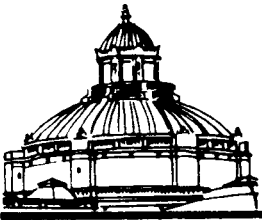


POLITICAL ACTION COMMITTEES: THEIR EVOLUTION, GROWTH AND,
IMPLICATIONS FOR THE POLITICAL SYSTEM

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ABSTRACT

This report examines the campaign fundraising vehicles commonly referred to as political action committees. It traces their evolution and their growth, both in number and in level of financial activity, and it analyzes the impact they are having on the political system today.

INTRODUCTION

Political action committees (PACs) are the vehicles through which interest groups raise and contribute money to political candidates. Although originally the almost exclusive domain of organized labor, their appeal has extended since the early 1970s to businesses, trade associations, and a wide range of other interest groups. Their proliferation in number and their growth in level of financial activity during this period has occurred at a rapid pace. In 1982, the 3,371 PACs had receipts in excess of \$199 million and contributed more than \$83 million to candidates for the United States Congress. PACs have thus become a major source of campaign financing in modern congressional campaigns.

The amount of money PACs are providing to campaigns has raised questions as to whether these contributions are enabling special interests to gain disproportionate influence in the legislative process, by creating a feeling of obligation by the recipients of their political donations. These concerns are challenged by those who insist that PAC money is generally given to reward public officials who are basically sympathetic with the issue goals of the interest group, rather than to promote shifts in voting patterns which are inconsistent with the general philosophical or constituency-based views of the legislator. Furthermore, PACs are viewed by these individuals as simply another manifestation of the pluralism reflected in interest group activity since the founding of the Nation.

This debate reveals significant differences in outlook as to the role of interest groups in public policy-making and the most desired method for the financing of election campaigns.

This report examines the growth of PACs in recent years and analyzes the reasons for the increased reliance upon them in congressional campaigns. It focuses on the role of PACs in campaigns for the U.S. Congress, essentially because it is there that PAC activity has been most pronounced. Only a small fraction of PAC contributions to Federal candidates has been given to Presidential candidates (largely because of public funding of such elections), and knowledge of PAC activity at the State and local level is quite limited. In any case, the issues raised by PAC activity at the congressional level have a pronounced effect on the political system as a whole. This study discusses the reasons for the continuing controversy surrounding PACs and their implications for the political system.

Chapter One discusses what is meant by the term "political action committee" and gives a rough idea of how it functions. Chapter Two places PACs in perspective by examining how business and labor were involved in campaign financing before the modern PAC era and traces the legislative, executive, and judicial decisions which gave impetus to their growth and development. Chapter Three presents the data on their growth and proliferation, in terms of both numbers and dollars, and reviews the most widely held theories explaining their growth. Chapter Four analyzes the issues raised by PACs in terms of their impact on the political system. Chapter Five reviews recent congressional attempts to curtail PAC influence, analyzes some of the current proposals to limit them, and discusses the prognosis for the future of PACs in our political system. Finally, a bibliography and appendix are included for further reference.

Two explanations regarding terminology used in this report bear mentioning. First, the term "interest group" is used to refer to organizations which pursue particular policy goals through the political arena, and it encompasses corporations, labor unions, and trade associations, as well as the various ideological or issue groups.

Second, because of the activity of and the public interest in those PACs which are ideologically homogenous in nature, this report makes reference to "liberal" and "conservative" PACs. In virtually all instances, these labels reflect the self-ascription of the groups themselves; at the very least, they reflect the widespread and uncontested characterizations appearing in the media and in academic writings.

Finally, several individuals deserve a note of thanks for their assistance in the preparation of this report. In particular, Kent Cooper, Chief of the Federal Election Commission's Public Records Division, provided invaluable and patient help in the compilation of data for Chapter Three. He also reviewed that chapter, as did Professor Herbert Alexander of the Citizens' Research Foundation. Sherry Shapiro and Edith Sutterlin, Congressional Research Service bibliographers, assisted in the preparation of the bibliography at the end of this report.

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CHAPTER ONE: WHAT IS A POLITICAL ACTION COMMITTEE AND HOW DOES IT WORK?

In setting the stage for the discussion to follow, this chapter defines the term "political action committee" and sketches the essential outline of how a PAC operates. This is not intended to be an explicit, detailed guide to the formation of a PAC; such guides do exist and, in fact, provided considerable assistance in the preparation of this outline. ^{1/} Those considering setting up a PAC would be well advised to obtain copies of the Federal Election Campaign Act, Title 11 of the Code of Federal Regulations (pertaining to Federal Elections), and the Federal Election Commission's Campaign Guide for Nonconnected Committees or Campaign Guide for Corporations and Labor Organizations. This chapter is confined to conveying some idea of what is involved in the mechanics of setting up and operating a PAC, so as to appreciate the role these vehicles play in American politics and the issues they raise for the political system.

I. WHAT IS A POLITICAL ACTION COMMITTEE

The term "political action committee" is widely used to denote a legal entity which is established by an interest group to raise and spend money in an attempt to influence elections. In spite of its common usage, the term

^{1/} Sudow, William E. Organization and Administration: PAC Legal Considerations. In Political Action for Business: The PAC Handbook. Washington, Fraser Associates, 1981. p. 192-218. Sproul, Curtis C. Corporations and Unions in Federal Politics: A Practical Approach to Federal Election Law Compliance. In Political Action Committees and Campaign Finance: Symposium. Arizona Law Review, v. 22, 1980: 465-518.

is, in fact, a colloquial expression which does not appear in Federal statutes. In order to understand the legal framework in which a PAC operates, one must explore the definitions of three related, but not equivalent, legal terms: "political committee," "separate segregated fund," and "multicandidate political committee."

Virtually all PACs, as we will refer to them throughout this report, are "political committees." Under the definition in 2 U.S.C. 431 of the Federal Election Campaign Act (FECA):

(4) The term "political committee" means--

(A) any committee, club, association, or other group of persons which receives contributions aggregating in excess of \$1,000 during a calendar year or which makes expenditures aggregating in excess of \$1,000 during a calendar year; or

(B) any separate segregated fund established under the provisions of section 441b(b) of this title; or

(C) any local committee of a political party which receives contributions aggregating in excess of \$5,000 during a calendar year, or makes payments exempted from the definition of contribution or expenditure as defined in paragraphs (8) and (9) of this section aggregating in excess of \$5,000 during a calendar year, or makes contributions aggregating in excess of \$1,000 during a calendar year or makes expenditures aggregating in excess of \$1,000 during a calendar year.

For purposes of this report, the third type of political committee--ones that are affiliated with a political party--will not be considered; these are not what is generally meant as political action committees. Instead, this report is concerned with what the Federal Election Commission refers to as "nonparty" political committees, which can take the form of either definition (A) or (B).

The essential distinction between political committee (A) and political committee (B) is the latter's affiliation with an existing, sponsoring organization, in contrast with the former's ostensibly independent status. It is political committee (B), the separate segregated fund, which has constituted the forerunner and, in a sense, the moving force behind the

proliferation of PACs. Until recently, the term "separate segregated fund" was virtually synonymous with the term "political action committee," and, even today, with the increasing growth of and attention focused on the unaffiliated, independent PACs, separate segregated funds account for nearly 80 percent of PACs.

A separate segregated fund is "little more than a bookkeeping concept," which is not defined in the Federal election laws. 2/ As will be explored in Chapter Two, it developed out of the legal prohibitions on the spending of general treasury funds for political contributions by unions and corporations. Such prohibitions led labor unions (and ultimately others) to establish and underwrite the operating expenses of distinct committees (maintaining accounts separate from the unions') to collect and distribute voluntary political contributions from their members, without involving direct union contributions to candidates. In such a manner, the concept of a separate segregated fund came into being.

The law authorizes three specific political activities which can be conducted with general treasury funds of unions and corporations. While 2 U.S.C. 441b(a) prohibits contributions to Federal candidates by national banks, corporations, and labor organizations, Section 441b(b)(2) states that this prohibition shall not include--

(A) communications by a corporation to its stockholders and executive or administrative personnel and their families or by a labor organization to its members and their families on any subject;

(B) nonpartisan registration and get-out-the-vote campaigns by a corporation aimed at its stockholders and executive or administrative personnel and their families, or by a labor organization aimed at its members and their families; and

2/ Sproul, Corporations and Unions in Federal Politics, p. 493.

(C) the establishment, administration, and solicitation of contributions to a separate segregated fund to be utilized for political purposes by a corporation, labor organization, membership organization, cooperative, or corporation without capital stock.

Part C thus sanctions the establishment of separate segregated funds by corporations, unions, membership organizations, cooperatives, and corporations without capital stock; in addition, trade associations are granted the same right in 2 U.S.C. 441b(b)(4)(D). These entities represent six of the seven types of PACs recognized under law, and they will be discussed at length in Chapter Three, which presents data on spending by the various types of PACs. A key feature of all three sanctioned activities (parts A, B, and C of section 441b(b)(2)) is that they must be confined to the audiences specified in the law; this has an important bearing on the operations of PACs and their implications for the electoral process.

The kinds of expenses which may be paid out of the general treasuries of the sponsoring organizations are elaborated upon in the regulations promulgated by the Federal Election Commission. 11 C.F.R. 114.1(b) states:

"Establishment, administration, and solicitation costs" means the costs of office space, phones, salaries, utilities, supplies, legal and accounting fees, fundraising and other expenses incurred in and running a separate segregated fund

These costs need not be reported to the Federal Election Commission.

Having described the principal characteristics of PACs which are separate segregated funds, one must take note of other political committees which are established as independent, political fundraising and spending vehicles. These committees must simply meet the criteria of raising or spending over \$1,000 in a calendar year and then file the appropriate forms with the Federal Election Commission. These unaffiliated PACs are not governed by the restrictions applicable to the separate segregated funds, in terms of whom

they may solicit for contributions, nor are they able to rely upon a sponsoring organization to bear their administrative and fundraising costs; such costs must be paid out of the voluntary contributions they raise. Therein lies the paramount advantage and disadvantage accruing to what the FEC describes as the "non-connected" PACs, the seventh and final PAC category. As will be discussed later in this report, the unaffiliated (or non-connected) grouping is largely comprised of ideological and issue-oriented interest groups.

One additional bit of legal terminology--the term "multicandidate political committee"--needs to be explained in order to round out one's fundamental understanding of what a PAC is and why it is such a much-discussed vehicle. This term arises from the limitations placed on political contributions by individuals and groups under Section 441a of the FECA.

Subsection (a)(1) limits "persons" to contributions of \$1,000 per election to any Federal candidate or his authorized committees, \$20,000 per year to national political party committees, and \$5,000 a year to other political committees. As defined in 2 U.S.C. 431(11), the term "person" includes:

an individual, partnership, committee, association, corporation, labor organization, or any other organization or group of persons, but such term does not include the Federal Government or any authority of the Federal Government.

Thus, the limits above apply to an individual citizen as well as to an organization or group.

The law makes provision, however, for a special type of political committee, to which different contribution limits apply; this type of PAC is the "multicandidate political committee," which is defined in Section 441(a)(4) as:

a political committee which has been registered under section 433 of this title for a period of not less than 6 months, which has received contributions from more than 50 persons, and, except for any State political party organization, has made contributions to 5 or more candidates for Federal office.

By meeting these three additional criteria, the multicandidate PAC may, under 2 U.S.C. 441a(2), contribute \$5,000 per election to a Federal candidate, \$15,000 to a national political party committee, and \$5,000 to any other political committee.

Whereas the last limitation is the same as for the basic political committee and the second is actually lower, the \$5,000 limit on contributions to candidates, in contrast with the \$1,000 limit applicable to basic political committees and individuals, provides greater opportunities for influence and, hence, greater incentive for a political committee to attempt to meet the three additional criteria for multicandidate status. With these criteria being relatively easy to meet, it is hardly surprising that most nonparty committees today are multicandidate committees. What this means is that, for all intents and purposes, most PACs may contribute more money to Federal candidates than can individual citizens (this difference is accentuated by the imposition of a \$25,000 aggregate limit on political contributions by individuals, with no such limit on political committees). This distinction has had a significant bearing on the growth of PACs, as well as on the debate surrounding their influence on American politics.

In summary, virtually all PACs are political committees, most, but not all, are separate segregated funds, and most, but not all, are multicandidate political committees. Because of the implications for public policy and in the interests of greatest consistency with common usage, the term "PAC," for purposes of this report, will generally refer to nonparty, multicandidate political committees which may be either separate segregated funds or unaffiliated entities. The sections which follow in this chapter will have particular applicability to separate segregated funds, although they will be broadly relevant to all types of PACs.

