by approximately 50

¹⁰² Epstein, “An Irony of Electoral Reform,” 37.

¹⁰³ *Ibid.*, 38.

¹⁰⁴ *Ibid.*, 39.

¹⁰⁵ *Ibid.*

¹⁰⁶ *Ibid.*

¹⁰⁷ *Ibid.*

¹⁰⁸ *Ibid.*

¹⁰⁹ *Ibid.*

¹¹⁰ Sorauf, “Political Action Committees,” 141.

percent.¹¹¹ In the following years, business PACs continued to donate more and more cash to congressional races and in 2010 the total amount had risen to \$ 153.7 million.¹¹²

3.5 The Political Partisanship of Business PACs

As previously mentioned, the Republican Party has considered business their political ally for a long time. The connection between the GOP and corporations was already visible in the late nineteenth century when “Mugwump and Progressive notions of ‘education’ politics spread and party spectacle declined”.¹¹³ Increasingly, political campaigns depended on huge amounts of cash in order to attract voters. Furthermore, one of the first who successfully adjusted to this new era of electoral politics was Republican presidential candidate William McKinley’s campaign manager Mark Hanna. Fundraising for the 1896 election, Hanna cleverly turned to that particular section of American society which experienced an unparalleled degree of financial growth and which was in position to donate fairly large sums. He focused most of his attention towards businesses and he systematically charged them according to their net worth. Hanna managed to raise incredible sums for the Republican candidate and, as a result, he explicated the benefits of staying connected to the corporate elite. Nevertheless, one should not assume that these benefits went unnoticed by Democrats and that the GOP could go on and tap the business community for resources without any competition from the opposing party. In fact, at the time when political campaigns became increasingly sophisticated and increasingly expensive, the Democratic Party also “received a portion of funds from corporations”.¹¹⁴ However, these donations were “based on more personal relationships and local ties” and did not come close to matching the corporate contributions to the Republican Party. The reason for this is primarily based on the fact that the GOP platform has traditionally been pro-business and that they have developed a natural affinity with the business community. Thus, corporate contributions to the Republican Party have generally been based on the party’s policy stance towards business rather than pre-existing and sporadic alliances.¹¹⁵ Repeatedly, the GOP has financed political campaigns with corporate money and

¹¹¹ Ibid.

¹¹² “PAC Contributions to Congressional Candidates, 1978 – 2010,” The Federal Election Commission, available at: http://www.cfinst.org/data/pdf/VitalStats_t10.pdf

¹¹³ La Raja, *Small Change*, 30.

¹¹⁴ Ibid., 50.

¹¹⁵ Ibid.

for decades it has been described as the party of business.¹¹⁶

Based on this account, one might assume that the main bulk of the business PACs which were established during the seventies supported Republican presidential and congressional candidates. However, the political partisanship of business is not as clear cut as that supposition would entail. In essence, rather than being a homogeneous entity, the business community does in fact consist of several different sectors with dissimilar interests. Furthermore, it is not a given that all of these disparate interests match the policies of the political right at all times. On the whole, the fact that there are distinctions within the corporate division which, to a certain degree, affect the political leniency of businesses is generally accepted by theorists. However, there is fundamental disagreement regarding the nature of these distinctions as well as the degree to which they affect the political unity of the business community. In essence, pluralist theorists argue that “policies that benefit one sector of business are often detrimental to others; hence corporations frequently find themselves opposed to one another in the political arena”.¹¹⁷ On the other hand, Marxist and elite theorists argue that “fundamental interests in defending the system of private property and production for profit override whatever divisions exist among corporations”.¹¹⁸ Nevertheless, even the theorists believing that businesses are united behind a central interest also “make distinctions between the more conservative and more liberal sectors of the capitalist class”.¹¹⁹

Thus, despite certain differences, there exists a broad recognition of the fact that there are cleavages within the business community which might somehow affect political giving. According to Val Burris, there are six different theories which seek to explain the partisanship of business based on specific corporate characteristics. Four of these theories, the core-periphery-, the inner-circle-, the managerialist-, and the domestic-multinational theory, are related in the sense that they all argue that “it is the more central and dominant firms that tend to be politically moderate or liberal.”¹²⁰ Moreover, their argument is based on the hypothesis that larger more competitive firms are less fearful of governmental regulation and are more willing to cooperate with the authorities for the benefit of the economic system as a whole.¹²¹ However, Burris argues that these four theories, collectively referred to as the theory of

¹¹⁶ Jackie Calmes, “For ‘Party of Business,’ Allegiances Are Shifting,” *New York Times*, January 15, 2013, accessed March 4, 2013, http://www.nytimes.com/2013/01/16/us/politics/a-shift-for-gop-as-party-of-business.html?_r=0

¹¹⁷ Burris, “The Political Partisanship of American Business,” 732.

¹¹⁸ *Ibid.*

¹¹⁹ *Ibid.*

¹²⁰ *Ibid.*, 740.

¹²¹ *Ibid.*

corporate liberalism, falls short in the light of statistics regarding corporate PAC contributions.¹²² Based on the FEC's record of PAC contributions in the 1982 Congressional election, Burris concludes that while the size of firms might account for diminutive differences as regards to political partisanship, larger companies are no more liberal than smaller companies.¹²³ In fact, "the more profitable and oligopolistic firms are, if anything, more conservative than the less profitable and more competitive firms".¹²⁴ Thus, the theory of corporate liberalism is, according to Burris, not valid.

Furthermore however, he argues that the two remaining theories, the Yankee-Cowboy theory and the regulatory environment theory, are more or less supported by the statistics from the 1982 midterm elections. The Yankee-Cowboy theory is largely based on regional distinctions and is a theory in which "eastern banks and Midwestern manufacturing corporations are seen as moderate to conservative in political orientation, while rising Sun Belt firms in industries like defense, oil, agribusiness, textiles, and construction are viewed as more ultra-conservative".¹²⁵ However, there is considerable disagreement among Yankee-Cowboy theorists regarding the reason for this regional divide. While some attribute the differences in political leniency to the conservatism entrenched in Southern and Southwestern culture and the liberalism inherent in the culture of the North and the Northeast, others emphasize the "different industrial mix between the regions".¹²⁶ Nevertheless, none of these rationalizations have been sufficiently examined.

The regulatory environment theory on the other hand, "argues that differences in corporate political behavior are primarily a reflection of different regulatory environments".¹²⁷ In essence, the theory argues that a firm's regulatory environment determines whether a corporation contributes according to ideology or pragmatic concerns. "From an ideological standpoint", Burris argues "most corporations prefer Republicans over Democrats and conservatives over liberals."¹²⁸ "Many corporations, however, temper this ideological conservatism with a pragmatic concern for maintaining access to influential incumbents, regardless of party or ideology".¹²⁹ Firms which have traditionally been accustomed to cooperate with regulatory agencies and congressional committees, or which are government

¹²² *Ibid.*, 741.

¹²³ *Ibid.*, 739.

¹²⁴ *Ibid.*

¹²⁵ *Ibid.*, 734.

¹²⁶ *Ibid.*, 742.

¹²⁷ *Ibid.*, 734.

¹²⁸ *Ibid.*

¹²⁹ *Ibid.*

contractors, are more likely to be pragmatic and supportive of incumbents.¹³⁰ Furthermore, “firms with less immediate interest in industry-specific regulation and contracts are hypothesized to be less constrained by the need to maintain access to incumbents and therefore freer to follow their ideological preference for conservatives, including Republican challengers of incumbent Democrats”.¹³¹ In addition:

firms that have the most antagonistic relationship to government regulation – those that have been embroiled in the greatest conflict with the newer multi-industry regulatory agencies like the Environmental Protection Agency and the Occupational Safety and Health Administrations – are hypothesized to be the most willing to risk the displeasure of incumbents in order to elect a more Republican and conservative Congress.¹³²

Burris argues that, while some of the aspects of the Yankee-Cowboy theory remain unfounded, “the evidence of regional differences in business political partisanship is sufficiently impressive to warrant further investigation”.¹³³ As mentioned, the evidence mainly consists of information gathered from the FEC on corporate PAC contributions during the 1982 midterm election. Only the 1,000 largest corporations were included in the analysis. Moreover, this quantitative study evaluates the corporations’ political partisanship according to the percentage of their contributions to incumbents, Republicans, and New Right candidates. As will be further examined in the next chapter, the New Right was an ultraconservative network of organization which developed during the 1970s. Nevertheless, according to Burris, the numbers reveal that “several of the industries highest in contributions to Republicans and New Right candidates are also industries in which Sun Belt firms are overrepresented”.¹³⁴ Corporations based in New England and the Mid-Atlantic States, however, generally contribute far less to New Right candidates.¹³⁵ Furthermore, there is an apparent tendency on part of corporations located in the Sun Belt to be more supportive of non-incumbents than incumbents.¹³⁶ Nevertheless, Burris questions the accuracy of the Sun Belt/Frost Belt dichotomy and does not give the Yankee-Cowboy theory his full support. In

¹³⁰ *Ibid.*

¹³¹ *Ibid.*

¹³² *Ibid.*, 743 and 735.

¹³³ *Ibid.*, 742.

¹³⁴ *Ibid.*, 737.

¹³⁵ *Ibid.*, 742.

¹³⁶ *Ibid.*, 738.

essence, he argues that there are too many unanswered questions relating to the theory's parameters and that the numbers from the 1982 elections directly contradicts some of the theory's basic assumptions.¹³⁷

With regards to the regulatory environment theory, however, Burriss is far more positive in his judgment. According to the statistics, he argues, "traditional regulated industries like drugs, transportation, and utilities are among the highest in the percentage of contributions to incumbents".¹³⁸ Furthermore, in 1982 these industries contributed much less to Republicans and New Right candidates than to Democratic candidates.¹³⁹ "Industries with a high frequency of environmental and labor violations (e.g. chemicals, oil refining, paper and wood products)", on the other hand "are generally low in contributions to incumbents and high in contributions to Republicans and New Right candidates".¹⁴⁰ Thus, the statistics from the 1982 Congressional elections seem to verify the regulatory environment theory in that those corporations which are more antagonistic towards federal regulation of environment and labor are more likely to follow their ideological conviction and contribute to non-incumbents, Republicans, and New Right candidates.

Conversely, corporations which are more positive towards industry-related regulation and which are operating in cooperation with the government tend to be more pragmatic considering political contributions. Thus, they usually support incumbents in order to remain in close relation with policymakers. However, Burriss makes sure to emphasize the fact that the legitimacy of the regulatory environment theory cannot be confirmed based on the statistics from the 1982 elections only. In fact, the theory has certain weaknesses and can be said to pose more questions than answers. For example, the group of anti-regulation firms is not as cohesive as previously suggested. While they do share a reluctance to support incumbents and an inclination to support candidates from the political right, there are a number of variations as regards to the percentage of their contributions to the different categories of recipients. Thus, Burriss argues that "further research is needed to determine whether antagonism to government regulation is indeed the common factor underlying the political conservatism of these industries and to develop more refined indices for measuring such antagonism".¹⁴¹

Nevertheless, connecting the partisanship of business to the size, the location, or the

¹³⁷ *Ibid.*, 742.

¹³⁸ *Ibid.*, 736.

¹³⁹ *Ibid.*

¹⁴⁰ *Ibid.*, 737.

¹⁴¹ *Ibid.*, 741.

federal regulation of corporations, is undeniably a complicated task. In essence, the business community is both a complex and diversified entity and there are too many variables which have the potential to influence a corporation's political lenience. However, the type of quantitative study completed by Burris reveals certain tendencies on part of different corporate categories with regards to whom they most likely will support. In addition, the analysis illustrates the fact that although most corporations agree with many of the ideological perspectives of the political right, including smaller government and lower taxes, many choose to contribute in opposition to their ideological convictions and support incumbents regardless of party affiliation. Thus, one can justifiably question whether or not the right benefited disproportionately from the growth of business PACs during the seventies. However, based on statistics regarding corporate PAC contributions to Democrats and Republicans in 1978 and 1980, I will argue that they did. Furthermore, I will argue that the right wing profited the most in the early years of the business PAC domination.

3.5 Business PACs and Republican Electoral Success

While the particular numbers used in Burris' analysis provides an overview of the contradicting patterns of political giving existing among the top 1,000 corporations in the U.S. in the 1982 congressional election, the applied statistics do not provide an overview of the partisanship of business PACs as a whole. More simplified reports, however, reveal that corporate PACs contributed as much as \$ 22.2 million to Republican congressional campaigns in 1982.¹⁴² At the same time, Democrats only received \$ 11.5 million from such corporate sources.¹⁴³ Thus, there is no doubt that the main bulk of corporate PAC contributions during the 1982 midterm elections went into the hands of Republican candidates, and one can legitimately argue that business PAC donations favored the political right over the left.

In fact, statistics from numerous elections reveal that business PACs consistently give more to Republicans than to Democrats, and a number of studies have exposed links between corporate contributions and Republican electoral success.¹⁴⁴ Furthermore, research has "shown the importance of corporate PACs in financing candidates of the ideological far right".¹⁴⁵ Nevertheless, it is important to mention that many of these studies concentrate on the elections that were held during the early years of the business PAC explosion. More

¹⁴² David B. Magleby and Candice J. Nelson, *The Money Chase: Congressional Campaign Finance Reform* (Washington D.C.: Brookings Institution Press, 1990), 84.

¹⁴³ Magleby and Nelson, *The Money Chase*, 84.

¹⁴⁴ Burris, "The Political Partisanship of American Business," 733.

¹⁴⁵ *Ibid.*

specifically, the elections of 1978 and 1980 are recurrent focal points in analyses reaching conclusions involving a predisposition on part on corporations to support Republicans. Considering the fact that one of the main objectives of this chapter is to determine the immediate effect of the business PAC growth on the political right, the following analysis will also examine the these two particular elections. However, it is essential to remember that these are isolated events and that they do not signify a continued trend in American electoral politics. In fact, L. Sandy Maisel has argued that “PACs became more ‘risk averse’ as they grew and matured” and that “the percentage of contributions going to challengers and open-seat candidates in congressional campaigns declined steadily in the 1980s”.¹⁴⁶ If this applies to corporate PACs as well, one can argue that, as time went by, corporations increasingly contributed according to pragmatic interests rather than ideological conviction. Furthermore, if contributing according to pragmatic interests entail support for incumbents, this, in turn, suggests that business PACs gradually gave more to Democrats. The reason for this is based on the fact that Democrats controlled the House through the 1980s and the Senate from 1986 to 1992.¹⁴⁷ This is also supported by the statistics on corporate PAC contributions to congressional candidates through that particular decade. More specifically, the amount of money given to Democrats by business PACs grew more rapidly than the amount contributed to Republicans.¹⁴⁸ To be sure, the main bulk of corporate donations still went to the political right. However, after a while the gap between Democrats and Republicans narrowed considerably. In 1988 for example, corporate PACs gave \$ 23.5 million to Democrats and \$ 26.9 million to Republicans.¹⁴⁹ Nevertheless, as we shall see, in the early years of business PAC growth, the political right was the predominant beneficiary of corporate contributions.

3.6 The 1978 Congressional Elections

In 1978, 785 corporate PACs were registered with the FEC.¹⁵⁰ As mentioned earlier, there are several reasons to count in at least half the registered trade-, health-, and membership PACs as well. However, in this particular analysis I will only refer to those PACs specifically defined as corporate PACs by the FEC. Thus, the following discussion of the sum of corporate political contributions in 1978 pertains exclusively to these 785 PACs. Nevertheless, the

¹⁴⁶ Sorauf and Wilson, “Political Parties and Campaign Finance,” 248 and 249.

¹⁴⁷ “Composition of Congress, by Political Party, 1855 – 2015,” infoplease.com, accessed May 2, 2013, <http://www.infoplease.com/ipa/A0774721.html>

¹⁴⁸ Magleby and Nelson, *The Money Chase*, 84.

