

By Tarini Parti

It happened with typewriters, eight-tracks, VCRs and even flip-phones.

Now advocates for the public financing of political campaigns fear that the system once used by most presidential candidates could also become irrelevant without an upgrade.

The public funding program was established in 1976 as a response to Watergate scandal. It has seen few changes during the 30 years it has been used. And as historic levels of money pour into campaign coffers -- and outside groups gain increased freedom to spend unlimited amounts of cash on advertisements of their own -- more and more presidential candidates are choosing to fund their campaigns with private contributions.

This choice allows them to avoid being bound by spending limits that most agree are outdated.

During the 2008 presidential election, Democrat Barack Obama became the first major party candidate reject public financing for the general election. Eight years earlier, Republican George W. Bush became the first major party candidate to opt out of the public financing system during the primaries. In 2004, Bush again rejected public money during the primaries, as did Democratic candidates Howard Dean and John Kerry. And in 2008, Democrat Hillary Clinton and Republicans John McCain, Ron Paul, Rudy Giuliani and Mitt Romney all opted out of the system during the primaries as well.

Republicans in Congress are using this disinterest by candidates to propose legislation to end the system entirely. Earlier this year, the Republican-controlled U.S. House of Representatives went so far as to pass a bill that would abolish the public financing system. But a Democrat-controlled U.S. Senate has been reluctant to get rid of the system all together.

Although Obama, in theory, supports a public financing system, his record fund-raising totals have encouraged rival candidates to follow in his footsteps and rely solely on private

contributions. The 2012 presidential election is expected to be the first without any major candidate using public financing to fund his or her campaign.

## UPGRADING THE SYSTEM

Many campaign finance experts argue that ending public financing system is not the answer. Instead, they say, the system instead to be reformed. Eliminating the system entirely, they warn, could bankrupt future candidates who rely on the money to remain viable and increase the influence of outside interest groups.

"No program is going to work if it's not attractive to candidates," Michael Malbin, the executive director of the Campaign Finance Institute, told OpenSecrets Blog

The system, Malbin continued, needs to be adjusted to become usable again.

Malbin along with three others -- Colby College government professor Anthony Corrado, Thomas Mann of the Brookings Institution and Norman Ornstein of the American Enterprise Institute -- suggest how the current system could be updated in a report entitled "Reform in the Age of Networked Campaigns," as OpenSecrets Blog previously reported.

Malbin and his co-authors believe public financing can be preserved if several changes are made.

"Spending limits ought to be abolished in favor of lower contribution limits," Malbin told OpenSecrets Blog. "It's a way of changing the incentives. The way they interact with potential donors and constituents without breaking the bank."

Malbin and his colleagues propose that contributions be linked to federal matching funds, so that candidates are rewarded for raising money from small-dollar donors. Their recommendations also include proposals such as tax credits or rebates for small-dollar donors

and more affordable broadband internet connections

Under the current system, partial public funding is available to presidential candidates during their primary election in the form of matching payments. The government matches up to \$250 of an individual's total contributions to a candidate who participates. Candidates who participate cannot spend more than \$10 million plus a cost-of-living adjustment.

For general elections, participating major party candidates receive a grant of \$20 million, plus a cost-of-living adjustment. They must agree to spend no more than to the amount of money they are given. And they are further prohibited from augment these funds with private contributions.

Advocates of public financing argue that a notable number of presidential candidates -- including eventual presidents Jimmy Carter, Ronald Reagan and George H. W. Bush -- would not have been able to win without the system. Their campaigns were close to bankruptcy and facing well-funded opponents, when the infusion of public funds made it possible for them to stay in the race.

## **CITIZENS UNITED CASE CREATES NEED FOR REFORM**

The landmark U.S. Supreme Court decision in *Citizens United v. Federal Election Commission* last year has made public financing more needed now than ever before, the system's supporters argue.

In that case, the Supreme Court allowed unions, corporations and nonprofit organizations to spend unlimited amounts of money in support of or opposition to a candidate. Groups were freed to say pretty much whatever they want, whenever they want about candidates -- and to do so with unlimited sums of money bankrolling their expenditures.

"Right now you have system that's riddled by the money race," Meredith McGehee, policy director at the nonpartisan Campaign Legal Center, told OpenSecrets Blog.

Presidential candidates spend large amounts of money on television time. Since the public owns the airwaves, she said, candidates who participate in the public financing system should get reduced rates on broadcast airwaves -- which they can afford with public funds.