II. HOW A PAC OPERATES

A. Organization

A PAC is required to file a statement of organization with the Federal Election Commission within ten days after its establishment. 3/ For a separate segregated fund, the regulations suggest several alternative events which can be considered to constitute "establishment":

a vote by the board of directors or comparable governing body of an organization to create a separate segregated fund to be used wholly or in part for federal elections; selection of initial officers to administer such a fund; or payment of the initial operating expenses of such a fund. 4/

For an unaffiliated PAC, "establishment" is considered to have occurred when it meets the requirements of a political committee (i.e., when an organization or group raises or spends more than \$1,000 in a year). 5/

In order to register with the FEC, the newly-formed PAC must file a Statement of Organization, FEC Form 1 [a copy is provided in Appendix A], which contains the following information:

- (1) name, address, and type of committee;
- (2) name, address, relationship, and type of connected organization;
- (3) name, address, and committee position of custodian of records (may be the treasurer);
- (4) name and address of treasurer;

3/ 11 C.F.R. 102.1

4/ 11 C.F.R. 102.1(c)

5/ 11 C.F.R. 100.5(a); 102.1(d)

(5) listing of depositories used by committee (at least one must be designated) 6/;

The one officer required by law in a PAC is the treasurer, who plays a pivotal role in the committee. As stated in 2 U.S.C. 432(a):

Every political committee shall have a treasurer. No contribution or expenditure shall be accepted or made by or on behalf of a political committee during any period in which the office of treasurer is vacant.

In selecting the name, a separate segregated fund must include the name of its connected organization in its Statement of Organization, on all reports filed, and in all advertisements and communications. 7/

Beyond the requirements above, there are virtually no other steps required for the establishment of a PAC. Those in charge of the PAC may or may not decide to incorporate. By-laws which set forth the goals, organizational structure, and guidelines for PAC operations are recommended by many authorities, but they are not required by law. 8/

Regarding the tax status of a PAC, the law states that political organizations are not entirely exempt from income taxation and are required to file tax returns. 9/ However, a PAC qualifies for a limited tax-exempt status "as long as it is organized and operated primarily for the purpose of receiving contributions and making expenditures within the meaning of the Act." 10/

6/ 11 C.F.R. 102.2(a)

7/ 11 C.F.R. 102.14

8/ Sudow, Organization and Administration, p. 199-200.

9/ 26 U.S.C. 6012(a)(6)

10/ Sudow, Organization and Administration, p. 207. Although money raised from contributions for political expenditures is tax-exempt, political organizations must pay taxes on income from investments.

B. Records and Reports

Under 2 U.S.C. 432, the treasurer is required to keep an account of the PAC's financial transactions and to store these records for three years after the relevant reports are filed. In terms of receipts, these records must include:

- (1) an account of all contributions received;
- (2) the name and address of persons who contribute more than \$50;
- (3) employment status of persons contributing over \$200 in a year;
- (4) identification of any contribution by a political committee.

For items 2-4, the date and amount of contribution must be included, as well. For all PAC disbursements, the records must provide:

- (1) name and address of every recipient;
- (2) date, amount, and purpose;
- (3) name of candidate (and office sought) on whose behalf disbursement was made.

A receipt, invoice, or cancelled check is required to be kept for disbursements exceeding \$200.

Section 434 of the FECA requires PACs to report information on their financial activity to the Federal Election Commission at regular intervals; 2 U.S.C. 439 also requires relevant sections of reports to be filed with the Secretary of State in those States where candidates have received PAC contributions. Current regulations require them to use FEC Form 3-X. (See Appendix B).

These reports elicit information on PAC receipts through two methods. The first, categories of receipts, requires the reporting of total amounts in contributions from individuals, party committees, other political committees,

and all these sources combined; in addition, total amounts of transfers from affiliated committees, loans, offsets to operating expenses, and other receipts must be reported in the categories section. The second section of the receipts report provides an itemized account (with dates and amounts) of contributions from individuals who contribute more than \$200 in a year and from all committees (political and otherwise); in addition, itemized accounting is required for transfers from affiliated committees, all loans to the PAC, all rebates to offset operating costs in excess of \$200, and dividends or interest in amounts over \$200. 11/

With regard to PAC disbursements, the same two methods are used. The categories of disbursements provide the total amounts spent on operating expenses, transfers to affiliated committees, loan repayments, offsets, contributions to other political committees, loans made by the PAC, independent expenditures, and other expenses. An itemized accounting (with dates and amounts) is required for each disbursement of more than \$200 in a year (stating the purpose of the expenditure), each transfer to an affiliated committee, each loan repayment, each refund or offset, each contribution to a political committee (with name and office sought, if to a candidate's authorized committee), each loan, and each independent expenditure of more than \$200. 12/

Finally, the reports filed must also disclose such information as cash on hand, outstanding debts and obligations, and summaries of contributions and operating expenditures. 13/

11/ 11 C.F.R. 104.3(a)(2) and (4)

12/ 11 C.F.R. 104.3(b)(1) and (3)

13/ 11 C.F.R. 104.3(a)(1), (c), and (d)

PACs may choose one of two schedules for filing their disclosure reports. The first option requires election-year reports on a quarterly basis (due January 31, April 15, July 15, and October 15), a pre-election report (due 12 days before a primary or general election), and a post-election report (due 30 days after a general election); in non-election years, two semi-annual reports are required under this system (due July 31 and January 31). The second reporting option requires monthly reports (due by the 20th day of the following month) in both election and non-election years; during election years, however, pre- and post-election reports and a year-end report (due January 31) are required in lieu of the November and December monthly reports. 14/

C. Solicitation of Contributions

At the core of a PAC's existence is its ability to raise money. The FECA and its interpretative regulations offer detailed guidelines which must be followed by the various types of separate segregated funds in their appeals for voluntary contributions. One overriding rule, at least with respect to union or corporate employers who solicit their subordinates, is that all solicitations must inform the employee of the political purposes of the PAC and of his right to refuse to contribute without fear of reprisal. 15/

Corporations may solicit contributions to their PACs only from their stockholders, administrative or executive personnel, and families. 16/ The

14/ 11 C.F.R. 104.5(c)

15/ 2 U.S.C. 441b(b)(3)(B) and (C)

16/ 2 U.S.C. 441b(b)(4)(A)(i)

law defines "executive or administrative personnel" as:

individuals employed by a corporation who are paid on a salary, rather than hourly, basis and who have policymaking, managerial, professional, or supervisory responsibilities. 17/

Labor unions may only solicit contributions from their members and their families. 18/ Such solicitations by unions and corporations may be in written or oral form and may occur at any time, with no limitation on the number of times per year.

In addition to the above guidelines, the law permits corporations and unions to solicit each other's solicitation pools twice a year. This type of solicitation must be in writing and be sent to the residence of the prospective donor. 19/ The regulations further require that these written solicitations inform the reader that a custodial arrangement exists to protect the anonymity of those who do not contribute, those who make a single contribution of \$50 or less, and those whose aggregate contributions in a year do not exceed \$200; the corporation or union may not be informed of those who fail to contribute, and those who contribute less than \$50 at a time or \$200 in the aggregate may send their contributions to the custodian. 20/

The law requires that whatever methods a corporation uses in its fundraising efforts must be made available at cost to a labor union which represents its employees. 21/ The regulations suggest that such methods of

17/ 2 U.S.C. 441b(7)

18/ 2 U.S.C. 441b(b)(4)(A)(ii)

19/ 2 U.S.C. 441b(b)(4)(B)

20/ 11 C.F.R. 114.6(c) and (d)

21/ 2 U.S.C. 441b(b)(6)

solicitation include but are not limited to a payroll deduction or check-off system, computers for addressing envelopes for home solicitations, and the use of corporate facilities for fundraising events. 22/

The rules governing solicitation by membership organizations (other than trade associations), cooperatives, and corporations without capital stock are much simpler than those for corporations and unions. Any of the three former types of organizations may solicit its members at any time and in any manner, without any restriction on number of solicitations per year. 23/

The guidelines governing a trade association permit it to solicit the stockholders and administrative or executive personnel (and families) of member corporations, provided that the corporation grants specific, prior approval and that it not permit such solicitations by any other association that year. The corporation is free to limit the number of solicitations during the year by the authorized trade association and to further restrict the solicitation pool. 24/

The law has little to say regarding solicitations by non-connected PACs, except that they must identify any communications as being paid for by them. 25/ Beyond that, as previously stated, they may solicit anyone for contributions, through any vehicle, any number of times.

One final comment regarding PAC solicitation of contributions deserves mention here. Contributions to a PAC are generally eligible for the 50 percent

22/ 11 C.F.R. 114.5(k)

23/ 2 U.S.C. 441b(b)(4)(C); 11 C.F.R. 114.7

24/ 2 U.S.C. 441b(b)(4) (D); 11 C.F.R. 114.8

25/ 11 C.F.R. 110.11

tax credit applicable to all political contributions; a maximum credit of \$50 may be taken by a single taxpayer and \$100 by those filing a joint return. This provision is commonly mentioned by PACs in their fundraising appeals.

D. The Decision-Making Process

Of all the aspects of political action committees, their operation and their role in our political system, the one which is probably the least understood is the PAC decision-making process. There is a dearth of literature on how PACs arrive at decisions on which candidates to support, and there is no systematic, comprehensive examination of this question. What literature does exist is largely confined to examples of selected PACs and is heavily anecdotal in nature. Furthermore, the insights into the inner workings of PACs focus especially on corporate PACs. This is perhaps attributable to the efforts of corporate spokesmen to publicize their operations, in order to help shape a sympathetic public perception of them. Thus, not only are the existing accounts oriented to the corporate sector but they may be lacking in objectivity, as well. Although this section attempts to provide some useful generalizations on the PAC decision-making process, it is necessarily limited by the aforementioned constraints.

The fundamental reason for the generally vague perception of PAC internal workings is the absence of detailed legal guidelines and disclosure requirements, such as those that apply to the PAC's financial operations. In the case of the vast majority of PACs which are affiliated, it is known that the leadership of the sponsoring organization has broad authority to control the spending decisions of their PACs. A board of directors is usually established as the ultimate decision-making body of the PAC, and management-level officers of the

company or union typically serve on the PAC board. The day-to-day operations of the PAC are generally handled by a designated manager, who may serve only part-time in that capacity and whose principal occupation might be government affairs specialist of the connected organization. 26/ The PAC board may also rely on standing committees to assist with such specific tasks as fundraising, monitoring legislators' votes, or voter education. 27/

The number of people actually involved in the decision-making process will also vary. It appears that some actively encourage input from the contributors, which may involve an earmarking system, while others reserve the decisions on whom to support to the PAC board of directors or a subgroup thereof. Some may place particular emphasis on the advice of Washington representatives of the connected organization; others may solicit input from local affiliates before making decisions for the national body. 28/

Most of the literature stresses the wide number of options open to PAC decision-makers. Some of these options are summarized below as a means of illustrating how varied the operations and foci of PACs are likely to be.

Through these choices, a PAC assumes its own identity:

- (1) to limit contributions to local races or to support candidates across the Nation;
- (2) to pursue an incumbent-oriented approach or to take more risks on challengers;

26/ Cohen, Richard E. Congressional Democrats Beware--Here Come the Corporate PACs. National Journal, v. 12, August 9, 1980: 1306.

27/ Sudow, Organization and Administration, p. 197.

28/ Budde, Bernadette. Business Political Action Committees. In Michael J. Malbin (ed.). Parties, Interest Groups, and Campaign Finance Laws. Washington, American Enterprise Institute for Public Policy Research, 1980. p. 22-23.

- (3) to concentrate contributions on incumbents in legislatively strategic places, such as key committee positions;
- (4) to contribute early in the election cycle (perhaps taking more risks) or wait until later in the campaign (perhaps to assess who is most likely to win);
- (5) to contribute in primaries or only in general elections;
- (6) to coordinate giving with other PACs or to work alone;
- (7) to give a small number of large donations or to give a larger number of token contributions;
- (8) to contribute to Presidential candidates, to parties, to other PACs, as well as to congressional candidates;
- (9) to give to State and local or only Federal candidates;
- (10) to allow contributors to earmark contributions to designated candidates;
- (11) to make post-election donations to help ease a candidate's campaign deficit;
- (12) to make in-kind donations to candidates (such as providing goods and services) or only financial contributions;
- (13) to make independent expenditures or limit spending to direct candidate contributions. 29/

One final point might be made here regarding PAC decision-making. Often, if not most of the time, the initial suggestion for contributing to a particular

29/ Kendall, Don R. Corporate PACs: Step-by-Step Formation and Troublefree Operation. Campaigns and Elections, v. 1, Spring 1980: 18;
 Kayden, Xanda. The Impact of the FECA on the Growth and Evolution of Political Action Committees. In U.S. Congress. House of Representatives. Committee on House Administration. An Analysis of the Impact of the Federal Election Campaign Act, 1972-1978. From the Institute of Politics. John F. Kennedy School of Government. Harvard University. Committee Print, 96th Cong., 1st Sess. Washington, U.S. Govt. Print. Off., 1979. p. 101. (Hereafter cited as U.S. Congress. An Analysis of the Impact of the FECA)

candidate emanates from the candidate himself. 30/ The practice of candidates making appeals for PAC money has become so widespread that advice on how to maximize their chances for obtaining PAC contributions appears to have become a standard part of the training for modern-day candidates. 31/

E. Regulation of PACs

PACs are Federally regulated by three primary sources. The first is the Federal Election Campaign Act of 1971 and its 1974, 1976, and 1979 Amendments: Public Laws 92-225, 93-443, 94-283, and 96-187, respectively. The FECA is codified in law as 2 U.S.C. 431 et seq. Secondly, Title 11 of the Code of Federal Regulations includes regulations promulgated by the Federal Election Commission which are based on the statutes and which serve as more detailed guidelines for participants in the campaign finance process; these also have the advantage of being written with the intent of easier comprehensibility than statutory language. Finally, the FEC is authorized under 2 U.S.C. 437f to issue advisory opinions, at the request of individuals, candidates, or committees, which are intended to clarify questions or perceived ambiguities about the law. These advisory opinions are compiled and indexed by the FEC; the index is updated periodically and is available from the Commission.