¹⁴⁹ *Ibid.*

¹⁵⁰ Sorauf, “Political Action Committees,” 140.

statistics on corporate donations to Congressional candidates are somewhat challenging. While the book *Campaign Finance Reform: A Sourcebook* presents a document claiming that corporate PACs contributed a total of \$ 9.5 million in 1978, David B. Magleby operates with another report stating that corporate PACs gave \$ 6.5 million to Democrats and \$ 11.1 million to Republicans.¹⁵¹ That would bring the total to \$ 17.6 million, exceeding the estimate presented in *Campaign Finance Reform* by \$ 8.1 million. One reason for this deviation might be related to the fact that the numbers collected by Magleby include “aggregate PAC receipts for all congressional candidates, including those who lose in the primaries”.¹⁵² Therefore, I have chosen to rely on the statistics presented in *Campaign Finance Reform: A Sourcebook*. Nevertheless, this record of corporate PAC contributions only display the sum total and does not specify the percentage going to either Republicans or Democrats. Thus, the following discussion will be based on a chart published on the Campaign Finance Institute’s webpage which details the beneficiaries of business PAC contributions and which operate with approximately the same sum total as the document in *Campaign Finance Reform: A Sourcebook*. The chart is produced on the basis of numbers from the Federal Election Commission and is attached to this thesis (appendix A).

According to the table provided by the CFI, the total amount of money contributed to congressional candidates by the 785 corporate PACs operating in 1978 was \$ 9.8 million.¹⁵³ Of that, \$ 6.2 million went to House candidates while \$ 3.6 million went to Senate candidates. Furthermore, with regards to candidates for the House, 22 percent of the total \$9.8 million were donated to Democratic incumbents and 18 percent were given to Republican incumbents. With regards to challengers, however, only 1 percent was given to Democrats while 10 percent went to Republicans. Furthermore, while 4 percent of the total was donated to Democratic candidates for open seats, 8 percent was given to Republicans for open seats. Considering Senate candidates, however, 6 percent went to Democratic incumbents while 14 percent went to Republican incumbents. Thus, Republican incumbents received approximately \$ 1.3 million in business PAC contributions while Democratic incumbents received corporate support of an estimated \$ 588,000. In addition, only 2 percent of the total contributions by business PACs went to Democratic challengers. Republican challengers, however, received 7 percent. Moreover, with regards to the open seats, corporate PACs distributed 3 percent of their contributions to Democrats and 6 percent to Republicans. Thus,

¹⁵¹ Sorauf, “Political Action Committies,” 140 and Magleby and Nelson, *The Money Chase*, 84.

¹⁵² Magleby and Nelson, *The Money Chase*, 81.

¹⁵³ “How PACs Distributed Their Contributions to Congressional Candidates, 1978 – 2010,” Campaign Finance Institute, available at: http://www.cfinst.org/data/pdf/VitalStats_t11.pdf See Appendix A.

although corporate contributions to incumbent House candidates favored Democrats, the main bulk of business PAC contributions to congressional candidates in 1978 was distributed to Republicans. All in all, 63 percent of the \$ 9.8 million donated by corporate PACs were received by Republican House and Senate candidates.

Although the 1978 midterms did not serve to end the longstanding Democratic majority in the House and Senate, the election boosted Republican congressional power to a considerable extent. As a result of the election, Republicans gained 15 seats in the House and 3 seats in the Senate.¹⁵⁴ However, “by historical standards, these were relatively small gains”.¹⁵⁵ Nevertheless, if one takes a closer look at the post-election composition of the Congress with regards to the amount of conservative and liberal Representatives and Senators, a conservative advantage is detectable. “In the Senate”, for instance “five prominent liberal Democrats were defeated for reelection, including Dick Clark of Iowa, Floyd Haskell of Colorado, and Thomas McIntyre of New Hampshire”.¹⁵⁶ Furthermore, “ten new Senators were deemed more conservative than their predecessors; only four were more liberal than their predecessors”.¹⁵⁷ In addition, almost all of the newly elected Representatives from both parties were in favor of conservative policy proposals including tax cuts and less federal spending.¹⁵⁸ Thus, although Democrats held on to the majority, the 1978 elections revealed the emergence of a more conservative political climate in which Republican candidates fared better and Democratic incumbents were increasingly vulnerable.¹⁵⁹ Whether or not the election can be regarded as a Republican success per se is certainly debatable. However, I argue that it marked the beginning of a more dominant GOP and that it “put Republicans back on the road to long term success”.¹⁶⁰

A crucial question which remains to be answered however, is whether or not the growth of business PACs contributed to the Republican electoral gains of 1978? As already established, 63 percent of the money contributed by business PACs to congressional candidates that year were in fact donated to Republicans. Thus, one can assume that Republican candidates were given the upper hand advantage in the campaign finance race. However, it would be wrong to assert that the business PAC explosion would directly

¹⁵⁴ “Composition of Congress, By Political Party,” infoplease.com

¹⁵⁵ Andrew E. Busch, “1978 GOP Sets Stage for Reagan,” Ashbrook, September 2006, last accessed April 24, 2013, <http://ashbrook.org/publications/oped-busch-06-1978/>

¹⁵⁶ Busch, “1978 GOP Sets Stage for Reagan”.

¹⁵⁷ Ibid.

¹⁵⁸ Ibid.

¹⁵⁹ Ibid.

¹⁶⁰ Ibid.

translate into Republican electoral success. In fact, a multitude of PACs were in play during the 1978 elections and the total amount of their contributions to congressional candidates is estimated at \$ 35 million.¹⁶¹ Furthermore, the percentage of this amount going to Republican candidates was approximately 45.¹⁶² Thus, despite the recent growth of business PACs and the Republican bias of their contributions, Democrats were still the main beneficiaries of PAC donations as a whole. In addition, of the total amount spent by congressional candidates in connection with the 1978 elections, only 17.1 percent was derived from PACs.¹⁶³ This illustrates that candidates still relied on other sources for campaign funds and that, even though the reliance on PACs was much greater than before, the combined impact of PACs was still quite limited.

As a result, statistics do not provide unequivocal evidence for a direct link between the business PAC explosion and the election turnouts of 1978. However, it is important to make notice of the tendency on part of corporate PACs to support Republican challengers. As previously illustrated, 10 percent of the amount donated by such PACs went to Republican House candidates challenging incumbents. Conversely, only 1 percent went to Democratic challengers in the House. With regard to Senate candidates challenging incumbents, Democrats received only 2 percent of the total PAC contributions while Republicans were given 7 percent. This pattern arguably illustrates a determined effort on part the business PACs to aid the GOP in their attempt to ward off liberal Democrats.¹⁶⁴ In fact, researchers have argued that the 1978 elections were marked by a change in corporate priorities and that prior to this corporate PACs gave primarily on the basis of pragmatic interests. For example, Edwin M. Epstein has claimed that before 1978, business PACs “demonstrated the clear propensity to be what management scientists term ‘risk averters’ rather than ‘risk takers’” and that they “gave overwhelmingly to incumbents rather than to challengers”.¹⁶⁵ In addition, leading campaign finance researcher Herbert E. Alexander has argued that “to the consternation of Republicans and conservative groups in general, considerable business PAC money has gone to liberal Democratic senators and representatives who are chairmen or members of key legislative committees and some of whom also receive funds from labor

¹⁶¹ “Campaign Finance and Lobbying by the Numbers”, Verisi Data Studio, last accessed May 1, 2013, <http://www.verisi.com/resources/campaign-finance.htm>

¹⁶² “Campaign Finance and Lobbying by the Numbers”.

¹⁶³ Sorauf, “Political Action Committees,” 141.

¹⁶⁴ Hacker and Pierson, *Winner-Take-All Politics*, 122.

¹⁶⁵ Edwin M. Epstein quoted in Dan Clawson et.al. “The Logic of Business Unity: Corporate Contributions to the 1980 Congressional Elections,” *American Sociological Review*, Vol. 51, No. 6 (Dec. 1986): 798.

unions”.¹⁶⁶

In time for the 1978 elections however, the business community arguably reevaluated their goals and decided to make strategic changes considering their political giving. In essence, it was broadly agreed that corporations needed to contribute on the basis of their ideology, rather than maintain their connections with those already in office. In fact, prominent conservative figures in the business community, including the chair of both PepsiCo and the Business Roundtable Donald Kendall, distributed letters arguing that “business should give to ‘pro-business’ candidates”.¹⁶⁷ By doing so, the business community might be able expand their political impact and “change the character of Congress”.¹⁶⁸ Thus, in 1978 business PACs “gave their money to races in which there was a significant political difference between the two candidates, and to elections which were close enough that additional money to the ‘pro-business’ candidate had the potential to affect the election outcome”.¹⁶⁹ Corporate contributions were essentially distributed among congressional candidates according to where the donations would have the largest impact in terms of getting Republicans elected. Thus, the growth of business PACs might have contributed to Republican electoral success to a much greater extent than previously assumed, even if Epstein’s argument regarding the misleading FEC categorization of PACs is disregarded. In essence, it was not the number of business PACs in 1978 which had the greatest influence on the election returns, but the way in which these PACs distributed their money. Thus, one can justifiably agree with Hacker and Pierson that the 1978 election marked “a new era of campaign finance”.¹⁷⁰ “Not only were corporate contributions growing even bigger, Democrats had to work harder for them”.¹⁷¹

In conclusion however, it is important to keep in mind that while money certainly is an important factor with regards to electoral success, it alone does not win elections. Several factors contributed to the Republican gains in 1978, including the declining approval rate of President Carter, the ever growing inflation rate which created broad support for conservative fiscal policies, as well as the persisting tension with the Soviet Union which made the uncompromising attitude of the GOP seem gradually more appealing.¹⁷² Furthermore, the conservative opposition to the Panama Canal Treaty also strengthened the party before the

¹⁶⁶ Herbert E. Alexander quoted in Clawson et.al. “The Logic of Business Unity,” 798.

¹⁶⁷ “The Logic of Business Unity,” 798.

¹⁶⁸ Ibid.

¹⁶⁹ Ibid.

¹⁷⁰ Hacker and Pierson, *Winner-Take-All Politics*, 122.

¹⁷¹ Ibid.

¹⁷² Busch, “1978 GOP Sets the Stage for Reagan”.

elections. In essence, when Carter agreed to hand over “control of the waterway to Panama by the end of the century”, he basically gave up what had been perceived as symbol of American power for a long time.¹⁷³ Nevertheless, the treaty was in fact backed by a congressional majority. However, the conservative antagonism towards the deal mirrored the attitude of the general public, especially those considered to be the most ardent Republican supporters. Thus, the issue “galvanized the base of the GOP” and brought forth a “flood of contributions for the National Committee and political action committees”.¹⁷⁴ A detailed description of the multitude of factors contributing to the Republican gains in the 1978 elections is definitely not within the scope of this thesis. However, it is important to highlight the fact that business PAC contributions contributed to the Republican advantage only to a certain extent, and that other factors should not be dismissed or ignored.

3.7 The 1980 Congressional Elections

As of December 31st 1980 there were 1,206 corporate PACs in the U.S.¹⁷⁵ Thus, they constituted approximately 47 percent of the total number of PACs which at the time was estimated at 2,551.¹⁷⁶ The amount of corporate PAC contributions to congressional candidates in 1980 is previously cited as \$ 19 million. This number is retrieved from a document published in *Campaign Finance Reform: A Sourcebook* which is based on FEC statistics. However, according to the report published on the CFI webpage, the total amount of contributions from business PACs was \$ 18.1 million in 1980.¹⁷⁷ Seeing as the CFI also cites the FEC as their source, this incongruity is rather difficult to explain. Nevertheless, for the following discussion I have chosen to rely on the chart from the CFI which, as mentioned, is attached to this thesis (Appendix A). According to the chart, the total amount of PAC contributions in 1980 is estimated at \$ 51.9 million. Thus, the \$ 18.1 million contributed by corporate PACs constituted approximately 35 percent of the total. Furthermore, corporate PACs gave \$ 11.7 million to candidates for the House and \$ 6.4 million to Senate candidates. With regards to House candidates, 23 percent of the total \$ 18.1 million went to Democratic incumbents while 21 percent was donated to Republican incumbents. Only one percent however, was contributed to Democratic challengers. Republican challengers, on the other hand, received 13 percent of the total amount contributed by corporate PACs to congressional

¹⁷³ Lewis L. Gould, *The Grand Old Party: A History of the Republicans* (New York: Random House, 2003), 413.

¹⁷⁴ Gould, *The Grand Old Party*, 413.

¹⁷⁵ “Number of Federal PACs Increases”.

¹⁷⁶ *Ibid.*

¹⁷⁷ “How PACs Distributed Their Contributions to Congressional Candidates, 1978 – 2010,” See Appendix A.

candidates. Furthermore, Democratic candidates for open seats were given only one percent while Republican open seat candidates received 6 percent. With regards to Senate candidates, 9 percent was contributed to Democratic incumbents and 5 percent went to Republican incumbents. Democratic challengers, however, received less than one percent while 17 percent was donated to Republican challengers. In addition, Democratic candidates for open seats were only given one percent of the total amount contributed by corporate PACs. Republican open seat candidates received 4 percent. As a result, approximately 66 percent of the total amount contributed by corporate PACs to candidates for the 1980 congressional elections was given to Republicans. Republican candidates thus received roughly \$ 12 million in corporate PAC contributions, while Democrats were left with approximately \$ 6 million.

The 1980 congressional election was a huge success for the Republican Party. While they did not manage to win the House, they gained control of the Senate for the first time since 1955.¹⁷⁸ Nevertheless, they experienced huge gains in the House as well. 34 seats were picked up by Republicans, leaving them with a total of 192 Representatives compared to the Democrat's 242.¹⁷⁹ Furthermore, in the Senate, the GOP gained 12 seats reaching a total of 53.¹⁸⁰ Conversely, Democrats were left with 46 senators. In each chamber, one seat was won by an independent.¹⁸¹ While the regained control of the Senate might seem as the primary indicator of Republican success their advancement in the House was actually equally promising. In fact, as a result of their large gains "Republicans had a good chance of working a majority with the assistance of conservative southern Democrats fearful of defeat in 1982 if they did not cooperate with a popular incumbent President".¹⁸² As will be further discussed in the next chapter, Republican candidate Ronald Reagan won the 1980 presidential election in a landslide. Nevertheless, the results from the congressional elections that year illustrated that the tide was turning and that the increasingly conservative Republican coalition was a substantial threat to the long-standing Democratic and liberal domination of American politics.

However, the fundamental question remains: was the electoral success of Republicans in 1980 a result of the increased flow of corporate money into politics? To a certain degree, it was. But as with the 1978 elections, it is important to keep in mind that money does not win elections and that other factors, both social and political, deserve credit as well. Nevertheless,

¹⁷⁸ Gould, *The Grand Old Party*, 418.

¹⁷⁹ "Composition of Congress, by Political Party, 1855 – 2015," infoplease.com

¹⁸⁰ *Ibid.*

¹⁸¹ *Ibid.*

¹⁸² Gould, *The Grand Old Party*, 419.

these factors will not be included in the following discussion as the analysis is strictly devoted to exposing the degree to which the business PAC explosion facilitated the Republican gains. In essence, I argue that while the numbers displayed above do illustrate a modest predisposition on part of corporate PACs to contribute to Republicans, the figures do not sufficiently indicate the degree to which these contributions helped Republican candidates win seats. However, a closer look at the way in which business PACs distributed their donations in 1980 reveals that they might have had a greater impact on the election outcome than previously assumed. As demonstrated above, corporate PACs gave considerably larger amounts to Republican challengers than Democratic challengers. This indicates that businesses were more willing to take risks to get conservative candidates into office. It also indicates that they were strategists attempting to enhance their electoral influence. In addition however, it illustrates a tremendous effort on part of the Republican Party to successfully cultivate corporate PAC support. In fact, some of the PAC money did go straight to the parties' congressional committees. And thus, some of the distributing choices were made by these committees. Furthermore, the 1980 elections reveal that the Republican congressional committees excelled at this task. According to Professor of Legislation Richard Briffault, "the national Republican congressional committees dramatically outdistanced their Democratic counterparts in raising PAC money and distributing it to Republican candidates".¹⁸³ Thus, the GOP's clever allocation of PAC funds combined with the "increased willingness of PACs to contribute to Republican challengers against Democratic incumbents" indicates that business PAC contributions played a significant role in the electoral success of the political right in 1980.¹⁸⁴

3.8 Conclusion

The business PAC explosion of the late seventies and early eighties had a significant impact on the financing of American political campaigns. In addition, it had a positive effect on the political right. The traditional ties between the Republican Party and the business community proved crucial as the FECA changed the way parties and candidates raised campaign money. Increasingly, politicians from both sides of the aisle had to look towards organized interests rather than wealthy individuals for contributions. Democrats had depended on labor for

¹⁸³ Richard Briffault, "The Federal Election Campaign Act and the 1980 Election," review of *Financing the 1980 Election*, by Herbert E. Alexander and *Politics and Money*, by Elizabeth Drew, *Columbia Law Review*, Vol 84, No. 8 (Dec. 1984): 2097.

