

Campaign Finance Talk

The Voice of the Michigan Campaign Finance Network

April 2002

Campaign finance reform wins!

Passage of the Shays-Meehan/McCain-Feingold Bipartisan Campaign Finance Reform Act is a major milestone in the quest for meaningful campaign finance reform. Assuming that all the provisions of the law pass court challenge, and they should, we will see the end of million-dollar stealth political campaigns where anonymous individuals and organizations have been able to spend without limits and exercise extraordinary influence in elections. The new law will restore limits and accountability to our federal campaign finance system.

First, the new law bans “soft money” contributions to the federal political parties. Soft money refers to unlimited contributions from corporations, unions and wealthy individuals that have been allowed for “party-building” purposes. As it has turned out, most of the soft money given to the federal parties has been used for so-called issue ads, not voter registration and getting out the vote. In the 2000 election cycle, the national Republican and Democratic parties each raised almost \$250 million in soft money contributions. That practice will end after this year’s election.

The new law does allow soft money contributions of up to \$10,000 per source to state and local party committees. But these contributions are strictly regulated. No federal office-holder or national party can raise the contributions. The contributions and expenditures must be disclosed. The contributions cannot be transferred between state and local party committees. They cannot be used for issue ads. They simply will not have the same

impact and influence as a million dollar contribution to a federal party committee.

Probably the most controversial provision of the new law is its treatment of “issue ads.” Under the new law, any broadcast advertisement that features the name or image of a federal candidate within 30 days of a primary election or 60 days of a general election is considered an “electioneering communication.” This does not mean that organizations and individuals are banned from sponsoring such advertisements. The National Rifle Association, the Sierra Club, General Motors and the UAW can run all the ads they want, up to and through election day. They can make them as nasty, or as saccharinely sweet, as they want. What they cannot do is pay for them with money from their treasuries. They must use money that was collected for political purposes under contribution limits to pay for their ads. This is in line with election law that is nearly 100 years old. Since 1907, federal law has banned corporations from using treasury money for electoral purposes. Unions have been under a similar ban since 1947.

What is also new about this law is the recognition that the absence or presence of “magic words” of express advocacy is not a useful test of whether a communication is for electoral purposes or not. The fact is, more than 95% of federal candidates’ own ads do not use words like “vote for me” or “defeat my opponent.” They say things like, “I have your values.” Or, “I’ll work hard for you.” And 98% of so-called issue ads that run immediately before an election have no real issue other than some candidate’s suit-



Kalamazoo activists Jean Gal and Phyllis Thayer with MCFN director Rich Robinson (back) and U.S. Senator Carl Levin, hold a copy of the Bipartisan Campaign Finance Reform Act autographed by Sens. McCain and Feingold.

ability or unsuitability for office. The new law simply acknowledges what voters already know. When you impugn or celebrate the character or the voting record of a candidate for public office before an election, your purposes are electoral.

The new law raises federal hard money contribution limits, and this is troubling to many reformers. An individual will be able to give \$2,000 to a federal candidate per election, which is double the current limit. Proponents of the new limit say that inflation has eaten away the buying power of the \$1,000 contribution over the last 25 years. But in fact, only a fraction of a percent of voters is impacted by that limit. This change accommodates a tiny minority of the electorate who can give such large contributions and the candidates who raise the money. This compromise was necessary to get majorities in Congress to support the bill, though.

On the whole, this law is a significant step forward. An excellent plain-language summary of the Bipartisan Campaign Finance Act is available online from the nonpartisan Campaign Finance Institute. See <http://www.cfinst.org>.

Campaign Finance Talk with ... Jim Blanchard

Former Governor Blanchard discusses his
campaign to return to the governor's office & campaign finance reform

This is the fourth in the series of interviews with Michigan's 2002 gubernatorial candidates.

Why are you running for governor?

I'm running to help get our economy back on track. I'm running to help improve education in our schools. And there are some personal reasons I'm running as well. I love this state. I want the best for this state. This is where I park my soul. This is the state I've devoted my life to serving. I have ten years of new and different experience that makes me stronger and wiser. I've been ambassador to Canada, our largest trading partner. I've been a businessman, a lawyer and an author. I worked to defeat the private school voucher campaign in the last election. Having been gone from Lansing for ten years, I have a different perspective. I think I can look at things more objectively, and that is a strength. My passion for the future of this state and all of these reasons converge to cause me to say I'm ready to lead this state into a new century.

As governor, you'll face difficult fiscal circumstances. How will you bring balance to the budget?

We'll have to see what the finances look like next January. Hopefully, there will be an up-turn in the economy. But it's clear that the current governor has already borrowed \$500 million from next year's revenue by moving collection of the winter education taxes up to summer. And there may be a structural deficit on top of that. It is a difficult situation.