30/ Kayden, Xanda. Campaign Finance: The Impact on Parties and PACs. In U.S. Congress. An Analysis of the Impact of the FECA, p. 86.

31/ How to Solicit PACs. Campaigning Reports, v. 1, July 26, 1979: 7-9.

CHAPTER TWO: EVOLUTION OF POLITICAL ACTION COMMITTEES

Although they have only recently become a major source of campaign funding in the United States, political action committees are not a recent phenomenon. Furthermore, interest group involvement in the electoral process is not a new development. Groups have always sought--legally and illegally, directly and indirectly--to maximize their influence over the selection of public officials. The first section of this chapter outlines the laws governing group involvement in Federal elections prior to the Federal Election Campaign Act of 1971 and discusses the types of activities in which the groups were engaged. The second section traces the key laws and administrative and judicial rulings of the 1970's which served to facilitate the establishment of PACs as that decade advanced.

I. GROUP INVOLVEMENT PRIOR TO THE 1970sA. Legal Restrictions

Direct participation in elections by corporations and labor unions, the foremost types of interest groups, has been circumscribed for much of this century. The Tillman Act of 1907 32/ prohibited all corporations and national banks from making "money contribution[s]" in connection with Federal elections. It was enacted at the suggestion of President Theodore Roosevelt in the wake of charges during his 1904 campaign that he had received large corporate

32/ 34 Stat. 864 (1907)

contributions from prospective government contractors and in light of increased public cynicism over the role of large corporations in the electoral process. 33/ This prohibition was extended by the Corrupt Practices Act of 1925 34/ to all contributions (not just monetary ones). That law, however, excluded primary elections and nominating conventions from its restrictions, in accordance with the prevailing interpretations of the Supreme Court's decision in Newberry v. United States. 35/

The role of labor unions in election campaigns was not circumscribed until 1943, with the enactment of the War Labor Disputes (or Smith-Connally) Act. 36/ Prior to that, most labor campaign contributions had come from union dues of members. What had prompted the move to curtail labor's political giving was the marked upsurge of such activity in and following the 1936 elections, as described in the following account:

The 1936 elections saw an eruption of political activity by organized labor. Reported political expenditures by interstate labor organizations ran to over \$750,000. This exceeded by eight times the sum raised by the American Federation of Labor for political purposes during the previous 30 years. Labor dove into active campaigning and into campaign contributing on behalf of Democratic candidates. The move provoked a fierce howl that clearly marked 1936 as a watershed year in the political alignment of social and economic interests. 37/

33/ Epstein, Edwin M. Corporations, Contributions, and Political Campaigns: Federal Regulation in Perspective. Berkeley, Institute of Governmental Studies, May 1968. p. 11-12.

34/ 43 Stat. 1074 (1925)

35/ 256 U.S. 232 (1921); the Newberry decision was seen as placing limits on the Federal Government's authority to control party primaries and conventions.

36/ 57 Stat. 167 (1943)

37/ Heard, Alexander. The Costs of Democracy. Chapel Hill, The University of North Carolina Press, 1960. p. 169.

In addition to the concern over the growing power of unions among opponents of labor's political philosophy, there developed a desire to protect the rights of union members from having their dues monies given to candidates with whom they differed politically. 38/ Consequently, the 1943 Act prohibited unions from making contributions in connection with elections for Federal office. An important distinction to note is that although unions were barred from using their treasuries for campaign contributions, they interpreted the law as not applying to their separate segregated funds.

The 1943 Act was in effect only until six months after the end of World War II, and, in 1947, Congress passed the Labor Management Relations (or Taft-Hartley) Act which made permanent the restrictions on labor's political activities. 39/ Furthermore, it extended the ban for both corporations and labor unions to expenditures as well as contributions, in light of efforts by the CIO's Political Action Committee in 1944 to circumvent the Smith-Connally prohibition on union contributions. 40/ The 1947 Act also extended coverage (for corporations and unions) to primaries and conventions. This appeared to be consistent with the Supreme Court's ruling in United States v. Classic, 41/ which was interpreted as overruling the Newberry decision by sanctioning Federal regulation of the nominating process. 42/

38/ Ibid., p. 190.

39/ 61 Stat. 159 (1947)

40/ Epstein, Corporations, Contributions, and Political Campaigns, p. 14.

41/ 313 U.S. 299 (1941)

42/ Epstein, Corporations, Contributions, and Political Campaigns, p. 151-152 [fn. 43]

The 1925 Corrupt Practices Act, as amended by the 1947 Taft-Hartley Act and codified at 18 U.S.C. 610, was the principal law governing the political activities of corporations and labor unions until the Federal Election Campaign Act took effect in 1972. The 1925 law, however, was widely considered to be vague, while the judicial interpretations were seen to be insufficiently precise to offer a clear "line of demarcation" between permissible and impermissible corporate and labor activities. 43/ Furthermore, rulings by the Supreme Court and lower courts in six cases during the 25-year period had cast sufficient doubt on the constitutionality of 18 U.S.C. 610 that the Justice Department was reluctant to prosecute presumed offenders of the law. 44/ As depicted by one observer:

Virtually no corporation or labor union that wished to do so was deterred de facto from making campaign contributions and expenditures. 45/

B. How Interest Groups Made Political Contributions

1. Labor

Labor unions had been engaged in political activity for quite some time, but until 1936, unions had contributed only small amounts directly to political campaigns. The American Federation of Labor (AFL), the major umbrella labor organization at that time, maintained a practice of

43/ Ibid., p. 56-57.

44/ Epstein, Edwin. Corporations and Labor Unions in Electoral Politics. In Alexander, Herbert (ed.). Political Finance: Reform and Reality. Philadelphia, The Annals of the American Academy of Political and Social Science, v. 425, May 1976. p. 37.

45/ Ibid., p. 39.

not using its general funds for political purposes. 46/ The enormous increase in union contributions in 1936 (noted earlier) emanated almost exclusively from unions affiliated with the more politically aggressive Committee for Industrial Organization (CIO), established in 1935. The preponderance of contributions by the CIO affiliated unions were made from union funds, as authorized by convention votes. 47/

In response to the Smith-Connally Act's prohibition on labor contributions in 1943, the Congress of Industrial Organization--as the CIO was later called--made the first foray into the field of political action committees, as we now know them. Labor unions had operated political committees in the past (most notably Labor's Non-Partisan League, which began a brief existence in 1936), but the CIO-PAC, established in July 1943, constituted the earliest effort at successfully maintaining what is today known in law as a "separate segregated fund"--a separate account for transferring voluntary contributions from members to political candidates. In addition to the CIO-PAC, the CIO, under the direction of Sidney Hillman, established the National Citizen's Political Action Committee (NC-PAC) in 1944, in order to collect political funds from progressive individuals outside of labor's ranks. 48/

The CIO-PAC entered the political arena during the election of 1944. Prior to the Democratic Convention, it raised \$647,903 from the general funds of its affiliated unions, of which it spent \$478,499 on primary campaigns and "political education" of its members on issues. Given that the 1943 law did not cover

46/ Overacker, Louise. Presidential Campaign Funds. Boston, Boston University Press, 1946. p. 50.

47/ Ibid., p. 50-51.

48/ Ibid., p. 57-58.

primary elections, it was an allowable expenditure for CIO-PAC. But once the convention was held and the general election campaign was considered to have begun, the existing PAC funds were frozen. Thereafter, the CIO-PAC launched its "A Buck for Roosevelt" drive to collect one dollar in voluntary contributions from its five million members; half of the money was to be used by the PAC and the other half was to be channeled to the union's State or local political action committees. The PAC raised \$470,852 in this manner. 49/

It is important to bear in mind that the CIO-PAC's activities were controversial at the time (indeed the primary contributions led to the tighter restrictions in the 1947 Act), but they played a major role in establishing precedents for later--and modern--modes of political activity by labor unions (and other groups). As the following passage reveals, the principal focus was, from the outset, on the maintenance of separate and distinct accounts for channeling political contributions:

The status of the PAC committees also posed some legal conundrums. Union officials argued that these were not "labor organizations" within the meaning of the Smith-Connally Act as they were separately organized, under different sets of officers, and maintained independent treasuries. Nevertheless, the connection between the PAC and the CIO was very close on every level of organization. Sidney Hillman, President of the Amalgamated Clothing Workers of America, an important CIO affiliate, was chairman of both the CIO-PAC and the NC-PAC; the State political action committees frequently utilized the existing mechanism of CIO State councils; and local political action committees were similarly set up as committees of CIO locals. At the national level, and in most of the States, financial separation was strictly observed, and at the local level union personnel assigned to full-time PAC work were transferred to the PAC payroll. But when CIO personnel were assigned to the PAC on a part-time basis it was frequently impossible to distinguish the services which were political and which should be charged to the PAC. In California the separation between CIO and CIO-PAC was never very clearly defined. The State PAC was set up as a subcommittee of the

49/ Ibid., p. 57-59.

CIO, funds were not separate, and no separate records were kept. After the trade union fund was "frozen," the financial support of the CIO-PAC came from individual trade union members. CIO membership lists were, of course, used in soliciting contributions, and in some instances the "voluntary" character of these gifts was questioned. However, the modest size of the funds would seem to indicate that if compulsion was used, it was surprisingly ineffective. 50/

With the CIO breaking ground in establishing and operating separate political funds in order to comply with Federal law, other labor unions followed suit. The AFL, the other major labor organization, set up its Labor's League for Political Education in 1947. 51/ In 1955, these two umbrella organizations merged to become the AFL-CIO, and their PACs were united as the Committee on Political Education (COPE). COPE quickly established itself as the foremost source of labor-oriented political giving, although other national unions added considerably to the overall political war chest of the American labor movement.

In 1956, seventeen national labor political committees made disbursements of some \$2.1 million; in addition, 155 State and local union affiliates had political committees in operation that year, although much of the local groups' funds constituted transfers from the national committees. 52/ By 1968, there were 37 national labor political committees making disbursements of \$7.1 million. 53/

The most visible manifestation of labor's political giving took the form of "free funds"--direct contributions to candidates from voluntary donations

50/ Ibid., p. 60-61.

51/ Heard, *The Costs of Democracy*, p. 192 (fn).

52/ Ibid., p. 189.

53/ Alexander, Herbert. *Financing the 1976 Election*. Washington, Congressional Quarterly Press, 1979. p. 559.

by union members. Contributions to candidates for Federal office by interstate committees (limited to amounts of \$5000) were required to be reported under the Federal Corrupt Practices Act, thus making it possible to gauge (however ineffectively) the level of contributions by such groups as labor unions.

But free funds alone did not reflect the true level of labor's political giving, and three other major avenues were widely used--all of which were funded from the general treasuries of unions:

(1) Contributions to candidates for State and local offices could be made from union treasuries in those States which did not prohibit such practices (few did). In some States, Democratic candidates could expect to receive 10-20 percent of their campaign funds from unions.