¹⁸⁴ Briffault, "The Federal Election Campaign Act and the 1980 Elections," 2097.

decades, but in the wake of FECA the number of labor unions declined and the labor movement atrophied.¹⁸⁵ At the same time, however, the business community flourished and developed a desire to be more politically influential. In addition, both socioeconomic and legislative developments encouraged corporations to establish political action committees. Thus, the number of business PACs multiplied in a relatively short time and labor lost its' position as the main contributor to political campaigns. Nevertheless, corporations were cash flush and became increasingly attractive for both parties wishing to fill the financial gap created by recent campaign finance legislation. For Republicans, however, it would be much easier to woo the business community. Not only did they benefit from their traditional connection with the capitalist class dating all the way back to the Mark Hanna era, they also had the advantage of a party platform which could easily be described as pro-business. Thus, "while both parties have felt compelled to mobilize higher-income citizens, the Republicans have found the goal much more consistent with their aims".¹⁸⁶ The GOP further strengthened their relationship with the business community during the seventies, and in the process they secured substantial financial aid which would assist them in several elections in the future, including the 1978 and 1980 congressional elections. However, one can argue that this development has not primarily served to hurt the Democratic Party, but that part of the American public which in the process has been rendered virtually insignificant. More specifically, as money became increasingly important in political campaigns, political actors looked towards the affluent for support. And although the Republicans were the ones with a pre-existing connection with business, Democrats also saw the benefit of pursuing these interests. Thus, as both parties have increasingly diverted their attention towards the affluent, the political influence of the mainstream has been severely diminished.¹⁸⁷ Nevertheless, one can argue that the corporate support of the GOP in the late seventies and early eighties contributed to the significant expansion of conservative political power in the 1980s, frequently dubbed the Reagan Revolution. However, the conservative success was also aided by other factors, including the development of ideological political action committees engaging in independent expenditures, which is the main focus of the next chapter.

¹⁸⁵ Jacob S. Hacker and Paul Pierson, *Off Center: The Republican Revolution and the Erosion of American Democracy* (New Haven: Yale University Press, 2006), 115.

¹⁸⁶ Hacker and Pierson, *Off Center*, 115.

¹⁸⁷ *Ibid.*, 116.

4 Independent Expenditures: NCPAC and Republican Senate Gains

4.1 Introduction

As demonstrated in the previous chapter, the rise of business PACs in the late seventies was the result of both an increased desire on part of the capitalist class to influence politics and a number of legislative measures which effectively opened up for corporations to establish political action committees. The impact of this development on campaign financing was first made apparent in the 1978 and 1980 congressional elections when huge amounts of corporate money were donated to congressional candidates. As previously illustrated, the details of the distribution of these funds reveal a slight Republican bias on part of the newly emergent business PACs as well as a predisposition to give to conservative candidates in position to defeat liberal incumbents. Nevertheless, the Republican electoral success in 78 and 80 cannot solely be attributed to the preceding explosion of business PACs and the increased corporate inclination to contribute according to their conservative ideology. In fact, the emergence of PACs in the seventies served to benefit the Republican Party in a number of ways and the direct contributions from corporate PACs only partly represents this tendency.

The post-FECA world of campaign finance was more or less dominated by political action committees. Before reform was enacted in the seventies, there were few restrictions on campaign contributions and expenditures. Parties and candidates received huge donations from various sources, mostly wealthy individuals, and they continued to spend the money without limitation. However, as a result of the FECA and its amendments, the financing of political campaigns was restricted on a number of levels and politicians had to reevaluate their fundraising strategies. In addition, both individuals and different types of organizations had to figure out how to maintain their political influence. Nevertheless, it soon became apparent that the gaps created by the extensive FECA regulations could be filled by PACs and, before long, the number of such committees had multiplied.

As briefly mentioned, PACs can be divided into different categories based on the structure of their organization, and the main distinction is between connected and nonconnected PACs.¹ Because they are administered by corporations, and are thus affiliated

¹ Frank J. Sorauf, "Political Action Committees," in *Campaign Finance Reform: A Sourcebook*, ed. Anthony Corrado et.al. (Washington D.C.: Brookings Institution Press, 1997), 124.

with a “parent organization”, the business PACs discussed in the previous chapter can be characterized as connected PACs. Nonconnected PACs, however, are not associated with a parent organization but are often founded by “an individual political entrepreneur, or a group of them”.² Furthermore, these PACs tend to be more ideologically pure than the connected PACs and their goals and strategies often differ from those of other PAC categories. More specifically, nonconnected PACs have frequently waged their support for challengers and have traditionally been more inclined to engage in what is commonly referred to as independent expenditures.³ Independent expenditures are defined by the FEC as “expenditure for a communication ‘expressly advocating the election or defeat of a clearly identified candidate that is not made in cooperation, consultation, or concert with, or at the request or suggestion of, a candidate, a candidate’s authorized committee, or their agents, or a political party or its agents’”.⁴ In 1976 the Supreme Court ruled that limits on such expenditures were unconstitutional, and thus individuals and organizations (including PACs) were basically given permission to spend unlimited amounts on independent campaigns either supporting or opposing specific candidates. Initially, the independent expenditure option received only modest attention, and its role in the financing of the 1976 election was relatively small. Two years later, however, independent expenditures assumed a more extensive role in campaign financing with conservative ideological PACs “accounting for most of the activity”.⁵

While the business PAC explosion can arguably be said to have benefited Republicans because corporate executives decided to follow their ideological convictions and donate most of their money directly to conservative congressional candidates, one can argue that the authorization of unlimited independent expenditures came to benefit the GOP because of a remarkable effort on part of the right wing to take advantage of this new opportunity to affect electoral politics. Thus, this chapter will be dedicated to an analysis of the effect of the independent expenditure endeavor of the New Right on the outcome of the 1978 and 1980 congressional election. Initially, the independent expenditure phenomenon will be thoroughly examined and emphasis will be put on the legislative basis for its emergence. Subsequently, a discussion of the effect of the independent spending of PACs on election outcomes will be provided. This section will be followed by an outline of the emergence of the New Right as

² Sorauf, “Political Action Committees,” 124.

³ *Ibid.*, 126.

⁴ “Coordinated Communication and Independent Expenditures,” The Federal Election Commission, June 2007, updated January 2013, available at: <http://www.fec.gov/pages/brochures/indexp.shtml#IE>

⁵ David B. Magleby, *The Other Campaign: Soft Money and Issue Advocacy in the 2000 Congressional Elections* (Lanham: Rowman and Littlefield Publishers, Inc., 2003), 81.

well as a review of the movement's main goals and strategies. Furthermore, attention will be directed towards the National Conservative Political Action Committee, hereinafter referred to as NCPAC, and its involvement in the 1978 and 1980 congressional elections.

Conclusively, I will attempt to compare and contrast the business PAC explosion with the independent expenditure phenomenon in terms of their contributions to the electoral success experienced by the GOP in 1978 and 1980.

4.2 Independent Expenditures

The advent of independent expenditures as a tangible PAC strategy can be attributed to the 1976 Supreme Court ruling in *Buckley v. Valeo*. As described in the second chapter of this thesis, the contribution and expenditure restrictions established by the 1974 amendments to the FECA were quickly challenged in the courts. Emphasizing the First Amendment right to freedom of speech, a number of Senators, both Democratic and Republican, questioned the constitutionality of this legislation and asked for a judicial review. The Supreme Court “equated political spending with political speech and determined that the expenditure limitations, by imposing ‘direct quantity restrictions on political communication,’ trenched directly on protected core political expression without commensurate justification”.⁶

Contribution limits, however, were not seen as infringing First Amendment rights and were deemed an essential feature of the effort to prevent corruption. Ultimately, the contribution restrictions established by the FECA were sustained while the limits on expenditures, i.e. “money spent by a candidate or noncandidate in communicating directly to the voters”, were ruled unconstitutional.⁷ Thus, candidates, except those for the presidency who had accepted public funding, were given permission to spend as much as they desired in connection with their own campaigns. In addition, individuals and groups, such as PACs, were allowed to spend unlimited amounts of money for the purpose of influencing elections provided that their efforts were not in any way coordinated with a candidate or his campaign.

Thus, PACs could legally engage in what is usually referred to as independent expenditures. Nevertheless, it is important to highlight the distinction created by the *Buckley* court between independent expenditures, which by definition entails express advocacy, and what was labeled issue advocacy. In essence, the Court defined independent expenditures as

⁶ Richard Briffault, “The Federal Election Campaign Act and the 1980 Election,” review of *Financing the 1980 Elections* by Herbert E. Alexander and *Politics and Money* by Elizabeth Drew, *American Sociological Review*, Vol 84, No. 8 (Dec. 1984): 2089.

⁷ Briffault, “The Federal Election Campaign Act and the 1980 Election,” 2089.

expenditures used “for communications that in express terms advocate the election or defeat of a clearly identified candidate for federal office”, and they maintained that organizations which subsidized this kind of communication were required to “abide by federal laws restricting the size of individual donations, barring corporate and union contributions, and requiring public disclosure of their contributions”.⁸ More specifically, if a message included certain words and phrases like “‘vote for,’ ‘elect,’ ‘support,’ ‘cast your ballot for,’ ‘Smith for Congress,’ ‘vote against,’ ‘defeat,’ [or] ‘reject’”, the communication had to be financed with “hard money” i.e. funds which are subject to campaign finance laws.⁹ However, the Court established that the financing of communication devoid of such expressions fell completely outside the campaign finance law. In essence, it was argued that “expenditures for speech that does not expressly advocate the election or defeat of candidate – i.e., expenditures for issue advocacy – may neither be limited in amount nor subjected to [contribution restrictions or] disclosure requirements”.¹⁰

Hence, the 1976 Supreme Court ruling basically left PACs with three distinct strategic choices with regards to how they could influence electoral politics. They were still able to choose the more traditional option and contribute directly to candidates or parties. Despite the fact that the limitations on such donations were still in effect after *Buckley*, most of the early PACs, including business PACs, actually chose to follow this particular strategy.¹¹ The second option was to finance issue ads. As already explained, this strategy was not regulated by any means and can thus be considered an obvious choice for cash flush PACs seeking to influence the electorate. Nevertheless, despite its apparent benefits, several years went by before the issue advocacy approach gained substantial recognition. As argued by Law Professor Lillian BeVier “the [issue advocacy] strategy seems so obvious that, at least in hindsight, the surprising fact is that it was not until the 1996 election campaign that political operatives began fully to exploit it”.¹² The independent expenditure option, however, received considerably more attention from PACs in the immediate post-Buckley years and, as we shall see, the utilization of this newly emergent opportunity, primarily by conservative ideological PACs, made a significant impact on the financing of elections in the late seventies and early

⁸ “Issue Ads,” Frontline, pbs.org, last accessed April 29, 2013, <http://www.pbs.org/wgbh/pages/frontline/shows/scandal/etc/ads.html> and Lillian R. BeVier, “The Issue of Issue Advocacy: An Economic, Political, and Constitutional Analysis,” *Virginia Law Review*, Vol. 85, No. 8 (Nov. 1999): 1767.

⁹ BeVier, “The Issue of Issue Advocacy,” 1767 and 1768.

¹⁰ *Ibid.*, 1769.

¹¹ Larry Powell, “NCPAC and the Development of Third-Party Expenditures,” in *Campaign Finance Reform: The Political Shell Game* ed. Melissa Smith et.al. (Lanham: Lexington Books, 2010), 29.

¹² BeVier, “The Issue of Issue Advocacy,” 1769.

eighties.¹³

It could easily be assumed that independent expenditures would figure prominently in the first election after the *Buckley* decision. Nevertheless, the financing of the 1976 election was marked by a dependence, on part of both PACs as well as candidates, on the more traditional strategies.¹⁴ This condition can perhaps be explained with reference to the short amount of time which transpired between the authorization of the independent expenditure option and the ensuing election. As the *Buckley* decision was reached approximately eight months prior to Election Day, candidates had little time to “work independent expenditures into their strategies”.¹⁵ Furthermore, the limited dependence on independent expenditures in the 1976 election can perhaps also be explained with reference to the lack of experience on part of political operatives with the FECA and its legal parameters. Many were unsure about the rules of the game and hesitated to engage in this newfangled strategy.¹⁶ In addition, it was assumed that candidates would have more to gain from direct donations than from campaigns run independently by for example PACs. Furthermore, the absence of independent expenditures in the financing of the 1976 presidential election specifically, can arguably be attributed to the failure of the *Buckley* decision to review section 9012 (f) of title 26 of the FECA which restricted individuals and groups to “expenditures of no more than \$1,000 on behalf of any publicly funded candidate”.¹⁷ As already mentioned, public funding was only made available to candidates for the presidency and in 1976 both Gerald Ford and Jimmy Carter accepted this alternative.¹⁸ Thus, the utilization of independent expenditures to campaign on behalf of the presidential candidates of that year was automatically restricted.

Nevertheless, independent expenditures assumed a more pivotal role in the financing of the 1978 congressional elections and several conditions contributed to its eventual emergence. First of all, because candidates for Congress could not be publicly funded, section 9012 (f) of the FECA did not constitute an obstacle for individuals or PACs wishing to use the independent expenditure option to support or oppose any of the candidates up for election. In addition, PACs had arguably begun to realize the inherent benefits of independent spending and they had developed a genuine interest in the new strategic option created by *Buckley*.¹⁹ Thus, the 1978 midterms can arguably be credited as the first elections in which the

¹³ Sorauf, “Political Action Committees,” 126.

¹⁴ Briffault, “The Federal Election Campaign Act and the 1980 Election,” 2091.

¹⁵ *Ibid.*

¹⁶ *Ibid.*

¹⁷ *Ibid.*

¹⁸ *Ibid.*

¹⁹ *Ibid.*, 2092.

independent expenditure option created by the Supreme Court received significant attention, at least from PACs.²⁰ According to the Campaign Finance Institute, non-party independent expenditures for the House and Senate elections of that year amounted to approximately \$ 300,000.²¹ In and of itself, however, this number does not indicate an extensively expanded dependence on such spending. However, as will be illustrated at a later stage, on what and how these expenses were used amplified their ultimate impact. Nevertheless, the interest in this strategic option continued to increase and, in connection with the 1980 congressional elections, non-party groups made over \$ 2,000,000 in uncoordinated independent expenditures.²² Furthermore, despite the fact that both Reagan and Carter received public funding, and regardless of the fact that section 9012 (f) was still on the books, huge amounts of independent expenditures were also made in connection with the 1980 presidential election.²³ According to Richard Briffault, political operatives had simply come to assume that “independent spending could not be limited even in a publicly funded campaign”.²⁴ Consequently, non-party committees made as much as \$ 13.7 million in independent expenditures either supporting or opposing the 1980 presidential candidates.²⁵ What is more, however, the figures from the 78 and 80 elections reveal that the PACs which ran the most elaborate independent campaigns were somehow connected to the conservative movement. The reason for this will be further examined in connection with the discussion below of the New Right and the ventures of NCPAC, one of its most powerful and influential PACs. Nevertheless, before the strategies and accomplishments of this specific PAC will be outlined, attention will be paid to the role played by independent expenditures in American electoral politics as well as its potential to affect election outcomes.

4.3 The Significance of Independent Expenditures in the Financing of Political Campaigns

The emphasis placed on PAC independent expenditures in this analysis of the connection between the campaign finance reform of the seventies and the Republican electoral success in

²⁰ William C. Oldaker and Donald S. Picard, “Broadcasters’ Rights: Whether to Air Independent Political Action Committee Advertisements,” *Hastings Constitutional Law Quarterly*, Vol. 10 (Spring 1983): 664.