"The way most candidates communicate is broadcast," McGehee said. "This forces candidates into the hands of special interests. It's a system that only empowers moneyed interests."

McGehee continued, the threat of corporations and outside groups becoming big players in campaigns should stir efforts to update the public financing system up.

As it turns out, some in Congress are trying to do just that.

## **PRICE LEADS REFORM EFFORT IN CONGRESS**

Earlier this year, **Rep. David Price (D-N.C.)**, introduced legislation to modernize the presidential public financing system.

The public financing system is "the major reform measure from the post-Watergate era," **Price** told OpenSecrets Blog. "Candidates have used it successfully in the past. President Obama favors it. But there are some features of the program that are obsolete. The system is not in good shape right now."

**Price's** proposal includes eliminating spending limits for primary and general elections.

For primaries, his bill would increase the amount of matching funds from the current 1:1 match for up to \$250 of an individual's total contributions to a 4:1 match for contributions from individuals of \$200 or less. Candidates would be able to receive up to \$100 million in matching funds.

For general elections, candidates would receive a grant of \$50 million, payable on the Friday before Labor Day. Price's system would also provide up to an additional \$150 million in matching funds. These funds would be doled out based on a 4:1 match of contributions from individuals who contributed \$200 or less to the campaign after June 1 of the election year.

"A new generation of citizens and politicians are losing sight," **Price** said. "If we want this program to survive, it needs to be modernized. And I intend to do that."

**Price** told OpenSecrets Blog that he wishes Congress would have taken some sort of action on fixing the public financing system immediately after the Citizens United case when Democrats were in control of both chambers of Congress. But, he laments, there wasn't enough time before the midterm elections.

"There's so much to care about these days," **Price** said. "It tends to divert attention."

His bill (H.R. 414) has yet to make it out of committee, let alone onto the House floor. It currently has 11 Democratic co-sponsors and one Republican co-sponsor -- Rep. Walter Jones (R-N.C.).

## **A FORMER CANDIDATE'S TALE OF WOE**

In August 2004, months before the presidential elections, a political committee known as the Swift Boat Veterans for Truth ran a series of advertisements asserting that Democratic presidential candidate John Kerry was unfit to serve as president because the group claimed Kerry had exaggerated his service in the Vietnam War.

Kerry, who had accepted public financing and the associated spending limit, told OpenSecrets Blog in a statement that he felt was not funded adequately enough to effectively respond to those "smears" relying on public money.

He ultimately lost to Republican George W. Bush by 35 Electoral College votes and finished

about two-and-a-half percentage points behind Bush in the national popular vote totals.

"Given that experience... I concluded the system was really broken," Kerry told OpenSecrets Blog. "Now, of course, we're headed into a 2012 presidential campaign where everyone anticipates neither major party nominee would opt into the public finance system for the general election. Worst of all, Citizens United opened the floodgates for enormous expenditures by outside groups."

Kerry said the cracks in the system began in 2000 when then-candidate Bush opted out of public financing in the primaries.

"Everyone could see where things were headed," Kerry said.

Although reforms are needed, Kerry told OpenSecrets Blog that he doesn't expect any changes until the public is fed up as it was after Watergate.

"I'd like to see the system get fixed," he said." But I don't think you can ask any campaign to unilaterally disarm in the meantime."

"I think all of us know that this Congress isn't going to be able to fix the system in such a toxic and ideological atmosphere," he continued. "We're at a real stalemate. I don't think things will change until the public really demands it and makes money in politics a top of the agenda priority."

## **THE END OF PUBLIC FINANCING?**

Despite cries for reform in many quarters, there are some who believe that public financing is irrelevant and that the upgrades are not worth pursuing.

Brad Smith, a former chairman of the Federal Election Commission and co-founder of the Center for Competitive Politics, told OpenSecrets Blog he doesn't think the system should exist at all.

"What you've got is a system that isn't accomplishing anything," Smith said. "Putting more money into it is not going to happen."

Smith said no serious candidate would ever opt into the system again.

"Taking the money now is almost like putting up a sign that says, 'I don't think I can win,'" he told OpenSecrets Blog.

Despite what he sees as flaws with the system, Smith predicted that public financing will likely be spared the axe because the stalemate in Congress makes it hard to eliminate any program.

Still, he agrees with congressional Republicans who have pushed to purge it.

"In a time of budgetary constraints," Smith asks, "why should we spend money on candidates?"