(2) Union treasuries were used for "educational" expenditures, which were technically non-political (thus not subject to Federal laws prohibiting union dues money for political purposes) but which typically involved such activities as get-out-the-vote drives, voter registration drives, and distribution of voting records of elected officials. The following passage indicates the significance of this category of labor assistance to candidates:

Organized labor's registration drives may be of more value to the Democrats than direct money contributions. In 1968 COPE spent more than \$1 million on registration alone, concentrating on marginal Congressional districts. Local and state labor organizations tried to match this national outlay. Labor's registration drives, naturally, are carried out selectively in heavily Democratic precincts. 54/

(3) Public service activities, such as union newspapers and radio programs, could be funded from the union treasuries, and they were able

54/ Alexander, Herbert E. Money in Politics. Washington, Public Affairs Press, 1972. p. 170.

to disseminate information and views supportive of their political philosophy. 55/

In addition to the channels of activity open to labor unions discussed above, the unions enjoyed wide latitude in political activity as a result of various Supreme Court decisions. Common practices included union employees' receiving compensation while providing services to candidates and advocating candidates' election or defeat in TV or radio time paid from union funds. 56/

The above discussion reveals the range of options open to labor unions which sought to influence the political process prior to the campaign finance laws enacted during the 1970s. While pioneering in the field of separate segregated funds and political action committees for direct candidate contributions, the unions found many other valuable means of making their influence felt. As the costs of many of these activities were not required to be reported under the financial disclosure laws in existence through 1972, it was exceedingly difficult to obtain accurate data on the degree of labor unions' financial activity in Federal elections. This difficulty was compounded by the ease with which the disclosure laws could be legally circumvented, as reflected in the practice by national labor committees of transferring funds to State affiliates, not subject to Federal reporting requirements. 57/ However uncertain one may be as to the extent of labor spending in the years leading up to the FECA of 1971, one may safely conclude that the unions were playing a vital role in the financing of election campaigns.

55/ Ibid., p. 170-171; and Heard, *The Costs of Democracy*, p. 177-178.

56/ Alexander, *Money in Politics*, p. 171.

57/ Ibid., p. 172.

2. Business

The channels for political activity by the business sector prior to the 1970s were also well-established, although it is even more difficult to gauge the level of business-oriented activity than it is for labor activity. Corporate interests did not enter the political action committee field until the 1960s, having instead become accustomed to donating large amounts of money to campaigns through corporate executives and other wealthy individuals associated with large corporations. 58/ While this was perhaps the most visible way of spending political money in the interests of business, it was by no means the only way.

Corporations themselves were prohibited from spending treasury money on contributions to Federal candidates, but, as with labor unions, there was a wide range of activities relating to the political process on which general funds could be spent. Here again, the line between partisan and bipartisan, permissible and impermissible, was often blurred enough to facilitate the undertaking of activities by a corporation which had a distinct slant toward an intended beneficiary or point of view. Such election-related activities as voter registration and get-out-the-vote drives among employees, provision of employee and stockholder lists to political parties, payroll deduction systems for political contributions, and campaign fund-raising drives among employees were conducted by various corporations, apparently not in violation of 18 U.S.C. 610. 59/

Aside from the above-mentioned "educational" activities, corporations had some leeway in engaging in more partisan endeavors, such as to:

58/ Epstein, Edwin M. An Irony of Electoral Reform. Regulation, v. 3, May/June 1979. p. 35.

59/ Epstein, Corporations, Contributions, and Political Campaigns, p. 45.

(1) support or oppose candidates, parties and issues in their regular publications, circulated to their employees, stockholders, suppliers and customers;

(2) distribute informational literature to the general public which stated the issues and candidates' records, but which did not advocate the election or defeat of candidates;

(3) engage in public service advertising on public issues;

(4) wage advertising campaigns with regard to public policy issues not on the ballot as referenda or initiatives;

(5) advertise in program books of national party conventions--a popular practice for which corporations could receive a tax deduction; and

(6) use corporate facilities and personnel to seek voluntary contributions to an affiliated political action committee (discussed further below). 60/

The discussion until this point has been confined to corporate political activities apart from direct contributions to candidates. But this aspect was not neglected by those seeking to inject business' point of view into the political process. There were both direct (and legal) and indirect (and extra-legal) methods for contributing to candidates.

A survey of the Nation's businessmen in 1959 found that half of those interviewed claimed to have contributed to election campaigns in 1958--a high figure for a non-Presidential year and markedly higher than that of the overall population in any year. 61/ Corporate officials gave considerably to election campaigns, with the understanding that the corporation would receive the credit in the eyes of the campaign officials. The following passage discusses this practice:

60/ Ibid., pp. 46-55.

61/ Ibid., p. 69.

Since, obviously, there is no official record of "corporate giving," an index of company contributions is usually compiled by aggregating the "individual" donations of corporate officers and directors. The underlying assumption of such compilations is that corporate officials act as conduits for company contributions to parties or candidates. 62/

In 1956, for example, 199 officials of some of the 225 largest corporations contributed \$1.9 million in amounts of \$500 or more to interstate committees. 63/ Both political parties made an effort to attract wealthy (often corporate-affiliated) donors, by creating such prestigious conduits as the Democrats' President's Club--which raised around \$3.8 million in 1964--and the Republican Congressional Boosters Club. 64/

As impressive as these and other data may be, they reflect only a share of the contributions from corporation-associated individuals. By giving cash contributions or giving to intrastate committees, donors could and did avoid Federal reporting requirements. By giving to intrastate committees, wealthy donors could also circumvent the Federal contribution limit of \$5000. This limit was also circumvented through the practice of giving contributions through members of one's own family. An example of this practice can be found in 1956, when 12 families commonly associated with particular corporations gave over \$1.1 million to interstate political committees. (The families were DuPont, Field, Ford, Harriman, Lehman, Mellon, Olin, Pew, Reynolds, Rockefeller, Vanderbilt, and Whitney.) 65/ Hence, large amounts of money could be given legally, despite the limits, and large amounts could go unreported legally, despite the disclosure requirements.

62/ Ibid., p. 61.

63/ Ibid., p. 64.

64/ Ibid., p. 67.

65/ Ibid., p. 68.

The indirect corporate contributions, those made illegally with corporate treasury funds, are, not surprisingly, more difficult to gauge.

Such donations did not appear on any lists filed with governmental agencies, nor were they mentioned in annual reports to stockholders. Most businessmen were understandably disinclined to discuss their campaign activities. 66/

In 1960, Alexander Heard wrote:

It is not unusual for corporate funds to make up 10 percent of the campaign fund of a candidate for state or local office, and the percentage has gone higher. In all, in a presidential election year, several million dollars of corporate money finds its way by one process or another into political campaigning. 67/

When read in the wake of the experiences of the 1972 Nixon re-election campaign, this passage understates the potential for channelling corporate money into political campaigns. According to Edwin Epstein, an estimated \$30 million was contributed to that campaign from the business sector--through both legal and illegal channels. There were widespread allegations of strong pressure tactics applied to corporate officials, and some 20 corporations and officials were indicted (with most pleading guilty or nolo contendere) on charges of making illegal corporate political contributions. Thus, the 1972 campaign illustrated that the corporate sector could be a lucrative source of campaign funds given a systematic solicitation effort by a campaign. 68/ Significantly, the 1972 experiences were a major impetus in the amending of the campaign finance law in 1974.

66/ Ibid., p. 69.

67/ Heard, *The Costs of Democracy*, p. 130.

68/ Epstein, Edwin M. *Labor and Federal Elections: The New Legal Framework*. *Industrial Relations*, v. 15, October 1976. p. 262.

According to Heard, the various, commonly-used methods of indirect corporate contributions stressed concealment of corporate funds:

(1) expense accounts were used to reimburse corporate officials for campaign-related entertaining and traveling;

(2) contributions "in-kind," whereby goods and services were loaned or donated by a business to a campaign (e.g., office equipment, company airplanes, etc.);

(3) advertisements in political journals, paid for from corporate funds but with the source concealed;

(4) corporate money "laundered" through public relations firm on retainer, with money then funneled into campaigns;

(5) fees to lawyers re-routed to campaigns;

(6) salaries and bonuses to employees, given with the expectation that they, in turn, will make political donations (said to be a particularly notorious practice);

(7) contributions channeled through other organizations, such as trade associations; and

(8) direct corporate payments, e.g., from petty cash. 69/

One practice omitted in Heard's list was that of corporate officials' receiving remuneration while doing campaign work, a widespread occurrence according to most accounts. The picture that emerges is of corporate activities resembling those of labor unions in exploring avenues for political involvement.

The final avenue of business activity during the pre-1970's era was the political action committee. The first major PAC in the business (and professional) sector was the American Medical Political Action Committee (AMPAC),

69/ Heard, *The Costs of Democracy*, p. 133-134.

founded in 1961 by the American Medical Association to further the goal of "minimizing government control over the medical profession." 70/ It was followed in August 1963, by the Business-Industry Political Action Committee (BIPAC), which was established by the National Association of Manufacturers "to provide financial support to Congressional candidates who support the principles of constitutional government." 71/

Both of these PACs followed the lead of COPE and created two separate accounts--one for administrative costs for which corporate funds could be used and the other for the contributions themselves for which only voluntary funds could be sought. The system was described by the then-President of BIPAC, Robert Humphrey, before House hearings in the 89th Congress:

[W]e have two distinct funds. We have two distinct divisions of operation. One is political education, and the other is political action. We maintain separate bank accounts. The political education funds are used for our administrative overhead. We do not intermingle the funds. We have a small political education budget and the money in our education account comes from corporate contributions and from subscriptions to our publication. 72/

During the 1964 elections, BIPAC spent \$203,283 and AMPAC spent \$402,052 (compared with the \$988,810 spent that year by COPE). 73/ In 1968, BIPAC's spending jumped to \$519,700 and AMPAC's to \$682,000 (COPE spent \$1,207,000 that year). 74/ BIPAC

70/ Alexander, Herbert E. Financing the 1968 Election. Lexington, D.C. Heath and Company, 1971. p. 202.

71/ Ibid., p. 201.

72/ U.S. Congress. House. Committee on House Administration. Subcommittee on Elections. Election Reform Act of 1966. Hearings, 89th Cong., 2nd Sess., July 21, Aug. 17, 22, and 25, 1966. Washington, U.S. Govt. Print. Off., 1966. p. 120.

73/ Alexander, Herbert E. Financing the 1964 Election. Princeton, Citizens' Research Foundation, 1966 [study number 9]. p. 64-65.

74/ Alexander, Financing the 1968 Election, p. 195, 201-202.

and AMPAC together accounted for 61 percent of total expenditures by the 33 national business and professional committees then in existence. 75/

Those 33 represented a three-fold increase in the number of business and professional committees registered in 1964, 76/ and by 1972, there were some 200 such committees. 77/ Furthermore, as more business-oriented groups were formed, the enormous gap between reported business and labor spending (nationally) was narrowed significantly. Gross disbursements by the 37 national-level labor committees totaled \$7.1 million in 1968; a little over \$2 million was spent by the 33 business and professional committees that year--a gap of around three and one-half in labor's favor. 78/ By 1972, the national labor committees spent \$8.5 million, while the business/professional committees spent \$6.8 million--an advantage by labor of around 33 percent. 79/ Of course, the labor totals do not reflect the substantial value in additional services which unions have traditionally provided, as indicated in this 1972 account:

. . . it would be difficult to exaggerate the political value of labor's enormous manpower pool, particularly for voter registration and get-out-the-vote activities on election day. The AFL-CIO Industrial Union Department and affiliates may put as much as \$4 to \$5 million into citizenship activities, including registration drives. 80/

By the same token, the spending data do not reflect the additional resources of the business sector which was channeled into political campaigns through

75/ Ibid., p. 200-201.

76/ Ibid., p. 200.

77/ Alexander, Herbert E. Financing the 1972 Election. Lexington, D.C. Heath and Company, 1976. p. 461.

78/ Alexander, Financing the 1968 Election, p. 194, 201.

79/ Alexander, Financing the 1972 Election, p. 504, 461.

80/ Ibid., p. 506.

the many avenues described above. The data is indicative, however, of the growing, open role of corporations in the political process during the decade preceding the Federal Election Campaign Act.

3. Conclusion

Business and labor have, as noted, long sought to influence the electoral process. In examining the proliferation of PACs in the 1970s and beyond, it is important to bear in mind that their underlying *raison d'etre*--the furthering of the group's policy goals and the maximizing of its influence through the election of sympathetic public officials--has been a guiding principle long before the modern-day era of PACs. Groups sought influence and spent money in large quantities, through legal and extra-legal channels. The PAC evolved as a means of legally circumventing the prohibition on corporate and, later, union contributions to candidates. Once labor unions were forced to turn to this method, they quickly developed a pattern of effective operations through the use of separate segregated funds. It was only a matter of time before the business community began to emulate labor's successes. The fundamental point is that interest group involvement generally and political action committee activity specifically pre-dated the campaign finance reforms of the 1970's. Indeed, they set the precedents for today's PACs.

II. STIMULI TO PAC GROWTH IN THE 1970s PROVIDED BY LEGISLATIVE, JUDICIAL, AND ADMINISTRATIVE DECISIONS

A number of actions by the three branches of the Federal Government set the stage for the proliferation of political action committees during the 1970's.