²¹ “Non-Party Independent Expenditures in House and Senate Elections, 1978 – 2010,” Campaign Finance Institute, available at: http://www.cfinst.org/data/pdf/VitalStats_t14.pdf

²² “Non-Party Independent Expenditures in House and Senate Elections,” Campaign Finance Institute.

²³ Briffault, “The Federal Election Campaign Act and the 1980 Election,” 2092.

²⁴ *Ibid.*

²⁵ Herbert E. Alexander and Anthony Corrado, *Financing the 1992 Election* (Armonk: M.E. Sharpe Inc., 1995), 244.

1978 and 1980 necessarily needs to be validated. A number of actors applied a number of distinct methods in the financing of these particular elections, and it would be wrong to argue that only one or two of these ventures had a significant impact on the electoral outcomes. Nevertheless, the purpose of this thesis is to assess the initial effect of the FECA and its amendments in light of the electoral gains experienced by the GOP in the immediate years following the establishment of the legislation. Rather than describing this success as an automatic consequence of the FECA, however, emphasis is placed on the ways in which the political right adjusted to and took advantage of the opportunities which materialized within the new campaign finance environment. These opportunities were numerous and varied and altogether they are far beyond the scope of this thesis. The choice was thus made to highlight the campaign finance tactics and strategies produced by the FECA which were predominantly employed by conservative leaning groups and which, if properly utilized, had the most potential to influence election returns. As reviewed in the preceding chapter, the opportunity to establish business PACs was readily seized by the business community which, as a result of tradition as well as political compatibility, had strong ties to the Republican Party. In addition to the fact that the financial contributions of these particular PACs far exceed those by PACs affiliated with other sections of society, they were also disproportionately donated to conservative challengers. The opportunity to establish business PACs was thus, for the most part, seized by conservative leaning associations which, by means of their tactical choices, maximized the electoral impact of the direct contribution strategy. This chapter, however, is devoted to an in-depth analysis of the independent expenditure option which, as already illustrated, was also a product of the reform of the seventies and which, at least initially, was most frequently employed by conservative PACs. Nevertheless, there would be no reason to examine the right-wing commitment to independent spending if there was cause to believe that this particular approach had little impact on electoral outcomes. As a result, the following paragraphs will be devoted to a thorough investigation of the possible effects of independent expenditures on elections.

In a 2002 article, political science professors Richard N. Engstrom and Christopher Kenny made an effort to determine the possible effects of independent expenditures by clarifying “the relationship between independent spending and the behavior of voters”.²⁶ While their research is primarily centered on Senate Elections, the results of their study arguably reflect the impact of independent expenditures on a more general level. In addition,

²⁶ Richard N. Engstrom and Christopher Kenny, “The Effects of Independent Expenditures in Senate Elections,” *Political Research Quarterly*, Vol. 55, No. 4 (Dec. 2002): 886.

they are primarily focused on PACs. Thus, their report serves as a sufficient starting point for the following, more wide-ranging, discussion of the impact of PAC independent expenditures on general electoral returns. Based on a number of observations, Engstrom and Kenny initially remarks, “[w]e hypothesize that independent expenditures significantly affect voter preferences”.²⁷ First, they argue that the fact that “interest groups, and PACs especially, have spent and continue to spend a great deal of money conducting independent campaigns” indicates that there exists a general perception exists that these efforts are, somehow, constructive.²⁸

Second, they suggest that because the independent campaigns run by PACs are usually quite well-organized, their effectiveness in terms of their impact on voter behavior is elevated. According to Engstrom and Kenny, “PACs carefully screen races to find those most likely to be influenced by additional campaign spending and...they run batteries of surveys to determine advertising strategies that would be most effective”.²⁹ Third, they detect that “there are advantages independent spenders have over official campaign organizations that make their expenditures more effective”.³⁰ In essence, because they are not accountable to anyone but their own professional managers, PACs which run independent campaigns are completely free with regards to which tactic to choose as well as what kinds of messages to communicate to the voters. As PACs are not in any way responsible to their contributors, “many persons lend their names or give financial support to causes or tactics they would object to if they were fully apprised of the committee’s activities”.³¹ Furthermore, seeing as candidates in no way can be connected to PACs making independent expenditures on their behalf, these committees can make “accusations of questionable accuracy and ethics without fear of directly harming the candidate they support”.³² “Groups like ours,” director of NCPAC Terry Dolan once argued, “could lie through its teeth and the candidate it helps stays clean”.³³ According to Engstrom and Kenny, the lack of accountability on part of those making independent expenditures strengthens the notion that such spending has great potential to affect election returns.³⁴

On the basis of these observations, the researchers argue that independent expenditures

²⁷ Engstrom and Kenny, “The Effects of Independent Expenditures in Senate Elections,” 886.

²⁸ Ibid.

²⁹ Ibid.

³⁰ Ibid.

³¹ Andrew P. Buchsbaum, “Campaign Finance Re-Reform: The Regulation of Independent Political Committees,” *California Law Review*, Vol. 71, No. 2 (Mar., 1983): 676.

³² Buchsbaum, “Campaign Finance Re-Reform,” 676.

³³ Ibid., 677.

³⁴ Engstrom and Kenny, “The Effect of Independent Expenditures in Senate Elections,” 887.

most likely will affect voter behavior. More specifically, they assume that “expenditures for the incumbent and against the challenger should help the incumbent, and expenditures for the challenger and against the incumbent should help the challenger”.³⁵ According to Engstrom and Kenny, however, studies relating to the accuracy of this assumption are very few and far between. Most of the research on independent expenditures, they say, simply reports the money spent and only provides an overview of the role played by such spending in the financing of American elections. Some stress the fact that independent expenditures assume different roles in the electoral process depending on who makes them. Margaret Latus, for example, makes notice of the predominance of ideological PACs engaging in such expenditures in the late seventies and early eighties and argues that, at that particular time, independent campaigns were overly negative.³⁶ When non-ideological PACs began to employ this strategy in the mid-eighties, however, most of the independent expenses went towards more positive and supportive communication. Furthermore, in concert with a number of other professionals, Latus emphasizes the potential threat of independent expenditures, at least as controlled by ideological PACs. Political scientist Larry J. Sabato has argued that “the frequent use of negative, even vicious, messages and tactics... makes any sort of civility on politics much more difficult to achieve”.³⁷ Yet, other professionals maintain that although the independent spending of certain groups might be overwhelming at times, independent expenditures are actually “only a small part of total PAC spending” and should not be perceived as a threat to democracy.³⁸ The early successes of NCPAC are quoted as the exception to the rule.³⁹

Because a complete account of the historiography of independent expenditures is far beyond the scope of this thesis, however, the preceding discussion only mentions a fraction of the accumulated observations on the topic. Nevertheless, one can argue that the main bulk of the conducted research makes the following general discoveries:

[i]ndependent expenditures are usually pro-Republican and anti-Democrat, they are concentrated on presidential and senate races, and they vary widely in amounts spent. Also, non-connected PACs seemed to be the most

³⁵ Ibid., 885.

³⁶ Ibid., 889.

³⁷ Larry J. Sabato, quoted in Engstrom and Kenny, “The Effect of Independent Expenditures in Senate Elections,” 890.

³⁸ Frank J. Sorauf, quoted in Engstrom and Kenny, “The Effect of Independent Expenditures in Senate Elections,” 890.

³⁹ Engstrom and Kenny, “The Effect of Independent Expenditures in Senate Elections,” 890.

frequent independent spenders, until 1984 and 1986 when connected PACs began spending large amounts.⁴⁰

Engstrom and Kenny argue that, while these observations do indeed acknowledge the *role* of independent expenditures in American elections, they do not contribute to a broader understanding of the ultimate effect of such spending in terms of its ability to influence voters.⁴¹ According to Michael Malbin, however, “there is no way to begin estimating how much, or what the expenditures might mean politically”.⁴² In essence, Malbin argues that the statistics presented by the FEC regarding the amounts dedicated to independent campaigning have the potential to give a false impression of its actual influence. This statement rests on the fact that independent expenditures are often used to finance “other activities than campaigning”.⁴³ Nonconnected PACs, for example, are required to use some of the money on overhead costs. They are not affiliated with a parent organization which can draw from its treasury to finance operational costs such as labor, materials, and utilities, and thus, they have to cover these expenses themselves.⁴⁴ In addition, they often “‘spend’ some of the money raising new funds”.⁴⁵ As a result, Malbin argues, “the dollars’ effect on swaying voters” is further diluted and the “figures available tell us very little about the nature of independent expenditures”.⁴⁶ However, while they recognize the accuracy of the presented information, Engstrom and Kenny disapprove of Malbin’s interpretation of the facts. They argue that this “lack of uniformity” exists at all levels of campaign spending, for example with regards to the different problems incumbents and challengers encounter in the financing of their own campaigns.⁴⁷ Much like nonconnected PACs, challengers have to cover certain operational costs like rent and salaries themselves. As a result of a number of tax-payer funded benefits, however, incumbents do not have to worry about such expenses.⁴⁸ Thus, Engstrom and Kenny ultimately argue that “though these problems are real, they do not prevent researchers from measuring spending’s effect on voters”.⁴⁹

⁴⁰ Ibid.

⁴¹ Ibid.

⁴² Michael Malbin quoted in Engstrom and Kenny, “The Effect of Independent Expenditures in Senate Elections,” 889.

⁴³ Engstrom and Kenny, “The Effect of Independent Expenditures in Senate Elections,” 889.

⁴⁴ Ibid.

⁴⁵ Ibid.

⁴⁶ Ibid.

⁴⁷ Ibid.

⁴⁸ Eric O’Keefe and Aaron Steelman, “Why Incumbents Want Campaign Finance Reform,” The Cato Institute, last accessed May 3, 2013, <http://www.cato.org/publications/commentary/why-incumbents-want-campaign-finance-reform>

⁴⁹ Engstrom and Kenny, “The Effect of Independent Expenditures in Senate Elections,” 890.

In order to measure the actual effect of such spending on voter behavior, Engstrom and Kenny have employed “an individual-level analysis of congressional vote choice” in the 88, 92, and 96 Senate elections.⁵⁰ While a complete analysis of their approach has no place in this particular thesis, it is useful to mention the fact that they have considered independent spending as both an exogenous as well as an endogenous variable. In essence, they assert that because “the location and amount of this spending depends on certain characteristics of the election, such as the vulnerability of the incumbent and the quality of the challenger” independent expenditures are “almost certainly endogenous to the process”. This endogeneity is thus acknowledged in order to ensure that the final estimates are precise.

On the whole, the results from Engstrom and Kenny’s qualitative analysis reveal that “independent spending by PACs can affect the vote decision and that the effects are particularly evident when modeled as endogenous variables”.⁵¹ Furthermore, it is noted that the degree to which such spending is influential is somewhat contingent on the nature of the sponsored campaign. In essence, the statistics reveal that independent expenditures have had greater effect on election returns in periods when ideological PACs have spent predominantly on negative campaigning. Nevertheless, while independent spending on negative communication is perceived as a more influential approach, such spending might not produce the desired result, at least not for those who support an incumbent. In fact, the statistics from specific elections dominated by negative communication suggest that “challengers have a better chance of winning when the campaign turns negative, and a worse chance of victory if the independent messages are of a positive nature”.⁵² Apparently, this is true regardless of whether the constructed campaign is supposed to help the challenger or not. “Mudslinging campaigns”, it is argued, “create an environment of doubt, giving the challenger an opportunity to close the gap with the incumbent”.⁵³ Conversely, “feel good, positive campaigns...leave intact the prevailing status-quo climate of opinion that usually favors the incumbent”.⁵⁴

Overall, however, Engstrom and Kenny’s statistical model reveals that “independent spending against the incumbent helps the challenger [while] independent spending for the incumbent hurts the challenger”.⁵⁵ Thus, they conclude that independent campaigns do enjoy

⁵⁰ Ibid., 891.

⁵¹ Ibid., 896.

⁵² Ibid., 893.

⁵³ Ibid., 893 and 894.

⁵⁴ Ibid., 894.

⁵⁵ Ibid., 897.

a certain amount of influence in terms of affecting voter behavior, but that these effects “depend on the electoral context, the type of independent spending, and the type of candidate”.⁵⁶ On the whole, the statistics as interpreted by Engstrom and Kenny imply that a candidate cannot “afford to cross a group with the resources and the will to launch an independent effort to unseat him or her” and, on the basis of this statement, I argue that the emphasis placed on independent expenditures in the following analysis of the connection between right-wing campaign financing endeavors and GOP electoral gains in the late seventies and early eighties is sufficiently justified.⁵⁷

4.4 The New Right

As briefly mentioned, the 1950s saw an increase in the number of conservatives voicing their grievances with the liberal bias which arguably permeated American politics at the time. As a result of a relatively stable Democratic congressional majority, as well as an overwhelming number of moderate Republican representatives, liberalism continued as a vital political force for decades after the demise of FDR’s New Deal. Conservatives decried the development at large, but were especially concerned about the direction of the Republican Party which they considered as their main vehicle for political influence. Nevertheless, at least throughout the fifties, the conservative voices remained on the periphery of the political discourse and gained little recognition. With the emergence of Barry Goldwater in the early sixties, however, the political right began to organize into a more coherent movement which manifested itself both as “an independent entity and a dominating presence in the Republican Party”.⁵⁸ The conservative movement had thus eventually become “an effective political contender”.⁵⁹ Their full potential to influence politics, however, was arguably not reached until the mid-seventies when the movement morphed into what is usually referred to as the New Right. In the aftermath of some of the political events of the early seventies, including the Watergate scandal and the electoral triumph of Gerald Ford, members of the conservative movement realized that, in order to avoid “losing the entire battle to the left”, something had to be done.⁶⁰ Consequently, a number of conservative strategists convened to discuss how to effectively boost their political clout. This endeavor was largely lead by “Richard Viguerie,

⁵⁶ Ibid.

⁵⁷ Ibid., 900.

⁵⁸ Jerome L. Himmelstein, *To the Right: The Transformation of American Conservatism* (Los Angeles: University of California Press, 1990), 63.

⁵⁹ Himmelstein, *To the Right*, 63.

⁶⁰ Ibid., 80.

direct-mail fundraiser; Howard Phillips, head of the Conservative Caucus; Paul Weyrich, head of the Committee for the Survival of a Free Congress (CSFC) and of Coalitions for America; John Terry Dolan, longtime head of the National Conservative Political Action Committee (NCPAC); and Jesse Helms, founder of the National Congressional Club”.⁶¹ “The term New Right refers to these leaders and the strategy and network of organizations they created”.⁶²

The New Right was basically an independent network of organizations developed outside of the Republican Party structure. Independence was not stressed, however, because of a desire to separate the movement from the GOP. On the contrary, the leaders of the New Right figured that a certain degree of autonomy would enhance their ability to use the party as a vehicle to further their policies.⁶³ Nevertheless, in order to expand their political clout while at the same time maintain their independence, the movement had to find their own source of funding. This would not prove especially difficult, seeing as a number of wealthy conservative businessmen, including beer magnate Joseph Coors, industrialist John Olin, and newspaper tycoon Richard Scaife, were increasingly willing to “put their money where their ideology was”.⁶⁴ As already mentioned, the main aspects of the conservative ideology served the interests of the business community very well and the predisposition of business operatives to support the conservative cause has already been established. Nevertheless, the inclination on part of certain businessmen to support the New Right was arguably strengthened by the movement’s relentless dedication to trounce pro-union reform. The electoral victories of Republican Senators Orrin Hatch and Richard Lugar in 1976 are often quoted as early New Right achievements. Furthermore, the election of these key conservative Senators would become a determining factor in the defeat of the Labor Law Reform as well as common situs picketing legislation in 1978.⁶⁵ Hatch and Lugar led the congressional opposition to these pro-labor initiatives and their eventual success arguably proved to Corporate America that the New Right “was now a sophisticated movement that could deliver electorally”.⁶⁶ As a result, “corporations and conservative foundations began to fund the infrastructure of the New Right on a major scale”.⁶⁷

⁶¹ Ibid., 81.

⁶² Ibid., 80.

⁶³ Ibid., 81.

⁶⁴ Jacob S. Hacker and Paul Pierson, *Winner-Take-All Politics: How Washington Made the Rich Richer – And Turned Its Back on the Middle Class* (New York: Simon and Schuster, 2010), 123.