I'm calling for several things. I'm calling for an outside independent audit of the state's books. I don't have a lot of confidence in the numbers coming out of Lansing. We'll probably have to restructure the budget and do some reorganizing. But I don't think this situ-

ation with the budget will be as difficult as what I faced in my first term as governor in 1983.

What about the tax rollbacks?

Rolling back the Single Business Tax over 23 years is a joke. I would eliminate



the SBT and replace the revenue, dollar-for-dollar, with a fairer corporate tax. I think that would make sense to our state's business community and the new businesses and high tech businesses that we want to attract. The SBT is a payroll tax so it really discourages employment. That is not the message we want to be giving business. As far as the income tax, I'd let that continue to come down modestly.

I have a new economic plan to provide stimulus to the economy. We need to increase unemployment compensation for workers who are struggling between jobs. We should help families by freezing tuition for higher education. Tuition is going up by \$500 million this year. There is a real problem that our tax code has become more regressive. If we want

to cut taxes, we should increase the personal exemption. That puts money in the hands of families that most need it, and it's money that cycles through the economy. Your readers can look at my economic plan on my campaign web site.

The readers of this newsletter share a concern about the influence of money in politics. What are your concerns about money in politics?

This is one thing that has changed over the years that I've been involved in politics. There is an ever-expanding obsession with money. It has had a very detrimental impact on policy and government. There is no question that money buys access. Anyone who suggests otherwise is simply not telling the truth. But there are other ways to have access. Personal relationships and shared causes bring access.

At a high level of office, there are so many interests that clash and sometimes they cancel each other out. But to the voting public, there is an appearance of a lack of integrity and a lack of fairness on the part of decision-makers. It erodes confidence in government and political leadership and that is bad. The second thing about the money chase is that it consumes an enormous amount of an office-holder's time. When I first ran for Congress, I don't think I ever spent more than five or ten percent of my time raising money. Now, to run for the Senate, or even the House, you might have to spend half your time raising money. That is time you're not available to your staff. That's time away from reading or physical exercise or taking your family to a museum or boning up on the issues or getting to know your colleagues. In Washington, members of Congress will go to session or a committee hearing, then they all trot across the street like trained circus animals to these 'businesses,' and they get on the phone

and they dial for dollars. It is a sad, tragic race for the almighty dollar. It is the culture of Capitol Hill, and it is increasingly the culture here in Lansing.

With term limits, the minute people arrive in Lansing, they're immediately worried about what they are going to do in six years. They're looking at their colleagues in the House as rivals for a seat in the Senate. Or they're thinking about running for county commissioner back home. They are probably involved with interest groups before they ever get to Lansing because they were predictably going to be the winner. There are so few seats where there is any real competition. And there is a steady stream of fundraising events. All these sincere, dedicated, talented people who want to serve our state are transformed into fund-raisers and they spend too much time worrying about what they are going to be running for next. They are very insecure about their position. They're not here for very long. They don't take a long view of policy. They depend too much on the executive branch for information. This whole money chase takes us farther away from good public policy and farther away from public confidence in our elected officials.

There are a lot of the reasons I wouldn't consider running for the Senate but I am very comfortable running for governor. In Michigan we have had campaign finance reform for the governor's race since 1978. Michigan has been a leading state in supporting public financing of elections and requiring spending limits. Our campaign finance act limits spending for the governor's race to \$2 million each for the primary and the general election.

Public financing of elections gives greater value to small contributions because they bring a two-to-one public match. In addition to limiting spending, public funding makes the governor's campaign more people-intensive, more issue-intensive and less-dollar intensive.

I am very much a believer in this system, and believe we should have it for other state offices as well. When a candidate refuses to participate in our system of public funding and its spending limits, it is a backwards step in the attempt to clean up elections in Michigan.

“Public funding makes the governor’s campaign more people-intensive, more issue-intensive and less dollar-intensive.”

Now that the Congress has passed Shays-Meehan/McCain-Feingold, do you see opportunities in Michigan to adopt similar reforms? Here we have no limits on contributions to the parties or PACs, and so-called issue ads allow interest groups to finance whole campaigns and report nothing.

We need to rein in all of that. The sad fact is, we were leaders in campaign finance reform and we have given up our leadership. There ought to be full and timely reporting of everything that goes into campaigns. People have come to expect so little out of Lansing and their state government. It is not a wholesome atmosphere at all. There is a lot we need to do in this area. This is another reason why we need a governor that believes in campaign finance reform, as I do.

One of the areas where we have particular concern is in judicial cam-

paings. In the 2000 elections, more was spent on unreported “issue ads” than was spent by all the candidates’ committees combined. The American Bar Association has made a recommendation that states that elect their judges should provide full public funding for the campaigns. Does that seem reasonable to you?