Essentially, this section provides a legislative history of the important PAC provisions, specifically focusing on the Federal Election Campaign Act of 1971 and its 1974 and 1976 Amendments. In addition, the Supreme Court's 1971 decision in Pipefitters Local 562 v. United States, its 1976 decision in Buckley v. Valeo, and the Federal Election Commission's 1975 advisory opinion in the Sun Oil Company case will be examined, for their relevance to the legislative history and their role in PAC growth of the 1970s.

These actions occurred against a backdrop in which PACs had existed and were growing in number but in which uncertainty existed over what types of political activity were permissible. Such concerns were heightened by inconclusive judicial rulings and interpretations of the law (18 U.S.C. 610), and they served to hamper interest groups in exploring the full potential of the PAC vehicle. By clarifying the ambiguities in the law and by institutionalizing the PAC as a recognized vehicle under the law, these legislative and other actions created the climate in which political action committees could flourish.

A. The Federal Election Campaign Act of 1971

The Federal Election Campaign Act of 1971 (Public Law 92-225) 81/ marked the first time the concept of the political action committee was codified into Federal law. Section 205 of that Act amended 18 U.S.C. 610 to exclude three specific activities from the legal restraints on corporate and union political expenditures. As stated in the amended version of Section 610, the following activities could be funded from corporate or union general treasuries:

81/ 86 Stat. 3.

communications by a corporation to its stockholders and their families or by a labor organization to its members and their families on any subject;

nonpartisan registration and get-out-the-vote campaigns by a corporation aimed at its stockholders and their families, or by a labor organization aimed at its members and their families; [and]

the establishment, administration, and solicitation of contributions to a separate segregated fund to be utilized for political purposes by a corporation or labor organization

While thus opening the door for the political action committee, the amended section added the following language to ensure that only truly voluntary contributions be made to the PAC:

. . . . Provided, that it shall be unlawful for such a fund to make a contribution or expenditure by utilizing money or anything of value secured by physical force, job discrimination, or financial reprisal; or by dues, fees, or other monies required as a condition of membership in a labor organization or as a condition of employment, or by monies obtained in any commercial transaction.

The above amendments to 18 U.S.C. 610 were initially offered as an amendment to H.R. 11060 (the House version of the FECA) by Representative Orval Hansen. The Hansen amendment passed the House by a 233-147 vote, 82/ replacing a section of the House Administration Committee's bill which also sanctioned the separate segregated fund but which was seen as prohibiting the use of union (and corporate) funds in registration and get-out-the-vote drives.

Supporters of the Hansen amendment argued that its intended effect was to codify in law what 18 U.S.C. 610 had been interpreted to mean. 83/ Describing his amendment as consistent with the then-existing statute, Hansen stated:

For the underlying theory of section 610 is that substantial general purpose treasuries should not be diverted to political

82/ Federal Election Reform. [Vote in the House] Congressional Record, v. 117, November 30, 1971. p. 43391.

83/ Steiger, William. Federal Election Reform. Remarks in the House. Congressional Record, v. 117, November 30, 1971. p. 43388.

purposes, both because of the effect on the political process of such aggregated wealth and out of concern for the dissenting member or stockholder. Obviously, neither of these considerations cuts against allowing voluntary political funds. For no one who objects to the organization's politics has to lend his support, and the money collected is that intended by those who contribute to be used for political purposes and not money diverted from another source. 84/

The Senate's version of the FECA--S. 382--had contained no provision comparable to the Hansen amendment, and the conferees on the legislation accepted the House-passed language. 85/ Thus the Hansen amendment became law.

Section 206 of the FECA amended 18 U.S.C. 611, which prohibited political contributions by Government contractors, to extend the ban to indirect, as well as direct, contributions. 86/ Because PAC contributions could be viewed as indirectly emanating from the organization's treasury funds, this section apparently had a chilling effect on Government contractors interested in establishing PACs. Furthermore, the fact that many of the most important corporations and unions were engaged in some form of Government contracting meant that the new provisions of 18 U.S.C. 611 would conceivably affect a wide range of interest groups. 87/ It was ironic that, while one section of the new campaign finance law provided the legal foundation for political action committees, the next section may have caused sufficient confusion so as to inhibit many potential sponsors of PACs from establishing them.

84/ Hansen, Orval. Federal Election Reform. Remarks in the House. Congressional Record, v. 117, November 30, 1971. p. 43381.

85/ U.S. Congress. House. Conference Committee. Federal Election Campaign Act of 1971. Conference Report to accompany S. 382. House Report No. 92-752, 92nd Cong., 1st Sess. Washington, U.S. Govt. Print. Off., 1971. p. 30-31.

86/ Epstein, Corporations and Labor Unions, p. 40-41.

87/ Alexander, Financing the 1976 Election, p. 560.

B. Pipefitters Local 562 v. United States

The Supreme Court's June 1972 ruling in the case of Pipefitters Local 562 v. United States 88/ provided the first legal interpretation of the revised 18 U.S.C. 610, and it validated the concept of unions' and corporations' maintaining separate voluntary funds for political contributions. The case involved the conviction of the union and three officers for their maintaining control over a separate segregated fund for which solicitations were systematically made at job sites. The Court of Appeals had upheld their conviction 89/ on the grounds that the fund was compulsory and union-financed rather than voluntary and member-financed. 90/

The Supreme Court's 6-2 reversal of the Court of Appeals ruling coincided with the aspirations of organized labor, which had played a key role in the passage of the Hansen amendment, apparently with the pending Supreme Court ruling in mind. According to one account:

Uncertain as to what direction the Supreme Court would take, the AFL-CIO sought legislative legitimization of the key aspects of its electoral role since the 1940s: utilization of the political action committee device to raise and distribute political monies; communicating politically with its members; and, finally, member-oriented registration and get-out-the-vote activities. 91/

Thus, the Pipefitters case served, while it was still pending, as the catalyst for the passage of the Hansen amendment and, later, as the first judicial decision that observers saw as legitimizing the thrust of the Hansen amendment.

88/ 407 U.S. 385 (1972).

89/ 434 F. 2d 1127 (CCA 8th, 1970).

90/ Epstein, Labor and Federal Elections, p. 261.

91/ Epstein, Edwin M. The Emergence of Political Action Committees. In Alexander, Herbert (ed.). Political Finance. Beverly Hills, Sage Publications, 1979. p. 165.

The Supreme Court held that no violation of the (amended) law had occurred, in view of the fact that contributions were sought for the PAC on a voluntary basis (with no reprisals threatened), that the intended political purpose of the donations was clearly indicated, and that the money was kept segregated from the union treasury (dues money). That the union officials were involved in collecting the funds and retained control over their disposition was not viewed by the Court as a violation of the law.

Nowhere, however, has Congress required that the political organizations be formally or functionally independent of union control or that union officials be barred from soliciting contributions or even precluded from determining how the monies raised will be spent 92/

By giving its sanction to the voluntary, separate segregated fund, the Court accorded primacy to the protection of the individual stockholder or union member from having to contribute to candidates opposed to their personal philosophies over the sometimes conflicting goal of limiting the influence of unions and corporations in elections through their aggregated wealth. 93/ The Court stated:

When Congress prohibited labor organizations from making contributions or expenditures in connection with federal elections, it was, of course, concerned not only to protect minority interests within the union but to eliminate the effect of aggregated wealth on elections. But the aggregated wealth it plainly had in mind was the general union treasury--not the funds donated by union members of their own free and knowing choice. 94/

Although it refused to deal with constitutional issues, 95/ the Court's

92/ 407 U.S., at 415.

93/ Epstein, Corporations and Labor Unions, p. 42.

94/ 407 U.S., at 415-416.

95/ 407 U.S., at 407.

ruling in the Pipefitters case nonetheless offered a sense of legitimacy to the operation and concept of the separate segregated fund--the essence of the PAC--and particularly to the practice of union (or corporate) control over the disposition of the funds. Without the right to involve themselves in this aspect of the process, the political influence of business and labor would be sharply curtailed.

C. The Federal Election Campaign Act Amendments of 1974

The Federal Election Campaign Act Amendments of 1974 (Public Law 93-443) 96/ constituted a response of Congress to the Watergate scandal and is principally remembered for its imposition of limitations on campaign contributions and expenditures, and the establishment of the Federal Election Commission. With regard to PACs, the FECA Amendments of 1974 made three changes, relating to penalties, contribution limits, and Government contractors; the basic intent of 18 U.S.C. 610, as amended by the 1971 Act, was not affected by the 1974 legislation.

Section 101(a) of Public Law 93-443 amended 18 U.S.C. 608 to impose a limitation of \$5000 on the amount a "political committee" (other than a candidate's principal campaign committee) could donate per election to a candidate for Federal office, while any other "person" was limited to giving \$1000. As defined in the amended section (b)(2), a "political committee" met the criteria of what the 1976 Amendments later defined as a "multicandidate committee"--one that is registered for at least six months with the FEC, receives contributions from more than 50 persons, and makes contributions to

96/ 88 Stat. 1263 (1974).

five or more Federal candidates. Hence, the term "political committee" under the 1974 Amendments can be read as "multicandidate committee" or "political action committee," the terms used today; the term "person" under the 1974 Amendments would today refer to both an "individual" or a (non-multicandidate) "political committee." Thus, the 1974 Amendments made the critical distinction for purposes of the contribution limit between the political action committee and the individual. The opportunity for greater leverage accorded the PAC has had a definite impact on the financing of congressional elections, as will be discussed later.

The second PAC-related provision in the 1974 Amendments was in Section 101(e) which amended 18 U.S.C. 610 to impose higher penalties for violations of the ban on corporate and union contributions. The penalty for organizations convicted of violating the ban was raised from \$5000 to \$25,000 and from \$10,000 to \$50,000 for officers of those organizations who were found guilty of such violations.

The third provision, and the one which may well have had the biggest impact on PAC development in the 1970s, was the authorization for Government contractors to set up PACs. The confusion over this question stemming from the 1971 Act was exacerbated by a 1972 law suit by Common Cause against TRW, Inc., which alleged that the company, a major Government contractor, violated the law by setting up a PAC. 97/ Both the House Administration Committee, in its report on H.R. 16090, 98/ and the Senate Rules and Administration Committee, in its report on

97/ Epstein, Corporations and Labor Unions, p. 49.

98/ U.S. Congress. House. Committee on House Administration. Federal Election Campaign Act Amendments of 1974. Report to accompany H.R. 16090. House Report no. 93-1239, 93rd Cong., 2nd Sess. Washington, U.S. Govt. Print. Off., 1974. p. 20-21.

S. 3044, 99/ recommended amending 18 U.S.C. 611 to allow Government contractors to establish separate segregated funds. These provisions were passed by the respective chambers, and the following language was reported by the conference committee 100/ and was written into Public Law 93-443 as Section 103, amending 18 U.S.C. 611 to read:

This section does not prohibit or make unlawful the establishment or administration of, or the solicitation of contributions to, any separate segregated fund by any corporation or labor organization for the purpose of influencing the nomination for election, or election, of any person to Federal office, unless the provisions of section 610 of this title prohibit or make unlawful the establishment or administration of, or the solicitation of contributions to, such fund.

This provision removed a major stumbling block to the establishment of PACs by those companies and unions doing business with the Federal Government.

D. The FEC's SUN PAC Advisory Opinion

On November 18, 1975, the newly-created Federal Election Commission issued an advisory opinion in response to a request from the Sun Oil Company which had a dramatic effect on the rise of the corporate political action committee. Sun Oil had requested permission from the FEC to expend corporate funds in seeking employee and stockholder contributions to two separate political programs: a trustee payroll deduction plan (SUN EPA), which would act as a conduit for political contributions to candidates designated by the donor, and a political

99/ U.S. Congress. Senate. Committee on Rules and Administration. Federal Election Campaign Act Amendments of 1974. Report to accompany S. 3044. Senate Report no. 93-689, 93rd Cong., 2nd Sess. Washington, U.S. Govt. Print. Off., 1974. p. 17.

100/ U.S. Congress. House. Conference Committee. Federal Election Campaign Act Amendments of 1974. Conference Report to accompany S. 3044. House Report no. 93-1438, 93rd Cong., 2nd Sess. Washington, U.S. Govt. Print. Off., 1974. p. 67-69.

action committee (SUN PAC), through which contributions would be given to candidates at the discretion of company officials.