⁶⁵ Joanne Ricca, “Politics in America: The Right Wing Attack on the American Labor Movement,” published by Wisconsin State AFL-CIO, available at:

<http://www.d.umn.edu/~epeters5/MAPL5112/5112%20Articles/Ricca%20TheRightWingAttack.pdf> 7.

⁶⁶ Ricca, “Politics in America,” 7.

⁶⁷ Ibid.

This source of funding provided the New Right with a solid point of departure in their quest for increased political influence. Their strategic approach was multifaceted and included both a concerted effort to “dominate and direct the public policy debate” as well as an emphasis on “conservative legal activism”. While think tanks, such as the Heritage Foundation referred to in chapter three, were supposed to provide the intellectual justification for conservative ideas and beliefs, groups such as the Institute for Justice would work to block liberal legislation.⁶⁸ More importantly, however, the New Right invested much of their resources in an effort to build conservative electoral power, and in this endeavor they followed two specific strategic approaches. First, they created a network of organizations which would “select, train, and support Right Wing candidates”.⁶⁹ This venture was largely led by Weyrich’s CSFC which was basically a conservative PAC established in 1974 to counter the liberal National Committee for an Effective Congress.⁷⁰ Nevertheless, the CSFC engaged in a number of activities to further the conservative cause, including lobbying, publishing, and general politicking.⁷¹ In addition, it provided both guidance and financial support to conservative challengers for Congress. The CFSC was indeed started with “seed money from the Coors family”, but their continued work was, like so many other New Right projects, mainly sponsored with help from the movement’s leading fundraiser Richard Viguerie.⁷² Nevertheless, Viguerie’s tactics and achievements will be further outlined in the following, more extensive, discussion of the second strategy employed by the New Right in their effort to build conservative electoral power. While one can certainly argue that the CSFC, at least to a certain extent, contributed to the electoral success experienced by conservative candidates in both 1978 and 1980, their efforts will not receive further attention in this thesis. This decision is made on the basis that they did not take advantage of the independent expenditure loophole provided by the campaign finance reform of the seventies. As we shall see, however, the New Right strategy which involved launching massive attacks against liberal incumbents was largely realized through extensive independent expenditure campaigns, mainly on part of NCPAC, one of the movement’s most resourceful PACs.⁷³

⁶⁸ Ibid., 6.

⁶⁹ Ibid.

⁷⁰ Ibid.

⁷¹ Russ Bellant, *The Coors Connection: How the Coors Family Philanthropy Undermines Democratic Pluralism* (Cambridge: South End Press, 1991), 15.

⁷² Bellant, *The Coors Connection*, 15.

⁷³ Ricca, “Politics in America,” 6.

4.5 The National Conservative Political Action Committee (NCPAC)

The National Conservative Political Action Committee was an ultraconservative PAC established by a number of New Right strategists in 1975.⁷⁴ It was headed by John Terry Dolan and it quickly became one of the largest PACs in the country, at least in terms of expenditures. In a 1984 report for the Congressional Research Service, Joseph E. Cantor provided an overview of the biggest PAC spenders in every election between 1976 and 1982. His data reveals that while NCPAC was narrowly outspent by the pro-Reagan Citizens for the Republic and Jesse Helms' National Congressional Club in 1978 and 1982 respectively, it ranked number one in both 1976 and 1980.⁷⁵ On a more general basis, however, the figures display a tendency of conservative PACs to spend substantially more than other committees. "The top two PAC spenders in each of the four elections," Cantor argues, "were conservative groups whose dollar totals were distinctively higher (and more dramatically so with each succeeding election) than the next others on the list".⁷⁶ In 1976, the trend was noticeable but not striking. While NCPAC ranked at the top of the list with an estimated \$2,878,490 in total expenditures, the CSFC followed closely with \$ 2,249,451.⁷⁷ Number three on the list was an issue-oriented conservative group called the Gun Owners of America Campaign Committee which had apparently spent \$2,094,821.⁷⁸ Thus, the second and third largest spenders were only separated by approximately \$150,000 and the gap was not that obvious. In 1978, however, "the top two [represented by the pro-Reagan Citizens for the Republic and NCPAC] spent [roughly] \$4.5 and \$3.0 million, with the second largest exceeding the third by 50 percent – a gap of \$1 million".⁷⁹ Two years later the trend was even more noticeable with NCPAC and the Congressional Club spending around \$7 million each and exceeding number three on the list by approximately \$4 million.⁸⁰ This gap was more than matched in 1982 when the top two PAC spenders, the same two as in the previous election, are listed with roughly \$10 million in total expenditures each and the third on the list is only reported to have

⁷⁴ Lee Edwards, *The Conservative Revolution: The Movement that Remade America* (New York: The Free Press, 1999), 186.

⁷⁵ Joseph Cantor, *Political Action Committees: Their Evolution, Growth and, Implications for the Political System* (Washington D.C.: Library of Congress Congressional Research Service, 1984), 106 -109.

⁷⁶ Cantor, *Political Action Committees*, 110.

⁷⁷ *Ibid.*, 106.

⁷⁸ *Ibid.*

⁷⁹ *Ibid.*, 111.

⁸⁰ *Ibid.*, 108.

spent \$3,144,475.⁸¹

Interestingly, however, the conservative PACs ranking high according to expenditures did not show up on the corresponding lists of major campaign contributors. “While contributions to Federal candidates constituted at least half, and often well over half, of adjusted expenditures by virtually every other PAC on the top spenders list, this was far from true for the nonconnected PACs”.⁸² According to Cantor, this was a result of the growing tendency on part of PACs, especially those of conservative bent, to engage in independent expenditures, and in this respect, NCPAC is presented as the prime example. Of the \$7,530,060 spent by NCPAC in 1980, only \$237,357 was donated directly to candidates.⁸³ Approximately \$3.3 million of their expenses, however, were counted as independent expenditures made for the purpose of influencing the electorate.⁸⁴ The same tendency was evident in 1982, when NCPAC is reported to have dedicated only 2.6 percent of their expenses to directly support federal candidates. Contrastingly, 31.4 percent went towards independent campaigning. While Cantor does not provide an estimate regarding NCPAC independent expenditures for the 1978 elections, Alan Crawford has argued that the committee only contributed \$212,000 directly to candidates during that particular election cycle.⁸⁵ Thus, in light of NCPAC’s overall expenditures for that year, which is reported at \$3,030,408, one can assume that their independent expenditures were of some significance.⁸⁶ Nevertheless, based on the report by the CFI estimating the total amount of non-party independent expenditures at \$303,033 during the 1978 congressional elections, there is reason to believe that NCPAC’s independent spending for this midterm did not come close to that of 1980 and 1982.⁸⁷ Nevertheless, while other PACs are also reported by Cantor as having engaged in independent expenditures during this particular period, one can argue that it was NCPAC, using such expenditures to subsidize large scale attacks on liberal incumbents in both 78 and 80, which brought this specific campaign finance strategy to the nation’s attention.⁸⁸

⁸¹ Ibid., 109.

⁸² Ibid., 114.

⁸³ Ibid.

⁸⁴ Ibid.

⁸⁵ Alan Crawford, *Thunder on the Right: The “New Right” and the Politics of Resentment* (New York: Pantheon Books, 1980), 70.

⁸⁶ Cantor, *Political Action Committees*, 107.

⁸⁷ “Non-Party Independent Expenditures in House and Senate Elections, 1978 – 2010,” The Campaign Finance Institute.

⁸⁸ Sorauf, “Political Action Committees,” 126.

4.6 The 1978 Elections

Arguably, 1978 “was the first year in which large amounts of money were allocated by conservative groups in a concerted effort to defeat selected senators”.⁸⁹ Furthermore, the elections of that year were the first in which NCPAC significantly proved its ability to influence electoral outcomes. As mentioned in chapter three, the Republican Party gained three Senate seats and fifteen House seats as a result of the 1978 midterms. To be sure, these gains can be explained with reference to a number of distinct factors, such as the coinciding emergence of business PACs or the general declining approval of Democratic fiscal and foreign policies. Nevertheless, the Senate gains in particular, are often quoted as a direct result of NCPAC’s wide-ranging independent expenditure campaigns against specific Democratic incumbents.⁹⁰ Consequently, the following outline of their role the 1978 midterms will focus on their investment in Senate races. Nevertheless, it is important to note that because NCPAC independent spending figures from this particular election has been difficult to locate, the discussion will, for the most part, be based on textual accounts of the committee’s involvement in specific races.

The 1978 elections were held in a political environment significantly marked by the congressional disagreement over the Panama Canal issue. The New Right had been invested in the subject ever since President Carter, in September 1977, signed the treaty effectively giving Panama full authority over the canal from the year 2000.⁹¹ The Canal Zone had been part of U.S. territory for a long time and a number of right-wingers decried that Carter’s approval of the treaty signaled American weakness. In essence, “the New Right found no reason to admit limits on the United States’ ability to exert its influence and power to confront the Soviet Union and other threats around the globe”.⁹² As a result, a number of conservative groups, such as CSFC and NCPAC, launched extensive campaigns against ratification of the agreement in the Senate. While a complete account of this endeavor is beyond the scope of this thesis, it is important to mention NCPAC’s effort to make Senate incumbents aware that a vote in favor of the treaties would significantly hurt their chances of reelection in the upcoming midterms.⁹³ Nevertheless, despite the New Right’s relentless campaigning, the

⁸⁹ Dennis Hinde, “An Analysis of the Use of Negative Political Advertising” (M.A. Thesis, Texas Tech University, 1983), 23.

⁹⁰ Hinde, “An Analysis of the Use of Negative Political Advertising,” 23.

⁹¹ Stephen Todd Pfeffer, “‘The Drill’: The Emergence of the ‘New Right’ as a Political Force in U.S. Conservative Politics During the Panama Canal Debate, 1977 – 1978” (M.A. Thesis, North Carolina State University, 2006), 23.

⁹² Pfeffer, “The Drill,” 23.

⁹³ Richard Viguerie, *The New Right: We’re Ready to Lead* (Falls Church: The Viguerie Company, 1980), 86.

Panama Canal treaties were approved by the Senate on March 16 1978 by a vote of 68-32.⁹⁴ Thus, the New Right was only two votes short of preventing ratification. The incumbents refusing to succumb to the threats from NCPAC would soon come to regret their resolve, however, as they ended up on the committee's infamous "hit-list".⁹⁵

The main candidates on NCPAC's hit-list for the 1978 elections were Floyd Haskell (D-CO), Dick Clark (D-IA), Thomas McIntyre (D-NH), and Walter Huddleston (D-KY).⁹⁶ Of these, Haskell, Clark, and McIntyre were eventually defeated. Hinde claims that, "the biggest upset on election day was the defeat of Senator McIntyre at the hands of a relatively green New Right operative, Gordon Humphrey".⁹⁷ McIntyre had expressly supported the Panama Canal treaties and he realized that he "would be in for heavy and sustained fire from the Right".⁹⁸ As predicted, he did become the main target of a number of right-wing ads aired in his home state prior to Election Day and a great number of these were part of NCPAC's independent expenditure campaign. Nevertheless, the NCPAC ads did not simply condemn McIntyre for voting in favor of the Canal treaties, they also accused him of being too liberal with regards to fiscal policy and it was argued that the high taxes he championed would severely hurt the economy.⁹⁹ In addition, seeing as a number of New Hampshire residents had recently relocated from Boston, the head of NCPAC came up with the brilliant strategy to air their ads on Boston TV. That way, their messages could potentially reach more voters.¹⁰⁰ For his defense, McIntyre claimed that "the choice was between him and political extremism and that Humphrey was an agent of national right-wing tacticians seeking to use New Hampshire as a base of operations".¹⁰¹ Nevertheless, his efforts were futile and in the end he lost to the conservative newcomer.¹⁰²

Furthermore, Lee Edwards argues that NCPAC was instrumental in the defeat of Democratic Senator Floyd Haskell of Colorado.¹⁰³ Terry Dolan's PAC wished to see Haskell's conservative challenger William Armstrong capture the Senate seat and thus, they constructed a number of ads criticizing the incumbent. Again, the Panama Canal issue was of

⁹⁴ Pfeffer, "The Drill," 60.

⁹⁵ Sorauf, "Political Action Committees," 126.

⁹⁶ Hinde, "An Analysis of the Use of Negative Political Advertising," 23.

⁹⁷ *Ibid.*, 24.

⁹⁸ Thomas J. McIntyre and John C. Obert, *The Fear Brokers* (New York: Pilgrim Press, 1979), 131.

⁹⁹ Hinde, "An Analysis of the Use of Negative Political Advertising," 24.

¹⁰⁰ Viguier, *The New Right*, 93.

¹⁰¹ Hinde, "An Analysis of the Use of Negative Political Advertising," 24.

¹⁰² *Ibid.*

¹⁰³ Edwards, *The Conservative Revolution*, 186.

importance and Haskell was widely criticized for this decision to support the treaties.¹⁰⁴ In addition, he was condemned for his liberal fiscal policy as represented by his opposition to tax cuts.¹⁰⁵ Moreover, the Right argued that “Haskell had lost touch with the attitudes and concerns of his constituents”.¹⁰⁶ Much like McIntyre in New Hampshire, the Colorado incumbent attempted to counter the attacks by stating that “voters were faced with a choice between a rigid ideologue and a pragmatist”.¹⁰⁷ Nevertheless, Armstrong eventually won the race and the negative approach employed by NCPAC was increasingly viewed as especially effective.

In Iowa, Democratic Senator Dick Clark was defeated by Republican challenger Roger Jepsen. To a certain degree, one might argue that this outcome was a result of tradition since, at that time, Iowa had “never elected a Democrat to a second term in the U.S. Senate”.¹⁰⁸ Nevertheless, Jepsen’s triumph can also be attributed to the New Right’s, and especially NCPAC’s, negative campaign against Clark.¹⁰⁹ Like in New Hampshire and Colorado, much of the communication was focused on the incumbent’s support for the Canal treaties earlier that year. In addition to the television and radio commercials hammering Clark for his position on Panama, NCPAC actually sent letters directly to the voters explaining why they should vote against him. “Dear Friend”, one such letter began, “you and I have the best opportunity this year to defeat a Senator who voted to give away the Panama Canal. I’m referring to the campaign in Iowa against Senator Dick Clark”.¹¹⁰ Furthermore, ads were aired charging the Democrat with being the “most liberal Senator’ and an appeaser of the Soviet Union”.¹¹¹ In addition, the New Right denounced both his stand on tax credits as well as his advocacy for abortion rights.¹¹² According to Thomas Mann and Norman J. Ornstein, NCPAC passed out flyers at churches claiming that Clark was a baby killer.¹¹³ This instance is also reported by Ira Shapiro who claims that this was a decisive issue in the Iowa Senate race. Apparently, polls conducted seven days prior to Election Day indicated that Clark had a comfortable lead on his conservative challenger. When the election was just two days away, however, NCPAC launched their seminal attack. According to Shapiro, Clark’s brother in-law

¹⁰⁴ Hinde, “An Analysis of the Use of Negative Political Advertising,” 24.

¹⁰⁵ Ibid.

¹⁰⁶ Crawford, *Thunder on the Right*, 276.

¹⁰⁷ Hinde, “An Analysis of the Use of Negative Political Advertising,” 24.

¹⁰⁸ Ibid., 25.

¹⁰⁹ Ibid.

¹¹⁰ McIntyre and Obert, *The Fear Brokers*, 138.

¹¹¹ Hinde, “An Analysis of the Use of Negative Political Advertising,” 25.

¹¹² Ibid.