I certainly don't like seeing candidates for the Supreme Court out having to raise the kind of money that is being spent. My preference would be gubernatorial appointment from a list of highly qualified candidates. However whether we elect justices or appoint them, the idea of full public funding as a reform is a good one because it counteracts the perception of money compromising fairness and impartiality.

You can learn more about the Blanchard campaign at <http://www.blanchardforgovernor.com>.

Gubernatorial Public Funding

Michigan's public funding for gubernatorial campaigns is based on a public match of qualifying private contributions. Up to \$100 of any individual's contribution to a candidate in a calendar year is eligible for a two-to-one public match. If a contributor gave \$100 in 2001 and \$100 in 2002, both contributions are eligible for the two-to-one match (\$400 total public match). Any amount more than \$100 in a calendar year from an individual is not eligible for the match, although the individual can give up to \$3,400 to the candidate for the election cycle.

A candidate must raise at least \$75,000 in qualifying contributions of \$100 or less to be eligible to receive public funding. The maximum amount of public funding available per candidate is \$990,000 for the primary election, and \$1,125,000 for the general election. If a candidate accepts public funding, he or she must voluntarily limit spending to \$2,000,000 for the election (primary or general) in which the public funding is accepted.

If a candidate declines to accept public funding and contributes more than \$340,000 to his or her own campaign (including contributions from immediate family members), that candidate's opponent(s) may accept public funding without having to observe the \$2,000,000 spending limit.

You can direct three dollars of your state income taxes to the public match fund by checking a box on your state income tax return. This does not increase the taxes that you pay.

Free air time

The next step in federal campaign finance reform

The Bipartisan Campaign Finance Reform Act is a milestone in restoring limits and accountability to federal political campaigns. It should put an end to million dollar stealth campaigns where you can't tell who is trying to affect the outcome of an election. But it will not put an end to the power and influence of money in politics. It doesn't matter whether you consider state or federal elections, the candidate with the most money, not necessarily the best ideas, wins more than 90% of the time. And usually, incumbents have the most money.

The Free Air Time Campaign is a way to address the money advantage in political campaigns. It is also a way to elevate the issues and bring higher quality to our national political discourse. Free Air Time is a two-pronged approach to getting fair value for the public from a public resource. First, Free Air Time would provide candidates easier access to broadcast advertising, an essential resource for most contemporary federal elections campaign. And secondly, it would require broadcasters to make a more serious commitment to covering candidates and campaigns during election season.

You may not have known it, but the airwaves are a public good. The Federal Communications Commission came into being to bring order to a chaotic new radio broadcast industry that was evolving in the 1920s. It has been their responsibility ever since to maintain order and regulation so broadcast competitors cannot squash one another's signals. In an arrangement that is almost unimaginable in the contemporary business world, broadcasters are granted exclusive rights to an assigned frequency within a defined geographic area at no cost to the license-holder. In return for this privi-

lege, broadcasters are public trustees of the airwaves and they have an obligation to serve the public interest. This arrangement for broadcasters holds to



this day, even while the wireless phone industry must bid billions of dollars for their share of the electromagnetic spectrum.

The Free Air Time political advertising provision would work like this: A candidate for federal office raises qualifying campaign contributions that would be matched on a two-to-one basis from a publicly financed voucher fund. This part is much like the public funding provision for Michigan gubernatorial campaigns. The vouchers, in turn, could be used to buy broadcast advertising spots on any radio or television broadcast station. The public financing for the voucher fund would be paid by a small tax, half of one percent, levied on broadcasters' gross advertising revenues. All broadcasters

would bear an equal proportional share of the cost of the program, and all would have the opportunity to sell advertising time to candidates.

This proposal does not level the playing field between candidates. But it does raise the floor for challengers so that their candidacy can be more viable. Free speech is anything but free, and this allows a candidate with ideas but little money to market those ideas and be heard. As investment guru Warren Buffett has said, "Let's add an ability to be heard to a right to speak." Any candidate would be eligible to triple their ad budget, up to a set ceiling.

The second provision of the Free Air Time plan would require broadcasters to dedicate two hours per week, one hour of which would be during prime time, to serious political discourse. It could be debate, town hall meetings, candidates' statements - whatever the broadcaster could do best. The important thing is to expose voters to more than sound bites and attack ads. When you think about it, political campaigns involve pivotal social issues, competition, drama, power, personalities — all the things we look for in entertainment. Broadcasters should be able to turn all that into something their viewers and listeners care about.