In Advisory Opinion 1975-23, the FEC approved the proposed Sun Oil Company programs and, in so doing, established several important precedents:

(1) that general treasury funds could be used to establish, administer, and solicit contributions to both SUN PAC and SUN EPA;

(2) that Sun could solicit contributions to SUN PAC from employees, as well as stockholders;

(3) that Sun could establish multiple PACs with separate contribution and expenditure limits (as long as the funds came solely from voluntary contributions); 101/ and

(4) that the payroll deduction (automatic check-off) plan was a legitimate vehicle with which the company could seek contributions, in contrast with the prohibition on such a plan for labor unions engendered in the 1947 Taft-Hartley Act. 102/

Clearly, the major ground broken by the SUN PAC ruling was the permission granted for corporations to solicit employees, in addition to stockholders (as specifically permitted in 18 U.S.C. 610). This was seen by labor unions and the two dissenting FEC Commissioners as upsetting the political balance Congress had sought to establish between corporations and unions. Sun Oil, for example, had 126,555 stockholders and 27,707 employees, few of whom were unionized; thus, while the company could solicit over 150,000 persons, the union could solicit just a small fraction of that. 103/ The FEC did seek to alleviate some of the

101/ Epstein, The Emergence of Political Action Committees, p. 167.

102/ Epstein, Labor and Federal Elections, p. 268.

103/ Epstein, The Emergence of Political Action Committees, p. 168.

potential problems caused by allowing employees to be solicited by the corporation, and it recommended the following guidelines in its opinion:

First, no superior should solicit a subordinate. Second, the solicitor should inform the solicited employee of the political purpose of the fund for which the contribution is solicited. Third, the solicitor should inform the employee of the employee's right to refuse to contribute without reprisal of any kind. 104/

The guidelines apparently did little to assuage the concerns of organized labor that employees would be pressured, however subtly by their employers. In general, unions were distressed by the SUN PAC (and SUN EPA) ruling, while the business sector hailed it.

In its detailed prescriptions for the establishment and operation of corporate PACs, the FEC helped create a climate more conducive to their establishment. As one account stated:

While it was the 1971 and 1974 amendments that provided the legal authority for business PACs, it was SUN PAC that provided the imprimatur for the explosion in their size and numbers. 105/

E. The Supreme Court's Buckley v. Valeo Decision

On January 30, 1976, the Supreme Court issued its decision in the case of Buckley v. Valeo, 106/ in which the constitutionality of many of the campaign finance reforms of 1974 were at issue. Most notably, the Court upheld the limits on contributions, while nullifying the expenditure limits. Although 18 U.S.C. 610 and 611 were not directly at issue, the Buckley decision did have a bearing on political action committees in three areas.

104/ Federal Election Commission. Advisory Opinion 1975-23. Federal Register, v. 40, no. 233, Dec. 3, 1975. p. 56584-56588.

105/ Epstein, An Irony of Electoral Reform, p. 36.

106/ 424 U.S. 1 (1976)

In two instances, the Court relied upon, and its decision coincided with, the FEC's ruling in the SUN PAC case. In its defense of the limitation on contributions, the Court argued that ample opportunities remained for individuals and groups to have an impact on the electoral process. The PAC was held up as an example in the following footnote, in which the Court made reference to the ability of corporations to solicit employees (the prime contribution of the SUN PAC decision in the view of many commentators):

While providing significant limitations on the ability of all individuals and groups to contribute large amounts of money to candidates, the Act's contribution ceilings do not foreclose the making of substantial contributions to candidates by some major special interest groups through the combined effect of individual contributions from adherents or the proliferation of political funds each authorized under the Act to contribute to candidates. As a prime example, §610 permits corporations and labor unions to establish segregated funds to solicit voluntary contributions to be utilized for political purposes. Corporate and union resources without limitation may be employed to administer these funds and to solicit contributions from employees, stockholders, and union members. Each separate fund may contribute up to \$5,000 per candidate per election so long as the fund qualifies as a political committee under §608(b)(2) . . . 107/

As the footnote continued, the Court appeared to adopt another aspect of the SUN PAC ruling--concerning the question of proliferation, the establishment of multiple PACs within an organization:

The Act places no limit on the number of funds that may be formed through the use of subsidiaries or divisions of corporations, or of local and regional units of a national labor union. The potential for proliferation of these sources of contributions is not insignificant. In 1972, approximately 1,824,000 active corporations filed federal income tax returns In the same year, 71,409 local unions were chartered by national unions

The Act allows the maximum contribution to be made by each unit's fund provided the decision or judgment to contribute to particular candidates is made by the fund independently of control

107/ 424 U.S., at 28 [fn. 31].

or direction by the parent corporation or the national or regional union. 108/

The third respect in which the Buckley decision had an impact on PACs concerned the issue of independent expenditures. The Court declared unconstitutional the FECA's limitations on independent expenditures, those made in support of or opposition to candidates without prior approval of or coordination with a candidate's own campaign. 109/ By lifting the limits on such expenditures, while leaving intact those on direct contributions to candidates, the Court's ruling created a major avenue for individuals and groups seeking to influence elections beyond the level permitted under the FECA. In the years since 1976, particularly in 1980 and 1982, the independent expenditure route has become increasingly popular, with the leaders in the field being the political action committees. These two vehicles--the PAC and the independent expenditure--are changing the way in which our politics are financed in the 1980s. And the increasing convergence of the two methods have compounded their impact on the system.

F. The Federal Election Campaign Act Amendments of 1976

On May 11, 1976, the Federal Election Campaign Act Amendments of 1976 (Public Law 94-283) 110/ were signed into law. Although the new amendments were necessitated by the Supreme Court's ruling in the Buckley v. Valeo case, which did not deal directly with PACs, the 1976 law contained numerous and important provisions which had a direct bearing on PACs and their evolution. These provisions

108/ Ibid.

109/ Ibid., at 47-48.

110/ 90 Stat. 475 (1976).

represented an attempt to clarify the laws relating to PACs through greater specificity as to who could establish separate segregated funds and how they could be operated. Furthermore, the PAC provisions constituted a compromise between the interests of business and labor, in view of charges by labor that the balance of power between the sectors had been tilted toward business by the SUN PAC ruling; such concerns by labor had been heightened by the significant increase in corporate PACs following that advisory opinion. 111/

Major changes resulting from the 1976 Amendments included: the explicit authority granted to trade associations, membership organizations, and other groups to establish separate segregated funds; the restriction on types of employees corporations could solicit; guidelines for soliciting contributions for all categories of segregated funds; a limit on the proliferation of PACs within an organization; permission for unions to make use of payroll deduction plans to solicit contributions to its PACs; the introduction of the term "multicandidate committee"; and, new limits affecting contributions by both a political committee and a multicandidate committee.

First, the campaign finance laws were recodified with the removal of all relevant sections from Title 18 of the U.S. Code and their reassignment to Title 2. Section 610, dealing with contributions by unions, corporations, and national banks, became 2 U.S.C. 441b; Section 611, dealing with contributions by Government contractors, became 2 U.S.C. 441c.

Under section 441b, the prohibition on political contributions and expenditures by unions and corporations was recodified as subsection (a). The definition of "contribution or expenditure" and the exclusions became

111/ Epstein, The Emergence of Political Action Committees, p. 169-170.

subsection (b)(2), with alterations made in the wording of each of the three excluded activities--those that could be conducted with the organization's general treasury. The permission for internal communications [(b)(2)(A)] and nonpartisan registration and get-out-the-vote drives [(b)(2)(B)] were amended to allow corporations to direct such activities at executive or administrative personnel (and their families), in addition to stockholders (and their families); no change was made affecting the eligible pool for unions (members and their families). The third exclusion--separate segregated funds--was amended to give specific authority for such funds to organizations other than unions and corporations; section 441b (b)(2)(C) excluded from the term "contribution or expenditure":

. . . the establishment, administration, and solicitation of contributions to a separate segregated fund to be utilized for political purposes by a corporation, labor organization, membership organization, cooperative, or corporation without capital stock.

The original FECA prohibition against coercion in the solicitation of contributions to PACs was transferred intact to subsection (b)(3)(A). Furthermore, two prohibitions, based on the FEC's guidelines for solicitation in the SUN-PAC ruling, were added. Subsection (b)(3)(B) required employees to be informed of the political purposes of the fund when solicited, while subsection (b)(3)(C) required that the solicited party be informed of his right to refuse to contribute, without reprisal. (The FEC suggestion that supervisors not solicit their subordinates was not incorporated into the 1976 Amendments.)

Subsection (b)(4)(A) made it unlawful, unless specifically permitted, for corporations to solicit anyone other than stockholders and executive or administrative personnel and their families [(b)(4)(A)(i)] and for unions to solicit anyone other than union members and their families [(b)(4)(A)(ii)]. This provision was generally seen as a defeat for the business sector by

curtailing the blanket permission to solicit all employees in a corporation. Subsection (b)(4)(B) granted permission for unions and corporations to make two written solicitations per year of each other's pool of potential contributors, the solicitations to be conducted by a third party to protect the confidentiality of membership lists.

The guidelines for groups other than unions and corporations were outlined in subsection (b)(4)(C) and (D). In the former, membership organizations, cooperatives, and corporations without capital stock were authorized to solicit their members for contributions to a separate segregated fund. In the latter subsection, trade associations were granted permission to solicit the executive or administrative personnel and stockholders (and families) of member corporations, provided that the corporations gave prior approval and permitted no more than one affiliated trade association to make such solicitations a year.

Organized labor received a substantial boost from subsections (b)(5) and (6), which gave them permission to solicit contributions in the same manner that corporations did and required corporations to make available such systems to unions at cost. This meant that the payroll deduction plan approved for corporations by the SUN PAC Opinion but denied to labor unions by the Taft-Hartley Act was now available to labor, as well. Thus, a fundraising system which greatly facilitated the collection of donations would be available to unions, with the corporations required to assist in the mechanics of the operation.

The final subsection of the new 2 U.S.C. 441b defined what was meant by the terms "executive or administrative personnel." Subsection (b)(7) defined them as:

individuals employed by a corporation who are paid on a salary, rather than hourly, basis and who have policymaking, managerial, professional, or supervisory responsibilities.

Overall, Section 441b underscores one of the basic issues in the discussion of PACs--who can be solicited for contributions. Although PACs may accept contributions from any source generally permitted to contribute to American elections, they are strictly limited as to whom they may solicit to contribute. For example, organized labor has argued that the definition of "executive or administrative personnel" is so broad that the vast majority of corporate employees can be considered eligible to receive company solicitations. At issue is the potential for influence; the greater the audience to whom one can direct one's appeals and communications, the greater the potential harvest of funds and, in turn, political clout.

The provisions relating to Government contractors were recodified as 2 U.S.C. 441c. The prohibitions on political contributions and expenditures by contractors were moved to subsection (a), and the explicit authority for Government contractors to maintain separate segregated funds was placed in subsection (b). PACs set up by contractors would be treated as they would by any other organization and would abide by the same principles as elaborated in section 441b.

The framework in which PACs were to operate following the 1976 Amendments was completed by that section of the new law which established the limitations on contributions and expenditures. Section 441a added new limits on contributions and expenditures, introduced the term "multicandidate committee," and imposed anti-proliferation rules on PACs established within a single organization.

Whereas the 1974 Amendments had already established three criteria which a political committee had to meet in order to qualify for the \$5000 limit on contributions, the 1976 Amendments simply gave this preferentially-treated political committee a new name. For purposes of the contribution limitations, section 441a(a)(4) defined the term "multicandidate political committee" as:

a political committee which has been registered under section 433 of this title for a period of not less than 6 months, which has received contributions from more than 50 persons, and, except for any State political party organization, has made contributions to 5 or more candidates for Federal office.

The distinctions between the multicandidate political committee and the political committee lies principally in the different contribution limits imposed on each. Section 441a(a)(2) imposed the following limits on multicandidate committees:

- (A) \$5,000 to any candidate or his authorized political committee;
- (B) \$15,000 to national political party committees; and
- (C) \$5,000 to any other political committee.

The \$5,000 limit on candidate contributions was unchanged from the 1974 Amendments, whereas the limits on national party committees and on other political committees were imposed for the first time in 1976.

In contrast with the multicandidate committee, the limits on the ordinary political committee were, in all but one respect, the same as those imposed on the individual. Section 441a(a)(1) imposed the following limits on contributions by persons (including both an individual and a political committee):

- (A) \$1,000 to any candidate or his authorized political committee;
- (B) \$20,000 to national political party committees; and
- (C) \$5,000 to any other political committee.

The \$1,000 limit remained unchanged from 1974, but the limits affecting national party committees and other committees were innovations of the 1976 legislation. While a multicandidate committee may give less than an individual or an ordinary political committee to national party committees, this feature imposed little hardship on the multicandidate committees which have strongly preferred contributing directly to candidates. The one distinction in limits which has

had a great impact on the electoral process is that affecting contributions to Federal candidates, the \$5,000 versus the \$1,000 limit.

As mentioned above, only in one respect are individuals and political committees treated differently under the law for purposes of contributions. Under Section 441a(a)(3), the individual is limited to an aggregate of \$25,000 for all contributions in a calendar year (to candidates, parties, PACs, etc.). There is no aggregate limit on political committees; nor is there for multicandidate committees. Thus, in this crucial respect, any political committee, whether or not it qualifies as a multicandidate committee, is given a greater opportunity to affect the outcome of elections than is any individual (at least through the direct candidate contribution route).