¹¹³ Thomas E. Mann and Norman J. Ornstein, *It’s Even Worse Than It Looks: How the American Constitutional System Collided With the New Politics of Extremism* (New York: Basic Books, 2012), 32.

called the Senator on the last Sunday before the election to warn him about the right-wing's latest venture. As he and Clark's sister had exited their Catholic church, they had found "a pamphlet on their windshield that pictured a fetus and attacked Clark for favoring abortion".¹¹⁴ Unfortunately for the Democrat, however, "every car in the parking lot had the pamphlet, and that was the case at Catholic churches all over the state".¹¹⁵ Thus, with the backing of the New Right, Jepsen "stormed from behind to upset Clark", and eventually the liberal incumbent was dethroned.¹¹⁶

One can argue that "1978 provided a modest victory for the political right".¹¹⁷ Through their independent campaigns, NCPAC was instrumental in the defeat of three liberal incumbents and thus, it made a significant contribution to the erosion of the "solid Democratic majority in the Senate".¹¹⁸ Some liberal incumbents, such as Senator Walter Huddleston of Kentucky, held their ground and managed to win reelection. Yet, in other races, the right wing experienced partial success. In New Jersey, for example, NCPAC successfully managed to unseat Democratic Senator Clifford Case in the primary, but failed to get the conservative challenger Jeff Bell elected in the general election.¹¹⁹ Nevertheless, Bell's success in the primary "symbolized how far conservatism had come".¹²⁰ Thus, NCPAC's actual power to influence elections arguably extended that represented by their involvement in the three Republican Senate gains. Overall, one can claim that NCPAC "emerged as a major force in the [1978] campaign".¹²¹ Despite the committee's achievements, however, NCPAC had yet to reach its full potential in terms of shaping electoral outcomes. As we shall see, the 1980 elections were marked by even greater conservative gains which, to a considerable extent, were facilitated by NCPAC's expanded efforts to unseat liberal incumbents.

4.7 The 1980 Elections

According to the U.S. Census Bureau, the amount of independent expenditures made in connection with the 1980 elections, both presidential and congressional, totaled

¹¹⁴ Ira Shapiro, *The Last Great Senate: Courage and Statesmanship in Times of Crisis* (New York: Public Affairs, 2012), 214.

¹¹⁵ Shapiro, *The Last Great Senate*, 214 and 215.

¹¹⁶ *Ibid.*, 215.

¹¹⁷ Hinde, "An Analysis of the Use of Negative Political Advertising," 25.

¹¹⁸ Pfeffer, "The Drill," 67.

¹¹⁹ Himmelstein, *To the Right*, 84.

¹²⁰ *Ibid.*

¹²¹ Mann and Ornstein, *It's Even Worse Than It Looks*, 32.

\$18,084,000.¹²² As mentioned earlier, NCPAC accounted for approximately \$3.3 million of the independent spending and a large amount of it apparently went towards attacking the liberal Senate incumbents on their updated hit list.¹²³ The CFI has reported that an estimated 2.2 million was made in independent expenditures in the 1980 congressional elections, and of this, approximately \$1.6 million was directed at Senate races.¹²⁴ Furthermore, according to David Mark, \$1.2 million of this full amount was counted as NCPAC expenditures. Thus, one can argue that NCPAC accounted for most of the independent spending in connection with the 1980 Senate election.

As mentioned in chapter three, the 1980 election was a tremendous triumph for the GOP. Not only did Ronald Reagan win the presidency, the Republican Party also picked up 34 seats in the House and 12 seats in the Senate.¹²⁵ Despite losses, the Democratic House majority persisted. The Senate majority, however, was captured by the Republicans. Thus, the election significantly strengthened the GOP's position in Congress. Nevertheless, while the party's general success can certainly be explained with reference to a number of both socioeconomic and political factors, the details regarding the extended use of independent expenditures in connection with this election arguably legitimize the assumption that such spending had a significant impact on the electoral outcome. According to the U.S. Census Bureau, approximately 72 percent of the independent spending reported in 1980 was made for the purpose of supporting a Republican candidate, whether presidential or congressional.¹²⁶ Furthermore, only 2.4 percent was spent in support of Democratic candidates. With regards to expenditures against candidates, 11.3 percent opposed Democrats while 0.68 percent opposed Republicans.¹²⁷ Thus, the extended use of independent expenditures in 1980 undoubtedly favored the political right. Furthermore, while the percentage regarding expenditures for Republican candidates is significantly amplified by the large amount spent in support of Reagan by such non-connected PACs as Citizens for the Republic, the percentage of independent spending against Democratic candidates is considerably enlarged on account of the massive NCPAC attacks on liberal Senate incumbents. Arguably, NCPAC was instrumental in the election of at least five Republican challengers in the 1980 election, and

¹²² U.S. Department of Commerce - Bureau of the Census, *Statistical Abstract of the United States, 1989*, 109th edition, 262.

¹²³ Cantor, "Political Action Committees," 114.

¹²⁴ "Non-Party Independent Expenditures for the House and Senate Elections, 1978 – 2010," Campaign Finance Institute.

¹²⁵ "Composition of Congress, by Political Party, 1855 – 2015," infoplease.com, last accessed May 8, 2013, <http://www.infoplease.com/ipa/A0774721.html>

¹²⁶ U.S. Department of Commerce, *Statistical Abstract of the United States*, 262

¹²⁷ *Ibid.*

thus, a closer look at the specific activities of this particular group is warranted.

The NCPAC hit list for the 1980 election included Senators Gaylord Nelson of Wisconsin, Birch Bayh of Indiana, Frank Church of Idaho, John Culver of Iowa, George McGovern of South Dakota, Thomas Eagleton of Missouri, and Alan Cranston of California.¹²⁸ Of these, Nelson, Bayh, Church, Culver, and McGovern were defeated. Since a complete account of the entire volume of NCPAC attacks against these particular Senators is beyond the scope of this thesis, however, the following analysis of the committee's 1980 activities will be limited to a discussion of its most hard-hitting campaigns against Bayh, Church, and McGovern.

According to C.J. Bailey, NCPAC spent a total of \$180,724 attacking liberal incumbent Birch Bayh.¹²⁹ Inspired by their success in the 78 midterms, and perhaps hoping to get a head start in the verbal fight, the conservative PAC launched their negative campaigns against their identified targets for the 1980 election quite early. In some instances, attack ads were actually aired as early as "a year or more before the incumbents were up for re-election".¹³⁰ The following commercial thrashing Senator Bayh was part of an early NCPAC strike:

The 30-second television commercial opens with a picture of a large baloney surrounded on a cutting board by other meats. Suddenly a cleaver slices through the baloney and a voice says, "One very big piece of baloney is Birch Bayh telling us he's fighting inflation". The price tag appears on the sliced baloney reading \$46 billion and the voice says, "That's how much deficit spending Bayh voted for last year alone". Pause. "So to stop inflation, you'll have to stop Bayh first". And then the kicker: "Because if Bayh wins, you lose".¹³¹

This ad represents a typical 1980 NCPAC attack. As mentioned, it was aired early in the hope of damaging the candidate's reputation "before the clutter of heavy television campaigning was evident" and before the opposing candidate "had the resources or campaign organization to respond in kind".¹³² Furthermore, the commercial represents a tendency on part of NCPAC

¹²⁸ Hinde, "An Analysis of the Use of Negative Political Advertising," 27.

¹²⁹ Christopher. J. Bailey, *The Republican Party in the U.S. Senate, 1974-1984: Party Change and Institutional Development* (Manchester: Manchester University Press, 1998), 39.

¹³⁰ Hinde, "An Analysis of the Use of Negative Political Advertising," 26.

¹³¹ James M. Perry quoted in Hinde, "An Analysis of the Use of Negative Political Advertising," 26.

¹³² Hinde, "An Analysis of the Use of Negative Political Advertising," 26 and 27.

to construct highly negative ads emphasizing issues which were deemphasized by their targets, most notably inflation and defense spending.¹³³ As will be demonstrated below, these topics also permeated a number of ads attacking both Church and McGovern. With regards to the subject of defense spending, however, it would seem that NCPAC was a little short on hard facts, at least with regards to Senator Bayh. In fact, one NCPAC ad “accused him of voting for an amendment to cut the 1979 defense budget by \$1.4 million when Bayh had actually been absent for the vote”.¹³⁴ Nevertheless, despite a certain degree of inaccuracy, the negative campaign against Bayh eventually bore fruits. The Democratic Senator struggled to counter the attacks from the Right and eventually he lost to conservative Dan Quale by 160,000 votes.¹³⁵

C.J. Bailey reveals that NCPAC spent \$339,068 criticizing Senator Frank Church in the 1980 election.¹³⁶ In their effort to defeat Church, NCPAC actually created a separate committee, called the A.B.C. (or Anything But Church) committee, which would be largely responsible for distributing anti-Church ads.¹³⁷ In essence, the “ads purchased by the A.B.C. committee highlighted Senator Church’s liberal voting record, his support for deficit spending, and his alleged poor record in supporting national defense expenditures”.¹³⁸ One of the first ads aimed at Church “...showed an empty Titan missile silo in Idaho, saying the silo was empty because of Church’s opposition to a strong national defense”.¹³⁹ However, it was soon revealed that the “silos were empty because the Air Force had replaced the obsolete Titan system with Minutemen missiles” and that Church had actually supported this proactive measure.¹⁴⁰ As a result, “NCPAC sidestepped the controversy by calling the ad only symbolic”.¹⁴¹ Nevertheless, NCPAC continued to stress Church’s position on national defense in a letter sent directly to the voters labeling him as “the radical who singlehanded has presided over the destruction of the FBI and CIA”.¹⁴² Furthermore, NCPAC publicly denounced the Senator for voting in favor of a personal pay raise. As would be revealed at a

¹³³ Xanda Kayden, “Campaign Under Siege: Reflections on One Senators Defeat,” *Review of Law and Social Change*, Vol. 10 (1980-1981): 70.

¹³⁴ Powell, “NCPAC and the Development of Third-Party Expenditures,” 37.

¹³⁵ Kayden, “Campaign Under Siege,” 77.

¹³⁶ Bailey, *The Republican Party in the U.S. Senate, 1974-1984*, 39.

¹³⁷ Ronald L. Hatzenbuehler and Bert W. Marley, “Why Church Lost: A Preliminary Analysis of the Church-Symms Election of 1980,” *Pacific Historical Review*, Vol. 56, No. 1 (Feb., 1987): 108.

¹³⁸ Hatzenbuehler and Marley, “Why Church Lost,” 108.

¹³⁹ Powell, “NCPAC and the Development of Third-Party Expenditures,” 37.

¹⁴⁰ *Ibid.*

¹⁴¹ Hinde, “An Analysis of the Use of Negative Political Advertising,” 28.

¹⁴² Powell, “NCPAC and the Development of Third-Party Expenditures,” 36.

later stage, however, this allegation was actually false.¹⁴³ According to Ronald L. Hatzenbuehler and Bert W. Marley, Church made serious efforts to counter the attacks from the Right.¹⁴⁴ He was quick to invalidate the misguided NCPAC ads, and he highlighted the fact that he was the victim of vicious attacks. “It’s the dirtiest campaign in Idaho history”, Church once said, and he added that “they [NCPAC] know I will rebut this things, but they also know that it takes a long time for the truth to catch up with the charge”.¹⁴⁵ In the end, the Democrat lost to his Republican challenger Steve Symms by 4,262 votes and it has been argued that the NCPAC attack had a significant effect on this particular electoral outcome. According to polls taken before and during the election, Church’s approval rating in Idaho sank steadily as the negative campaign progressed.¹⁴⁶

During the 1980 election, NCPAC apparently spent as much as \$222,044 against Senator George McGovern of South Dakota.¹⁴⁷ The propaganda was wide-ranging and the Democrat was accused of being both pro-welfare and pro-abortion as well as against a strong national defense.¹⁴⁸ According to Richard M. Marano, however, the basic message of the NCPAC attacks was always the same: “George McGovern is out of step with his people”.¹⁴⁹ One notable ad criticizing the South Dakota incumbent “showed a basketball player dribbling a ball as an announcer said: ‘Globetrotter is a great name for a basketball team, but it’s a terrible name for a senator. While the energy crisis was brewing, George McGovern was touring Cuba with Fidel Castro’”.¹⁵⁰ In essence, NCPAC tried to send a message that the Senator did not invest enough of his time trying to straighten out the problems at home. Instead, he used taxpayer’s money travelling the globe. Nevertheless, the most significant charge against McGovern was arguably that he supported abortion and was anti-family. Like they had done in their campaign against Dick Clark in 1978, NCPAC distributed pamphlets to churches all over South Dakota depicting McGovern as a “baby-killer”. The Senator was highly offended by this particular tactic and he argued heavily against the accusations. “I resent it”, he once declared, “[w]hen I come out of God’s house on Sunday morning and find that some misguided political agent has put a leaflet on my car accusing me of being anti-

¹⁴³ *Ibid.*, 37.

¹⁴⁴ Hatzenbuehler and Marley, “Why Church Lost,” 108.

¹⁴⁵ *Ibid.*

¹⁴⁶ *Ibid.*

¹⁴⁷ Bailey, *The Republican Party in the U.S. Senate, 1974-1984*, 39.

¹⁴⁸ Richard M. Marano, *Vote Your Conscience: The Last Campaign of George McGovern* (Westport: Praeger Publishers, 2003), 29.

¹⁴⁹ Marano, *Vote Your Conscience*, 29.

¹⁵⁰ “Follow the Dark Money,” Mother Jones, last accessed April 30, 2013, <http://www.motherjones.com/politics/2012/06/history-money-american-elections>

family and a killer of babies. Who appointed these single issue-advocates to play the role of God in judging the rest of us by their standards?”¹⁵¹ Furthermore, “he expressed outrage that he, with five children, and four grandchildren, could be called ‘antifamily’”.¹⁵² Nevertheless, McGovern did not manage to successfully counter NCPAC’s broad attack and eventually he received only 39 percent of the South Dakota vote. His conservative challenger James Abdnor, however, was triumphant with 58 percent of the votes.¹⁵³

4.8 Conditions Contributing to NCPAC’s Success

As demonstrated above, NCPAC ran massive independent campaigns against a number of incumbent liberal Senators up for re-election in both 1978 and 1980. They experienced some initial success in 1978, as they were instrumental in the election of three conservative Republican challengers. In 1980, however, their efforts produced even greater results as they made considerable contributions to the defeat of five liberal incumbents. While they were among the top independent spenders during these years, however, their achievements cannot simply be attributed to the comparatively large amounts they spent on campaigning. A certain degree of research has been done on the subject of NCPAC’s success during these years and while some have argued that their triumphs derived from their inherent values, others have focused on the specific strategies employed by the committee.¹⁵⁴ According to Larry Powell, however, a number of factors, both external and internal, contributed to NCPAC’s achievements.

First of all, NCPAC, as an independent organization, benefited from a steady decline in party loyalty. Between 1952 and 1978, a study has argued, a decreasing number of voters reported that they identified with a specific party.¹⁵⁵ Arguably, voters were thus increasingly inclined to follow the instructions of more issue-specific groups which did not campaign on the basis of party platforms. According to Powell, the “drop in partisan allegiance was crucial” to NCPAC’s success in that the group “lacked the credibility that came with being associated with an established party”.¹⁵⁶ Second, NCPAC operated in a political environment which was increasingly hostile towards Democrats. A study conducted in 1980 revealed that, from 1972 and up until then, there had been a steady decline in the number of votes cast in

¹⁵¹ Marano, *Vote Your Conscience*, 29.

¹⁵² *Ibid.*

¹⁵³ *Ibid.*, 32.

¹⁵⁴ Larry Powell, “NCPAC and the Development of Third-Party Expenditures,” 30.

¹⁵⁵ *Ibid.*, 31.

¹⁵⁶ *Ibid.*

favor of Democratic candidates.¹⁵⁷ Thus, one can argue that the specific candidates targeted by NCPAC, which have previously been identified as Democratic incumbents, were already quite vulnerable.

Nevertheless, NCPAC's success also relied on their ability to identify and take advantage of the already existing vulnerability of specific incumbents. The committee actually used a great deal of money conducting mid-year polls which would reveal the public's perception of candidates they wished to unseat. If the results showed that an incumbent had declining approval ratings, NCPAC considered him a weak candidate who could probably be defeated.¹⁵⁸ Thus, it is fair to claim that NCPAC's high success ratings are, at least to a certain extent, a result of the group's decision only to engage in races in which already existing conditions increased the probability of a conservative victory. In addition, NCPAC ran a number of polls assessing the general voter's standing on specific issues and, on the basis of these results, the committee determined which issues they would emphasize in their campaigns. Furthermore, this pre-acquired knowledge arguably increased the group's chances of success to a great extent.