Former Presidents Gerald Ford and Jimmy Carter and veteran newsman Walter Cronkite are the honorary chairmen of the Free Air Time Campaign. Paul Taylor, formerly a distinguished political correspondent for the Washington Post, is the executive director. You can learn more by reading Paul's excellent monograph at <http://bettercampaigns.org>. Free Air Time is an accepted part of political life in most of the democracies of the world. It's time we catch up.

MCFN Leadership Council to meet May 4 in Lansing

This is an open invitation to activists from around the state to come to Lansing on Saturday, May 4, to plan election-year campaign finance reform efforts. We will make presentations on our main projects, distribute materials and discuss ways in which you can work effectively in your community to educate and advocate for campaign finance reform.

We should be able to gain momentum from the passage of Shays-Meehan/McCain-Feingold. We need to highlight the deficiencies in Michigan's campaign finance law and make the case for sensible state reforms. We also need to

frame the discussion for the next steps in federal reform.

We will be talking about four substantive areas, three state and one federal. The state topics include:

- ✓ Public financing for state judicial campaigns, beginning with the Supreme Court
- ✓ A state counterpart of the Shays-Meehan/ McCain-Feingold bill
- ✓ Voluntary electronic filing of campaign finance reports

The Free Air Time campaign is our federal initiative. (See page four for

more information about the campaign.)

We will pay mileage for all who attend, provide a meal and refreshments, and provide a room for Friday night for those who are driving some distance. May 4 is graduation day at MSU and there will be many visitors in town, so please let us know early if you will need a room.

One of the great benefits of this day is the opportunity to meet wonderful people from all corners of the state who share your concern about the corrosive effect of money on our democracy. Come and be part of the movement!

Yes, I would like to attend the Leadership Council on May 4!

Name: _____

Address: _____

City: _____ State: _____ Zip: _____ County: _____

Tel: _____ Fax: _____ Email: _____

Registration: 9-10 a.m. All accommodations for the meeting will be wheelchair accessible.

Lunch: vegetarian chicken special need: _____ I will need hotel accommodations.

Please RSVP: MCFN 1310 Turner Street, Suite B, Lansing, MI 48906. (517) 482-7198 Or email: cturley@mcfn.org

Money & Michigan Supreme Court elections

Regular readers of this newsletter know that Michigan's Supreme Court elections have gotten dramatically more expensive. And you may also know that the state Democratic and Republican Parties and the Michigan Chamber of Commerce spent more on unreported "issue ads" than all the Supreme Court candidates combined spent in 2000. MCFN will publish an analysis of the last four Michigan Supreme Court elections later this month, and those findings are just the beginning of the story.

To an overwhelming degree, contributors to our supposedly nonpartisan Supreme Court campaigns are special interests and partisan. Most of the

money comes from businesses, lawyers, the political parties and ideological political action committees (PACs). And a recently released study by the National Institute on Money in State Politics (<http://www.followthemoney.org>) shows that 86 percent of all the cases heard by the Michigan Supreme Court between 1990 and 1999 involved a campaign contributor.

MCFN commissioned statewide polling in February that showed conclusively that voters believe campaign contributions influence decisions that judges make on the bench. This is in conflict with voters' values: Voters feel that it is important that judges are independent of influence of campaign contributors.

What should be done? As U.S. Supreme Court Justice Stephen Breyer said in a 1999 interview with Bill Moyers for *Frontline*, "Ultimately, the question of campaign contributions [in judicial elections] will be decided by the public. We do it in a democracy. Every citizen has to figure out what kind of government he or she wants. The most that we can say is that there is a problem and we hope you'll think about it. ... And we trust that if people do think about it, they'll come to better solutions."

Our polling shows that the Michigan electorate is unambiguous about what the best solution is. Watch for news about the release of our report to learn what it is.

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Voluntary Electronic Filing II

The filing deadline for candidates for state office is coming up on May 14th. Shortly after that, MCFN will post a list of candidates on our web site, <http://www.mcfn.org>, along with a printable greeting card that you can send to the candidates who will appear on your ballot to encourage them to file their campaign finance reports electronically.

Electronically filed reports are much easier to access and analyze than reports that are filed in hard copy. Encourage the candidates in your area to make a commitment to easier access to their reports. Software and training for electronic filing is free from the Bureau of Elections.

Support research on money in politics

You can help the Michigan Campaign Finance Network conduct research and public education on the issues of money in state politics. Fill out the coupon below and return it with your tax-deductible gift. Thank you!

Yes! I'd like to support the research and education work of the Michigan Campaign Finance Network.

Please check all that apply.

- Enclosed is my tax-deductible donation of \$_____.
- I would like to receive regular email updates.
- I would like to assist with public education on campaign finance issues.

Name: _____

Address: _____

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State: _____

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Return this coupon to: MCFN 1310 Turner Street, Suite B, Lansing, MI 48906.