Section 441a(a)(5) established the anti-proliferation rules, which declared that:

In any case in which a corporation or any of its subsidiaries, branches, divisions, departments, or local units, or a labor organization and any of its subsidiaries, branches, divisions, departments, or local units establish or finance or maintain or control more than one separate segregated fund, all such separate segregated funds shall be treated as a single separate segregated fund for purposes of the limitations provided by paragraph (1) and paragraph (2).

This provision overruled the SUN PAC Opinion which allowed separate contribution limits for each PAC established within a single organization. It was intended to restrict the activities of both labor and business. As described in the conference report on the 1976 Amendments:

The anti-proliferation rules established by the conference substitute are intended to prevent corporations, labor organizations, or other persons or groups of persons from evading the contribution limits of the conference substitute. Such rules are described as follows:

1. All of the political committees set up by a single corporation and its subsidiaries are treated as a single political committee.

2. All of the political committees set up by a single international union and its local unions are treated as a single political committee.

3. All of the political committees set up by the AFL-CIO and all its State and local central bodies are treated as a single political committee.

4. All the political committees established by the Chamber of Commerce and its State and local Chambers are treated as a single political committee.

5. The anti-proliferation rules stated also apply in the case of multiple committees established by a group of persons. 112/

The 1976 Amendments were considered at the time a victory for labor, whereas business groups expressed concern over their impact. 113/ In fact, "they gave the business community far greater running room in the electoral process than theretofore." 114/ Furthermore, the explicit authority given to trade associations, membership organizations and others to establish PACs adds to the overall impression that all types of PACs benefitted from the 1976 Amendments.

G. Conclusion

Each law and judicial and administrative ruling discussed above added new and more detailed guidelines for the establishment and operation of PACs. Each one served to reduce barriers to their existence, thus individually and cumulatively contributing to their proliferation.

112/ U.S. Congress. House. Conference Committee. Federal Election Campaign Act Amendments of 1976. Report to accompany S. 3065. 94th Cong., 2nd Sess., House Report no. 94-1057. Washington, U.S. Govt. Print. Off., 1976. p. 58.

113/ Epstein, Labor and Federal Elections, p. 268.

114/ Epstein, An Irony of Electoral Reform, p. 37.

CHAPTER THREE: GROWTH OF PACs SINCE 1972:
THE NUMBERS, THE DOLLARS, AND THE REASONS

The previous chapter traced the political action committee as it evolved in Federal law during the 1970s. This chapter will present and analyze the data which document the PAC growth facilitated by the changes in the law. In fact, it must be remembered in reviewing these data that not only was PAC growth made possible by the laws but that the laws were necessitated by the growth in PACs; the process of amending the FECA was coupled with the proliferation of PACs which these statistics reveal.

Section I presents the growth of PACs since 1974 in terms of the numbers. Section II offers evidence of PAC growth in terms of financial activity. It examines the levels of PAC spending in every election from 1972 to 1982, placing the figures in the context of overall campaign spending activity. In addition, it provides such information as which types of PACs have grown the most rapidly, who has benefitted from their growth, and which PACs have spent the most money in each election year. Finally, Section III offers a discussion of the reasons for PAC growth in the past decade, in light of the foregoing documentation of the legal and statistical bases for it.

I. PAC GROWTH SINCE 1974

On April 6, 1972, the day the FECA of 1971 took effect, there were 113 PACs in existence (according to unpublished FEC data). By January 1, 1975, when the Federal Election Commission was established and began systematically keeping tabs on PACs, the number stood at 608. In the nine years since then,

the number of nonparty committees (PACs) registered with the FEC has nearly sextupled, increasing to 3,525 by the end of 1983. The following table presents the numbers of nonparty committees registered with the FEC from 1974 through 1983. The data is broken down by type of PAC, using the categories the Commission devised in 1977: corporate, labor, trade/membership/ health, non-connected, cooperative, and corporation without stock. Prior to the year-end figures for 1977, all PACs other than corporate and labor were included in the trade/membership/health grouping (thus explaining the drop in that category from December 31, 1976, to December 31, 1977).

TABLE 1. Number of Registered PACs: 1974-1983 1/

Type	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Corp.	89	139	433	550	784	949	1204	1327	1467	1536
Labor	201	226	224	234	217	240	297	318	380	378
Trade/ Memb./ Health <u>2/</u>	318	357	489	438	451	512	574	608	628	617
Non- Conn.				110	165	250	378	539	746	821
Coop.				8	12	17	42	41	47	51
Corp. w/o stock				20	24	32	56	68	103	122
Total	608	722	1146	1360	1653	2000	2551	2901	3371	3525

1/ Data as of December 31 for every year except 1975 (November 24).

2/ Includes all non-corporate and non-labor PACs through 12/31/76.

Source: U.S. Federal Election Commission. FEC Releases New PAC Figures (press release): Jan. 20, 1984.

Although the numbers relating the net growth in PACs shown in Table 1 are largely self-explanatory, some observations may be appropriate. The sharpest percentage increase occurred between November 24, 1975, and December 31, 1976. The earlier date is significant because it marked the issuance of Advisory Opinion 1975-23--the SUN PAC ruling. In the following 13 months, PACs experienced a net increase of 59 percent, from 722 to 1,146. Thereafter, PACs grew in ever-increasing increments: 214 in 1977, 293 in 1978, 347 in 1979, and 551 in 1980. The net growth in 1980, the largest numerical increase during the six-year period, is attributable in large measure to the enormous amount of publicity accorded PACs in the media since the 1978 elections.

Since 1980, the rate of PAC proliferation has slowed notably. From an average annual increase of 21 percent between 1974 and 1980, the rate fell to 14 percent in 1981 (an increase of 352 PACs) and rose slightly in 1982 to 16 percent (an increase of 470 PACs). At the end of 1983, only 154 additional PACs had registered--an increase of less than 5 percent for the year. It appears that the proliferation of PACs has tapered off from the rapid growth in the late 1970s, although one can hardly interpret this as an indication of a decrease in importance of or interest in PACs.

Beyond the overall growth in PACs, Table 1 reports the relative growth of the various categories of PACs. Clearly, the corporate committees have demonstrated the most enormous growth in their ranks--with an increase of more than 1600 percent in nine years, from 89 in 1974 to 1,536 in 1983. Here, the SUN PAC ruling can be seen as having had a particularly salient effect on the willingness of corporations to establish separate segregated funds; corporate PACs more than tripled in number in the 13 months following that advisory opinion. As of 1983, 44 percent of all PACs were grouped in the "corporate" category.

As notable as the dramatic increase in corporate PACs, there has been relative stability in the area of labor PACs. Having increased just 88 percent in nine years, labor PACs actually experienced a net decline in several of those years. Unlike in the corporate sector, the potential for increase in labor PACs is distinctly limited. Most of the large, politically active unions have operated PACs for many years. In contrast, most of the remaining unions are either too small or not sufficiently political or, as affiliates of national and international unions, are subject to the same single contribution limit as their parent bodies, thus reducing the incentives to establish PACs. ^{115/} Thus, the data reveal that while labor unions pioneered the field of political action committees, establishing precedents for others to imitate, they have been increasingly dwarfed by the PAC growth in other sectors. In 1974, labor PACs constituted one-third of all PACs; at the end of 1983, they constituted only one-ninth. In 1974, there were over twice as many labor PACs as there were corporate PACs; by 1983, corporate PACs exceeded those of labor unions by a 4 to 1 ratio.

The growth of the trade/membership/health category is more difficult to document, in view of the inclusion between 1974 and 1977 of PACs which were ultimately assigned separate categories. Nonetheless, it is fair to say that the growth here has been significant. If all 318 PACs in the trade/membership/health category in 1974 were appropriately listed there under the standards introduced in 1977, one can say that they increased by 94 percent as of 1983. If, on the other hand, the 138 PACs separated into new categories in 1977 were

^{115/} Epstein, Edwin M. Business and Labor Under the Federal Election Campaign Act of 1971. In Malbin, Parties, Interest Groups, and Campaign Finance Laws, p. 143.

in existence in 1974, the accurate 1974 count of trade/membership/health PACs would be 180, thus indicating an increase of 243 percent through 1983. In fact, the correct estimate of growth in this category likely falls somewhere between the 94 percent and the 243 percent figures--not as high as the 480 percent increase in PACs overall, but high enough to add measurably to the increasing business orientation of PACs today. (See further discussion of this aspect below.)

The "non-connected" category (those PACs not affiliated with an existing organization) has experienced extremely rapid growth in the seven years it has been used by the FEC. As a reflection of the political climate in which PACs operate today, the sharp increase of non-connected PACs is hardly surprising, comprised, as they are, largely of ideological interest groups. In just six years, PACs in this grouping have more than septupled--from 110 in 1977 to 821 in 1983, during which time the overall number of PACs increased by two-and-one-half-fold.

The data presented and discussed above offers partial evidence of the growth of political action committees in general and the growth of corporate, non-connected, and trade/membership/health PACs in particular. It also offers partial evidence of the overshadowing of labor PACs by other interest groups. All of these phenomena will be further developed as the financial activity data is presented later in this chapter.

The relative power of labor and business to influence our political process is an age-old struggle. Thus, a closer look at relevant statistics which may shed light on this struggle is warranted. As bleak a picture as the data depict for organized labor, they, in fact, do not adequately represent the magnitude of the increasing gap between labor PACs and those associated with the business sector. A comparison of the numbers for corporate vs. labor PACs does not tell

the whole story. There is a strong business orientation in the trade/membership/health category, as represented by such powerful trade groups as the National Association of Realtors and such important health groups (largely professional associations) as the American Medical Association. Among non-connected PACs, is the Business-Industry Political Action Committee (BIPAC), the first major business PAC. Among cooperatives are the PACs of the Associated Milk Producers, Inc. (AMPI), and the Mid-America Dairymen, Inc. The corporations without stock are, by definition, business-oriented, as exemplified by the California Almond Growers Exchange. 116/ Thus, many business-oriented PACs are classified in categories other than the "corporate" one.

In an attempt to construct a system which more accurately reflects the number of PACs which promote a basically pro-business philosophy, political scientist Edwin Epstein has estimated that one-half of all non-labor and non-corporate PACs under the FEC scheme can be classified as business-related, along with all of the "corporate" PACs. 117/ Based on this system and using the data in Table 1, one can construct the following chart of labor and business-related PACs.

116/ Ibid., p. 118.

117/ Ibid., p. 116.

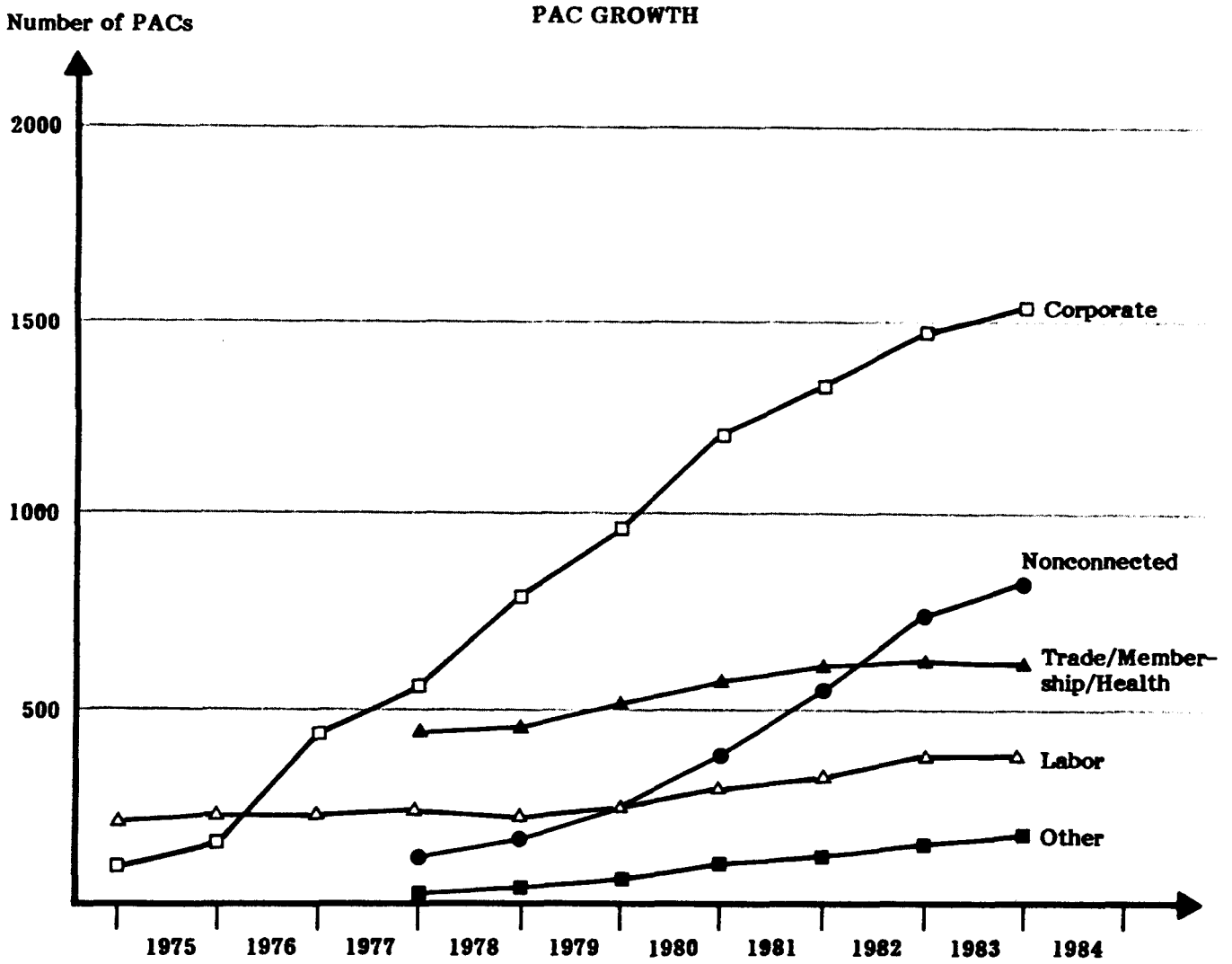
TABLE 2. Numbers of Labor and Business-Related PACs: 1974-1982