Pre-election polling was just one of many fruitful NCPAC tactics, however. As demonstrated by the preceding description of NCPAC's efforts during the 1978 and 1980 elections, the committee relied heavily on negative advertising. Furthermore, the decision to run a negative rather than positive campaign is certainly a tactical one. According to Powell, the reason why NCPAC focused their efforts primarily on negative communication was that the committee's strategists realized the benefits of such an approach. As previously mentioned, studies have shown that independent campaigns have more potential to affect voter behavior if turned negative. Nevertheless, the leaders of NCPAC were pioneers in the art of negative campaigning and thus, their decision to follow such an approach was certainly not based on its proven efficiency. Rather, they crafted their strategy based on the assumption that a large number of voters were fundamentally disinterested in politics and that they, as a result, were more responsive to emotional and negative appeals than to intellectual arguments.¹⁵⁹ For many, they believed, "voting becomes a decision stimulated by an emotional attachment to symbols".¹⁶⁰ In fact, at the time, some research existed arguing that "using negative appeals made the information more believable".¹⁶¹ In addition to having an

¹⁵⁷ *Ibid.*

¹⁵⁸ *Ibid.*, 35.

¹⁵⁹ *Ibid.*, 34.

¹⁶⁰ *Ibid.*

¹⁶¹ *Ibid.*

extended influence on voter behavior, NCPAC's negative approach was also beneficial in that it put the targeted candidate on the defensive leaving the committee in control of the campaign discourse. As they suffered from repeated attacks from NCPAC, incumbents could choose to launch counterattacks or to ignore it. Either way, NCPAC was the one setting the campaign agenda. If the targeted candidate responded to the accusations, the issues presented by NCPAC would be favored over issues which the incumbent would normally choose to emphasize.¹⁶² Furthermore, if the candidate did not respond to the attacks, NCPAC would be able to dominate the focus of the campaign simply by repeating their messages.

Last, but not least, NCPAC benefited significantly from their association with the New Right. Their connection with the grassroots of the New Right provided the committee with a network of volunteer workers which had access to millions of conservative leaning voters. In this respect, the Christian Right proved especially valuable. Television evangelist Jerry Falwell in particular, used a great deal of his time on the air to "legitimize NCPAC's cause and mobilize the constituencies".¹⁶³ More importantly, however, NCPAC was completely dependent on the New Right for financial support. As mentioned in the brief discussion of the CSFC, the direct mail fundraising efforts of Richard Viguerie provided the basis for much of the activity of New Right groups in the 1970s and 1980s, including NCPAC. A young conservative during Barry Goldwater's campaign in 1964, Viguerie "learned the direct mail business under an innovative pioneer, Martin Liebman".¹⁶⁴ Realizing the conservative movement's need for more money, Liebman began to mail out thousands of letters to possible supporters soliciting small donations. This strategy proved surprisingly successful and the Goldwater campaign raised unexpected sums. After what turned out to be an unsuccessful campaign, however, Viguerie "went to the office of the Clerk of the House of Representatives which had on the file the names and addresses of all those who had contributed \$50 or more to Goldwater".¹⁶⁵ He copied the entire list by hand thus set out to build his "direct mail empire".¹⁶⁶

In the late seventies, Viguerie had managed to assemble "a computer list of several million people who responded positively to right-wing appeals".¹⁶⁷ Through direct appeals to these individuals, he was able to raise huge sums of money mainly consisting of small

¹⁶² Ibid.

¹⁶³ Ibid., 32.

¹⁶⁴ Clifton White and William J. Gill, *Why Reagan Won: A Narrative History of the Conservative Movement, 1964 – 1981* (Chicago: Regnery Gateway, 1981), 53.

¹⁶⁵ White and Gill, *Why Reagan Won*, 53.

¹⁶⁶ Ibid.

¹⁶⁷ Powell, "NCPAC and the Development of Third Party Expenditures," 34.

donations. Since NCPAC had status as a political action committee and was subject to the FECA restrictions on the size and source of contributions, it was completely reliant on the small-scale financial support of numerous individuals, and as a result, they asked for Viguerie's services. As would soon become apparent, this partnership proved especially valuable to NCPAC which, without the money raised by Viguerie through direct mail, would not have been able to launch their successful independent campaigns against liberal incumbents in 78 and 80.

4.9 Conclusion

As demonstrated in the second chapter of this thesis, the reform of the seventies established a campaign finance environment in which political action committees became increasingly dominant. Prior to the legislation, both wealthy individuals and organizations had taken advantage of the absence of restrictions on individual contributions and donated huge amounts of money directly to political candidates and parties. As the FECA regulations put effective limits on such contributions, however, those wishing to continue their financial involvement in American politics had to change their strategies. Nevertheless, they quickly realized the increased potential of PACs which, as a result of the newly enacted legislation, were subject to less stringent restrictions than individuals. While the third chapter of this thesis illustrates that it was primarily the business community which took significant advantage of this opportunity to establish what is characterized as connected PACs, this chapter has revealed that, at least initially, it was mostly right-wing interest groups which utilized this opportunity to create so-called non-connected ideological PACs. Furthermore, while in chapter three it was argued that the emergence of business PACs favored the GOP because of the increased inclination on part of the business community to contribute PAC money to conservative candidates, in this chapter it is argued that the emergence of ideological nonconnected PACs came to benefit the Republican Party because of their tendency to use independent expenditures to launch massive attacks on liberal incumbents.

As already mentioned, independent expenditures are often referred to as a loophole created by the 1976 *Buckley v. Valeo* decision that individuals and groups could spend unlimited amounts of uncoordinated money for the purpose of influencing the electorate. As long as the money spent was accumulated according to the FECA limits on contributions to PACs, PACs were allowed to use as much as they desired on communication expressly advocating the election or defeat of candidates. Fortunately for the GOP, the emergence of the

independent expenditure loophole coincided with the development of the conservative New Right which, because of its particular infrastructure, had great potential to take advantage of this new opportunity to influence politics. First of all, the New Right was able to raise vast amounts of money because their fundraising effort was largely led by Richard Viguerie who had fifteen years of experience with direct mail solicitation. According to C.J. Bailey, Viguerie helped raise as much as \$27 million for conservative groups between 1979 and 1980 alone.¹⁶⁸ Of this, approximately \$7 million went towards NCPAC which was the main conservative PAC engaging in independent expenditures.¹⁶⁹ As mentioned, it is estimated that NCPAC spent roughly \$3 million on independent campaigns for the 1980 elections and that most of it was directed towards attacking liberal Senate incumbents.¹⁷⁰ Liberal groups, on the other hand, were not as experienced with the direct mail strategy and consequently raised considerably less money than the conservatives. In the same period as the New Right is reported to have raised \$27 million, liberal interest groups were supposedly only able to raise \$2 million.¹⁷¹ As a result, the opportunity of liberals to engage in wide-ranging independent campaigns was severely limited.

Nevertheless, a successful independent campaign does not solely depend on the amount of money spent. The strategy employed by those making independent expenditures is also of significance. As noted above, research has established that independent campaigns are more likely to be effective if the distributed communication is of a negative nature.¹⁷² Furthermore, the very successful campaigns run by NCPAC in connection with the 1978 and 1980 Senate elections were in fact dominated by negative messages. As outlined above, NCPAC attacked a number of liberal Senate incumbents charging them with being everything from baby killers to Soviet sympathizers. This approach, according to certain polls taken during the elections, had an effect on voters. In Idaho, for example, it was revealed that the approval rating of Senator Frank Church had dropped significantly after NCPAC had run an extensive negative campaign against him.¹⁷³ The ultimate effect of this negative strategy, however, was arguably demonstrated by the Republican gains in the 1978 and 1980 congressional elections. The Senate gains in particular, are quite often quoted as direct results of NCPAC's efforts. Candice J. Nelson has argued that "NCPAC's use of independent

¹⁶⁸ Bailey, *The Republican Party in the U.S. Senate, 1974 – 1984*, 43.

¹⁶⁹ Powell, "NCPAC and the Development of Third-Party Expenditures," 32.

¹⁷⁰ Joseph Cantor, *Political Action Committees*, 114.

¹⁷¹ Bailey, *The Republican Party in the U.S. Senate, 1974 – 1984*, 43.

¹⁷² Engstrom and Kenny, "The Effect of Independent Expenditures on Senate Campaigns," 893.

¹⁷³ Hinde, "An Analysis of the Use of Negative Political Advertisements," 29.

expenditures in 1978 and 1980 is the only example of unequivocal success in using independent expenditures to elect or defeat a candidate”.¹⁷⁴ Both the ease with which they raised money, as well as the strategy they employed, were important factors contributing to the group’s eventual achievements. Nevertheless, NCPAC’s political influence began to diminish after the 1980 election. According to David Mark, “in 1982, NCPAC targeted six prominent liberal senators and spent \$3 million, but all of its candidates lost”.¹⁷⁵ Apparently, Democrats had realized the need to counter the attacks from the right and they had learned how to take advantage of the independent expenditure option themselves.¹⁷⁶ However, despite their fleeting success, NCPAC had become a “role model for future conservative groups to follow” and they established the model for third-party campaigns in modern elections”.¹⁷⁷ In addition, they had made significant contributions to Republican electoral triumphs which would prove crucial to the party in the following decades.

¹⁷⁴ Candice J. Nelson quoted in Engstrom and Kenny “The Effects of Independent Expenditures in Senate Elections,” 890.

¹⁷⁵ David Mark, *Going Dirty: The Art of Negative Campaigning* (Lanham: Rowman and Littlefield Publishers, Inc., 2009), 217.

¹⁷⁶ David B. Magleby, *Outside Money: Soft Money and Issue Advocacy in the 1998 Congressional Elections* (Lanham: Rowman and Littlefield Publishers, Inc., 2000), 44.

¹⁷⁷ Powell, “NCPAC and the Development of Third-Party Expenditures,” 41.

5 Conclusion

Although the 1978 election did not give the GOP control of either chamber of Congress or the executive branch, it arguably elevated Republicans' ability to influence politics, at least to a certain extent. While the party gained fifteen seats in the House, a total of three were acquired in Senate. Thus, the Democratic congressional majority had begun to erode and a shift in the political climate was perceptible. The congressional election returns revealed an increased tendency of voters to support the conservative cause and the Republicans found several reasons to be optimistic. After the 1980 elections, however, a possible turn to the right would no longer be a matter of speculation. Not only did the Republicans win the presidency with the deeply conservative Ronald Reagan, they also experienced massive gains in Congress. As a result of the 34 seats secured by the GOP in the House, the Democratic majority was significantly narrowed and the president was provided with a less hostile congressional environment. Furthermore, on account of the 12 seats they obtained in the Senate, the Republican Party gained control of the upper house for the first time since 1954.¹ In sum, the 1980 election was a Republican success story which had major implications not only for the party itself, but also for the American political climate at large.

To be sure, the Republican electoral gains in 1978 and the party's ultimate triumph in 1980 can be explained with reference to a number of factors which defined that particular period in American history. The social unrest and economic insecurity which preceded the elections arguably had significant impact on voter turnout as well as voter behavior. This thesis, however, has emphasized the connection between the campaign finance reform of the seventies and the Republican ability to excel in these particular elections. Furthermore, it has described the GOP's electoral gains as an illustration of how the Democratic initiatives to restructure the campaign finance system in their own favor ultimately backfired. As outlined in chapter two, the Federal Election Campaign Act of 1971 and its amendments in 1974 were part of a Democratic effort to counteract the increasingly visible financial advantages of the Republican Party in a campaign environment in which money was essential. Direct contributions from individuals were restricted, public financing of presidential campaigns was established, and limitations on expenditures were enforced. All of these provisions, it was believed, would serve to benefit the Democratic Party which, because of the lopsided

¹ Morris P. Fiorina, "Elections and the Economy in the 1980s: Short- and Long-Term Effects," in *Politics and Economics in the Eighties*, ed. Alberto Alesina and Geoffrey Carliner (Chicago: Chicago University Press, 1991), 17.

proportion of in-kind support provided by their base, had grown accustomed to a lower level of cash input and output. Nevertheless, the wide-ranging mobilization of resources which occurred on the political right in the aftermath of these regulations proved that the Republican money machine could not be neutralized that easily.

While a number of studies have focused on the successful Republican fundraising efforts in the wake of the FECA regulations, few have devoted their attention solely to the way in which the party came to benefit from the increasing flow of money outside traditional party structures. Like so many others, Hacker and Pierson have highlighted the impressive organizational effort on part of the GOP to adjust to the new legislative parameters for campaign financing. The head of the Republican National Committee William Brock, they argue, employed a number of techniques, including direct-mail, to solicit vast amounts of small donations which would provide the party with huge sums of legal campaign money.² “As American politics shifted into a new era,” they conclude “Republicans were the first to make the crucial evolutionary moves that would allow them to capitalize on the new opportunities”.³ Although the post-FECA fundraising endeavors of the GOP probably contributed to the party’s electoral success in 78 and 80, however, the focus of this thesis has been on the benefits experienced by the party as a result of the disproportionate number of conservative leaning groups taking advantage of the new opportunities for political influence provided to outside interests by the campaign finance legislation.

The increased flow of money outside traditional party structures in the wake of the FECA was, in large part, made apparent by the expanded involvement of political action committees in the financing of elections. Furthermore, this development arguably came to benefit the Republican Party as a result of their strong ties to cash flush interests which realized the true range of the PAC potential. As described in detail in chapter three and four, the GOP’s traditional bases of support, herein represented by the business community and conservative groups, succeeded disproportionately in taking advantage of the new opportunities for political influence which were provided by the 1970s reform. Because of certain socioeconomic conditions encouraging businesses to get increasingly involved in politics, and because of the legislative provisions authorizing them to operate such committees, the number of business PACs grew rapidly in the late seventies and early eighties. Unions, which had been the previous rulers of the PAC domain, were quickly

² Jacob S. Hacker and Paul Pierson, *Winner-Take-All Politics: How Washington Made The Rich Richer – And Turned Its Back on the Middle Class* (New York: Simon and Schuster, 2010), 173.

³ Hacker and Pierson, *Winner-Take-All Politics*, 173.

replaced by the growing number of corporations which managed to consistently outspend labor on a large scale.⁴ Furthermore, business PACs proved especially valuable to the GOP during the 1978 and 1980 elections when conservative congressional candidates in position to unseat liberal incumbents received the main brunt of corporate contributions.

Nevertheless, as described in chapter four, the increased activities of nonconnected ideological PACs would also be crucial for the GOP in both 78 and 80. Their involvement in the financing of these elections was wide-ranging, but for reasons of limited space, this thesis has highlighted the significant ventures of NCPAC in connection with the Senate elections specifically. Through its clever use of independent expenditures, a loophole created by a 1976 Supreme Court decision to allow unlimited PAC spending, this conservative New Right political action committee was arguably instrumental in the defeat of several liberal incumbents. As outlined above, conservative PACs, including NCPAC, benefited from many years of direct mail experience and were thus able to assemble vast sums of small donations which could be used on independent campaigns. Liberal groups, however, had yet to embrace the direct mail strategy and were less successful in raising money even though presidential candidate George McGovern had been eager to use this method in 1972. However, the effectiveness of the independent campaigns run by NCPAC in 1978 and 1980 relied on more than financial factors. As demonstrated above, research has established an elevated value of negative campaigns in terms of affecting voter behavior. Furthermore, NCPAC's strategy consisted mainly of distributing negative messages about those candidates whom they wished to unseat and voter polls taken in the wake of the committee's attacks revealed that their approach had influenced the opinions of the electorate. Thus, the argument presented in this thesis is that the success of conservative candidates in the 1978 and 1980 congressional elections was aided by the combined effort of business PACs providing direct financial contributions and conservative nonconnected PACs, such as NCPAC, investing their resources in efficient attacks against liberal incumbents who they felt needed to be defeated.

Furthermore, the financing of the 1978 and 1980 elections also had certain long-term effects which are beyond the scope of this thesis. Nevertheless, they deserve to be mentioned as possible topics for further research. First of all, the increased involvement of corporations in the wake of the FECA represented the beginning of a development which would prove especially fruitful for the GOP in years to come and which would arguably reach its pinnacle with the 2010 Supreme Court decision on campaign financing. In *Citizens United v. FEC* the

⁴ *Ibid.*, 171.

Supreme Court established that any limits on the outside spending of corporations and unions was unconstitutional.⁵ Thus, businesses, among others, began to set up so-called Super PACs through which they channeled unrestricted and vast amounts of money which came from a number of sources including their own treasuries. The financial involvement of corporations consequently reached new heights and, at least initially, in connection with the 2010 congressional and gubernatorial elections, the development seemed to benefit the GOP.⁶ Nevertheless, the current partisanship of business and the impact of Super PACs today is a comprehensive topic which cannot be sufficiently outlined at this point. Furthermore, however, NCPAC's use of independent expenditures in 1978 and 1980 did not only serve to benefit the conservative challengers during these elections, it also established a model for future third-party campaigns to follow. The effectiveness of negative campaigns was established and many outside groups continued to rely on this strategy. The negative approach became especially widespread in the wake of the Bipartisan Campaign Reform Act of 2002 which prohibited soft money contributions to parties and which consequently institutionalized the role of so-called 527 organizations which became the main vehicle of independent expenditures and issue advocacy.⁷ The most renowned of such groups is arguably the conservative Swift Boat Veterans for Truth which in 2004 launched an extensive, and overwhelmingly negative, campaign against Democratic presidential candidate John Kerry, who eventually lost the election.⁸ Nevertheless, like with the advent of Super PACs, the development of 527s and their dependence on independent expenditures is a wide-ranging topic which cannot be fully investigated in this thesis.

Finally, one can argue that the financing of the 78 and 80 elections had certain long-term effects on the political climate in the U.S. As already described, the increased financial support provided to conservative candidates by outside sources contributed to significant Republican gains in both the House and the Senate and as a result of the 1980 election the GOP became a significant congressional force. The newly elected Republican president Ronald Reagan was thus arguably provided with extended prospects for achieving his policy goals, which to a large extent, were crafted by the increasingly organized conservative movement. Consequently, American politics made a highly visible turn to the right, especially

⁵ "Follow the Dark Money," Mother Jones, last accessed April 30, 2013, <http://www.motherjones.com/politics/2012/06/history-money-american-elections>

⁶ <http://thepolitic.org/the-super-pac-election/>

⁷ Melissa M. Smith, "A History of 527 Organizations," in *Campaign Finance Reform: The Political Shell Game*, ed. Melissa M. Smith et.al. (Lanham: Lexington Books, 2010), 46.

⁸ Smith, "A History of 527 Organizations," 45.

with regards to the economy.⁹ During his tenure, Reagan managed to get significant tax cuts through Congress and he adopted an anti-labor approach which had serious consequences for unions across the country. Republican policy-makers managed to advance the conservative cause considerably during the eighties, and in the process they strengthened the position of, as well as their bonds to, a number of cash flush interest groups which would prove important to the party in future campaign money races. Thus, in conclusion one can argue that the campaign finance reform of the seventies and the successful effort of conservative leaning outside groups to adjust to the new regulative parameters had significant short- and long-term effects on U.S. politics and society.

⁹ Hacker and Pierson, *Winner-Take-All Politics*, 186.

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Appendix A

Table 3-11 How PACs Distributed Their Contributions to Congressional Candidates, 1978-2010

	Percentage distribution						Percent to Chamber	Dollars to chamber (in millions)	Percentage distribution						Percent to Chamber	Dollars to chamber (in millions)	Total percent	Total dollars (in millions)				
	Incumbent		Challenger		Open seat				D	R	Incumbent		Challenger						Open seat		D	R
	D	R	D	R	D	R					D	R	D	R					D	R		
House, 2010																						
Corporate	39	31	<1	3	<1	3	77	111.0	7	8	<1	1	1	6	23	32.8	100	143.8				
Association	41	28	<1	5	<1	4	80	95.3	6	6	<1	1	1	5	20	24.1	100	119.4				
Labor	72	5	5	<1	7	<1	89	51.6	5	<1	1	<1	5	<1	11	6.6	100	58.1				
Nonconnected	32	13	2	17	3	6	72	36.1	8	5	1	2	6	6	28	13.8	100	49.9				
Other PACs	43	29	<1	6	1	4	83	9.2	6	4	<1	1	1	4	17	1.9	100	11.1				
All PACs	44	24	1	5	2	3	79	303.2	7	5	<1	1	2	5	21	79.1	100	382.3				
House, 2008																						
Corporate	38	33	2	2	1	2	77	108.4	6	13	<1	1	1	1	23	33.3	100	141.7				
Association	40	30	3	3	2	3	82	85.9	5	10	1	1	1	1	18	19.8	100	105.7				
Labor	56	6	18	<1	8	<1	88	53.5	4	1	5	<1	2	<1	12	7.1	100	60.6				
Nonconnected	23	21	12	7	5	3	71	44.3	6	12	5	2	2	2	28	17.8	100	62.1				
Other PACs	41	33	3	3	2	2	83	9.4	5	7	1	2	1	1	17	1.9	100	11.3				
All PACs	39	26	6	3	3	2	79	301.6	5	10	2	1	1	1	21	79.9	100	381.5				
House, 2006																						
Corporate	25	49	<1	<1	1	2	78	99.9	7	11.05	1	1	1	2	22	29	100	128.4				
Association	28	46	2	1	2	3	83	81.3	5	8	1	1	1	1	17	17	100	98.3				
Labor	51	10	18	<1	8	<1	87	49.4	6	1	4	<1	2	1	13	8	100	56.9				
Nonconnected	14	36	10	4	4	6	75	52.9	6	9	4	2	2	3	25	18	100	70.9				
Other PACs	31	39	2	1	2	3	77	7.1	6	7	1	1	2	7	23	2	100	9.3				
All PACs	28	39	6	1	3	3	80	290.7	6	7.997	2	1	1	2	20	73	100	363.8				
House, 2004																						
Corporate	23	47	<1	1	1	3	76	79	7	10	<1	1	2	5	24	25	100	104.3				
Association	26	45	1	2	2	5	81	63	6	7	<1	1	1	4	19	15	100	78.2				
Labor	56	10	10	<1	8	1	85	43	7	1	2	<1	5	<1	15	8	100	50.3				
Nonconnected	14	30	5	7	4	11	71	35	7	7	2	3	4	7	29	15	100	49.8				
Other PACs	29	42	1	2	3	3	79	5	8	6	<1	1	2	3	21	1	100	6.5				
All PACs	28	37	3	2	3	5	78	225	7	7	1	1	3	4	22	64	100	289.1				
House, 2002																						
Corporate	24	41	1	1	2	6	74	68.2	7	10	<1	4	<1	3	26	23.4	100	91.6				
Association	27	39	1	2	3	8	80	57.2	6	8	1	4	<1	2	20	14.3	100	71.5				
Senate, 2010																						
Senate, 2008																						
Senate, 2006																						
Senate, 2004																						
Senate, 2002																						

Labor	53	8	10	<1	14	1	85	44.4	7	1	5	<1	2	<1	15	7.5	100	51.9
Nonconnected	18	23	6	5	8	12	72	32.2	8	7	3	6	2	2	28	12.5	100	44.6
Other PACs	29	38	<1	1	2	6	76	4.9	9	8	<1	4	<1	2	24	1.5	100	6.5
All PACs	30	31	3	2	6	7	78	206.9	7	7	2	3	1	2	22	59.2	100	266.1
House, 2000									Senate, 2000									
Corporate	25	40	1	2	1	5	74	61.3	4	15	1	1	1	4	26	21.6	100	83
Association	29	39	2	3	2	6	81	54.1	3	10	1	1	1	3	19	13.0	100	67.1
Labor	55	7	16	<1	9	<1	87	42.6	4	1	5	<1	3	<1	13	6.1	100	48.7
Nonconnected	19	24	8	8	6	11	76	26.3	4	10	3	1	2	4	24	8.3	100	34.6
Other PACs	33	36	3	2	1	5	80	5.5	5	10	1	1	1	3	20	1.4	100	6.9
All PACs	32	31	5	3	3	5	79	189.9	4	10	2	1	2	3	21	50.5	100	240.3
House, 1998									Senate, 1998									
Corporate	21	41	0	2	1	5	70	50.3	8	14	0	3	2	3	29	20.9	100	71.1
Association	25	40	2	3	3	6	79	46.5	6	9	0	2	2	2	21	12.5	100	59.0
Labor	54	7	12	<1	13	<1	86	37.3	8	1	2	<1	2	<1	14	6.0	100	43.4
Nonconnected	18	24	5	11	5	11	74	20.0	9	9	1	3	2	2	26	7.1	100	27.1
Other PACs	31	35	1	3	2	3	76	4.7	10	9	1	2	1	1	24	1.5	100	6.2
All PACs	29	31	4	3	5	5	77	158.7	8	9	1	2	2	2	23	48.1	100	206.8
House, 1996									Senate, 1996									
Corporate	20	44	<1	2	2	5	74	51.3	2	11	<1	3	3	7	26	18.3	100	69.6
Association	21	40	3	3	4	6	79	44.0	2	8	1	2	3	6	22	12.0	100	56.0
Labor	41	5	25	<1	13	<1	85	39.4	3	1	3	<1	8	<1	15	6.9	100	46.3
Nonconnected	16	26	10	6	4	7	69	15.1	4	9	2	4	5	7	31	6.9	100	22.0
Other PACs	27	36	3	3	3	5	76	5.2	3	7	2	3	4	5	24	1.5	100	6.7
All PACs	25	30	8	3	5	5	76	155.0	3	7	2	2	5	5	24	45.6	100	200.6
House, 1994									Senate, 1994									
Corporate	34	22	1	4	2	5	68	43.4	9	9	<1	3	2	9	32	20.6	100	64.1
Association	37	22	2	5	5	6	77	38.6	7	6	1	2	2	5	23	11.3	100	50.0
Labor	55	3	10	<1	14	<1	82	33.3	9	<1	4	<1	5	<1	18	7.2	100	40.4
Nonconnected	31	11	4	7	7	6	66	11.6	11	7	1	3	5	5	33	5.6	100	17.3
Other PACs	43	18	2	4	4	4	74	4.0	11	5	1	1	3	4	26	1.8	100	6.6
All PACs	40	15	4	4	6	4	74	138.8	9	5	1	2	3	5	26	46.5	100	178.4
House, 1992									Senate, 1992									
Corporate	32	23	1	3	1	5	67	42.9	10	13	2	2	2	5	33	21.2	100	64.1
Association	35	22	3	3	7	6	76	38.7	8	8	2	1	2	2	24	12.4	100	51.1
Labor	48	3	11	<1	16	1	78	30.5	9	1	7	<1	5	<1	22	8.6	100	39.1
Nonconnected	25	11	5	5	9	1	60	10.3	12	10	6	2	6	3	40	6.9	100	17.2

Other PACs	43	19	1	2	4	3	72	4.2	11	9	2	<1	4	1	28	1.6	100	5.7	
All PACs	36	17	4	2	8	4	71	127.0	9	8	3	1	3	3	29	51.1	100	178.1	
House, 1990									Senate, 1990										
Corporate	32	25	1	2	2	4	66	35.4	13	11	<1	6	<1	3	34	18.0	100	53.5	
Association	40	25	2	2	5	5	77	32.5	9	8	1	3	<1	2	33	10.0	100	42.5	
Labor	54	5	9	<1	13	<1	82	27.6	11	1	5	<1	1	<1	18	6.0	100	33.6	
Nonconnected	26	13	4	4	8	5	60	8.5	20	10	2	5	1	2	40	5.7	100	14.3	
Other PACs	46	21	1	2	2	2	74	4.3	13	8	1	2	<1	2	26	1.5	100	5.8	
All PACs	39	19	3	1	6	4	72	108.5	11	9	2	3	1	2	28	41.2	100	149.7	
House, 1988									Senate, 1988										
Corporate	31	26	1	2	1	3	63	31.6	11	14	1	4	3	5	37	18.8	100	50.4	
Association	37	26	2	1	3	4	73	28.6	9	9	1	2	2	3	27	10.4	100	38.9	
Labor	50	6	15	<1	9	<1	79	26.8	9	1	6	<1	4	<1	21	7.1	100	33.9	
Nonconnected	25	12	8	4	6	4	59	11.4	13	9	7	3	4	4	41	7.8	100	19.2	
Other PACs	41	23	1	2	2	2	72	3.8	12	9	2	1	2	2	28	1.5	100	5.3	
All PACs	36	19	6	1	4	3	69	102.2	10	9	3	2	3	3	31	45.7	100	147.8	
House, 1986									Senate, 1986										
Corporate	26	24	1	2	1	4	58	26.4	5	20	3	3	2	9	42	19.0	100	45.3	
Association	33	27	2	2	3	5	71	23.0	6	12	4	1	2	4	29	9.4	100	32.4	
Labor	45	5	14	<1	10	<1	75	21.9	6	2	11	<1	6	<1	25	7.1	100	29.1	
Nonconnected	21	12	8	5	7	6	59	10.7	6	11	10	2	7	5	41	7.5	100	18.2	
Other PACs	36	23	1	2	2	2	67	3.2	6	15	6	1	2	3	33	1.6	100	4.8	
All PACs	32	19	5	2	5	4	66	85.2	5	13	6	1	4	5	34	44.6	100	129.8	
House, 1984									Senate, 1984										
Corporate	29	26	<1	7	<1	4	67	22.9	7	19	1	2	1	4	33	11.4	100	34.3	
Association	36	28	2	5	2	4	77	19.8	6	11	2	1	1	1	23	6.0	100	25.8	
Labor	57	4	14	<1	5	<1	80	18.7	6	1	9	<1	4	<1	20	4.6	100	23.3	
Nonconnected	26	9	5	15	3	6	63	8.6	7	10	10	4	3	2	37	5.1	100	13.7	
Other PACs	48	23	2	2	1	2	78	2.9	7	10	2	1	2	1	22	0.8	100	3.7	
All PACs	38	18	4	6	2	3	72	72.9	6	11	4	2	2	2	28	27.9	100	100.8	
House, 1982									Senate, 1982										
Corporate	22	31	1	6	2	6	69	18.1	8	13	<1	5	<1	4	31	8.3	100	26.4	
Association	26	32	3	6	3	6	77	15.9	9	9	1	2	<1	2	23	4.9	100	20.8	
Labor	40	3	21	<1	11	1	75	14.6	14	2	7	<1	2	<1	25	4.8	100	19.4	
Nonconnected	20	13	11	12	5	7	69	6.9	9	6	5	7	2	2	31	3.2	100	10.0	
Other PACs	40	25	3	1	4	3	78	2.4	11	5	2	<1	<1	3	22	0.7	100	3.1	
All PACs	28	22	8	5	5	5	73	57.9	9	6	5	7	2	2	27	21.8	100	79.7	
House, 1980									Senate, 1980										
Corporate	23	21	1	13	1	6	64	11.7	9	5	<1	17	1	4	36	6.4	100	18.1	
Association	29	24	1	13	2	6	75	11.2	9	4	1	8	1	2	25	3.8	100	15.0	
Labor	50	3	12	<1	7	<1	72	8.9	18	3	4	<1	3	<1	28	3.4	100	12.3	
Nonconnected	13	9	3	26	2	8	62	2.8	8	2	<1	20	<1	5	37	1.7	100	4.5	
Other PACs	40	19	2	2	3	4	72	1.4	16	4	1	5	2	2	28	0.5	100	1.9	
All PACs	31	17	3	10	3	5	69	36.0	11	4	1	10	2	2	31	15.9	100	51.9	
House, 1978									Senate, 1978										
Corporate	22	18	1	10	4	8	63	6.2	6	14	2	7	3	6	37	3.6	100	9.8	
Association	27	20	2	11	7	9	76	8.6	5	8	2	4	2	3	24	2.8	100	11.3	
Labor	43	2	12	<1	14	<1	72	7.5	10	2	9	<1	5	<1	28	2.8	100	10.3	
Nonconnected	9	10	3	29	4	18	74	2.1	3	5	3	10	1	5	26	0.7	100	2.8	
Other PACs	49	12	2	1	8	5	77	0.8	5	5	3	2	4	3	23	0.2	100	1.0	
All PACs	30	14	5	9	8	7	71	25.0	6	8	4	4	3	3	29	10.2	100	35.2	

Notes: The data are for general election candidates only. D indicates Democrat; R indicates Republican. Percentages may not add up to 100 because of rounding.

Source: Federal Election Commission.