Category	1974	1976	1978	1980	1982
Labor	201	224	217	297	380
Business-oriented ^{1/}	248	678	1100	1729	2229

^{1/} Business-oriented equal all corporate PACs plus one-half of all trade/membership/health, non-connected, cooperative, and corporations without stock.

While these data do present a more accurate picture of business strength in the PAC movement, there are many tools which organized labor uses to compensate for this perceived imbalance; of course, the business sector has other strengths, as well. These approaches will be discussed in Chapter Four. More fundamentally, one may question the extent to which issues which face modern society lend themselves to the traditional framework of a conflict essentially between business and labor interests. Increasingly, one finds public policy issues which pit various interests against the combined forces of labor and business, with unpredictable results. This, too, will be discussed further in Chapter Four.

In concluding this section on the numerical growth of PACs, it is instructive to examine the data in graph format (from 1974-1984), as prepared by the FEC.



Source: U.S. Federal Election Commission. FEC Record, March 1984, p. 6.

II. PAC GROWTH FROM 1972-1982: THE DOLLARS

This section of the report places the discussion of political action committees within the context of their financial activity during the past decade. The tables of data and the accompanying analysis will explore many fundamental questions concerning PAC spending. Part A will examine the aggregate data on PAC expenditures and contributions since 1972, from the perspective of both the PACs and the candidates. Part B will address the question of where the money originated, by looking at the relative levels of activity among the various types of PACs and at the leading PACs in each election year. Part C will explore the question of where the money has been going, from the perspective of both the PACs and the candidates. Finally, Part D will summarize the major findings of this (and the previous) section.

The compilation of the data presented in this section's tables has been made difficult by many factors, not the least of which is the absence of a single, uniform source for the various statistics. The sophistication and the reliability of the data has increased enormously in the last three election cycles, as a result of the efforts by the Federal Election Commission to impose systematic and comprehensive methods of compiling the various statistics from the disclosure statements filed with that agency. Before the FEC was established and before it established its primacy as the source of campaign finance data, private organizations assumed the responsibility of reporting the aggregate data to the public. Common Cause maintained campaign finance monitoring projects during the elections of 1972, 1974, and 1976. The Citizens Research Foundation, under the direction of Professor Herbert Alexander, compiled its own data for the 1972 and 1976 elections. Each of these organizations adopted its own methods for organizing data, and,

as a result, they reached varying conclusions about spending levels in the years their research overlapped. In 1976, the Federal Election Commission was operational, but its reports did not reflect the comprehensiveness of its more recent studies. Thus, for each of the three earliest elections covered in this chapter--1972, 1974, and 1976--between one and three sources are available for information.

For 1972, there is the additional handicap of two different systems of campaign disclosure required during that year. The Federal Election Campaign Act did not take effect until April 7, 1972, prior to which time disclosure was governed by the 1925 Corrupt Practices Act, which had long since been regarded as an ineffective system. Furthermore, five changes in the election law over the past twelve years and the concomitant changes in the disclosure forms, have made compiling uniform, comparable data even more difficult.

In addition to three organizations which compiled campaign finance data during the past twelve years, several scholars have also sought to compile data in useful ways, often basing their work on the findings of the three organizations but sometimes exploring on their own. The work of these scholars, notably among them Edwin Epstein, Michael Malbin, and Gary Jacobson (all cited in the ensuing pages), has generally clarified the data from other sources. Sometimes, unfortunately, their findings appear to conflict, either with one another or with those of Common Cause, the Citizens Research Foundation, or the FEC. Journalists, too, have presented useful campaign finance data, which often highlighted events or statistics at a given time, without analysis of overall trends; often they clarified, but other times they confused, the overall picture.

This chapter makes use of the findings of all of the above sources. In attempting to reconcile seemingly conflicting data, the guiding principles have been simplicity, uniformity of data, availability of data in useful breakdowns,

and comparability with other data within a table or with data in other tables. Because of the variety of sources and the different methods of categorizing data from source to source or from year to year, frequently data within a table are not exactly comparable with other data in that table. Consequently, the tables are filled with explanations and caveats; the accompanying analysis offers broader explanations and caveats. Such questions as why some tables offer data for only House races or why some offer data only for candidates in general elections will be explained within these pages. One obvious and overriding reason is that such types of data may have been all that were compiled by any of the various sources cited.

In terms of PAC contributions to candidates, this chapter confines itself exclusively to congressional candidates. Since 1976, PACs (and others) have been prohibited from making contributions to Presidential candidates accepting public funds in the general election. Although they have been allowed to contribute in the primaries, they have not taken much advantage of this opportunity; as will be discussed later, PACs generally save their money for the general election contests. In 1980, only 3 percent of PAC contributions to Federal candidates went to Presidential contenders, according to FEC data on PAC activity. For this reason and because most PAC activity in recent years has been directed at the congressional elections, it is the role of PACs in those elections on which this chapter will focus.

A. PAC Spending Since 1972: The Aggregate Data

This subsection provides the broad overview of the significance of the PAC phenomenon in American politics during the past twelve years. Data and

analysis presented in Part 1 offer the spending figures from the PACs' perspective: "How much has been spent by PACs?" The data and commentary in Part 2 address the question from the candidates' perspective: "How reliant have candidates become on PAC money, in view of their other sources of funding?" All of the tables and discussion that follow in Chapter Three must be viewed in the context of this overview.

1. The Overview from the PAC Perspective

Table 3 provides aggregate data on PAC receipts, expenditures, and contributions to congressional candidates in each election cycle since 1972. Although some of the receipt and expenditure figures for the three earlier years are either non-existent or of limited reliability (as in the 1974 expenditure figure), the overall trend is unmistakable. PACs spent almost 900 percent more in the 1982 elections than they did in the 1972 elections, from \$19.2 million in 1972 to \$190.2 million in 1982. PACs contributed nearly 900 percent more to congressional candidates in 1982 than they did in 1972, from \$8.5 to \$83.6 million.

In terms of the rate of increase, the rise in both direct contributions and spending was the sharpest from 1974 to 1976, an 80 percent and 100 percent increase, respectively--certainly a function to some extent of the FEC's 1975 SUN PAC ruling. The second highest jump was from 1978 to 1980, when the level of contributions to congressional candidates rose by some 57 percent and the level of adjusted expenditures rose by an even higher 69 percent. The increase in contributions in 1974, 1978, and 1982 was in each case approximately 50 percent--significant rises, despite the fact that they did not equal the magnitude of increase witnessed in 1976 and 1980.

TABLE 3. Financial Activity of Political Action Committees: 1972-1982
(full election cycle data)

Election cycle <u>1/</u>	Adjusted receipts <u>2/</u>	Adjusted expenditures <u>2/</u>	Contributions to congressional candidates
1972	n.a.	\$ 19,168,000	\$ 8,500,000 *
1974	n.a.	\$ 25,000,000 **	\$ 12,526,586
1976	\$ 54,045,588	\$ 52,894,630	\$ 22,571,912
1978	\$ 79,956,291	\$ 77,412,860	\$ 35,187,215
1980	\$137,728,528	\$131,153,384	\$ 55,217,291
1982	\$199,452,356	\$190,173,539	\$ 83,620,190

1/ The periods covered by the election cycles vary. Data for 1972 is limited for the period prior to April 7, 1972, the effective date for disclosure under the Federal Election Campaign Act of 1971. Until then, campaign finance disclosure was governed by the Federal Corrupt Practices Act of 1925, under which much activity went unreported. 1974 data covers Sept. 1, 1973, to Dec. 31, 1974. 1976 data covers Jan. 1, 1975, to Dec. 31, 1976. 1978 data covers Jan. 1, 1977, to Feb. 22, 1980. 1980 data covers Jan. 1, 1979, to Dec. 31, 1980. 1982 data covers Jan. 1, 1981, to Dec. 31, 1982. 1982 data covers Jan. 1, 1981, to Dec. 31, 1982.

2/ Adjusted data exclude monies transferred between affiliated committees and are thus more representative of levels of financial activity.

* Excludes contributions to candidates defeated in primaries.

** This is a rough estimate and does not correspond to the detailed breakdowns in Table 8.

Source: For 1972 expenditures: Alexander, Herbert E. Financing the 1972 Election. Lexington, D.C. Heath and Company, 1976: p. 93, 95. Total represents the sum of the totals for labor, other special interest, and ideological spending.

For 1972 contributions: Common Cause. Campaign Finance Monitoring Project. 1972 Federal Campaign Finances: Interest Groups and Political Parties. Washington, 1974, v. 1. p. vi.

For 1974 expenditures: [National Information Center on Political Finance]. Interest Groups: Bigger Spenders on '74 Races. Congressional Quarterly Weekly Reports, v. 31, September 28, 1974: 2583-2584. Estimate reflects \$13.3 million in adjusted expenditures plus the great bulk of the \$13.0 million in cash on hand.

TABLE 3. Financial Activity of Political Action Committees: 1972-1982
(full election cycle data)--Continued

For 1974 Contributions: Common Cause. Campaign Finance Monitoring Project. 1974 Congressional Campaign Finances. Vol. 5--Interest Groups and Political Parties. Washington, 1976. p. xii.

For 1976 receipts and expenditures: Federal Election Commission, unpublished data.

For 1976 contributions: Common Cause data. In Interest Group Gifts to 1976 Congressional Campaigns. Congressional Quarterly Weekly Reports, v. 35, April 16, 1977. p. 710.

For 1978: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1977-1978. Final Report. Party and Non-Party Political Committees. Vol. 1--Summary Tables. April 1980. p. 138, 140, 142.

For 1980: U.S. Federal Election Commission. FEC Releases Final PAC Report for 1979-80 Election Cycle (press release): Feb. 21, 1982.

For 1982: U.S. Federal Election Commission. FEC Publishes Final 1981-82 PAC Study (press release): Nov. 29, 1983.

The gap between adjusted expenditures and contributions to congressional candidates is readily observed in Table 3. While the gap widened substantially every election in dollar amounts (\$10.7, \$12.5, \$30.3, \$42.2, \$75.9, and \$106.6 million, respectively), the percentage of expenditures constituted by contributions remained at a rather constant level in every election: 42-50 percent--the low figure in 1980 and the high in 1974, which, being based on estimated data, is not an especially reliable figure. The somewhat less than 1 to 2 ratio of contributions to expenditures is a key finding of Table 3, one which has a bearing on data presented in the pages that follow.

The following list of commonly-made PAC expenditures specifies the components of PAC spending other than contributions to congressional candidates. It thus helps account for the gap discussed above.

(1) contributions to State and local candidates (these must be disclosed within the various States, but not necessarily to the FEC);

(2) contributions to Presidential candidates (in primaries); these play a smaller role than they did perhaps in 1972 and earlier, before the prohibition against accepting private contributions was imposed on general election

candidates taking public funds. As mentioned above, only 3 percent of PAC contributions to Federal candidates in 1980 went to Presidential contenders;

(3) contributions to national party committees and other political (non-candidate) committees, including other PACs e.g., PACs gave \$6 million to political parties in 1982);

(4) administrative costs--a particularly significant budget item for the non-connected PACs, which cannot have such costs borne by a sponsoring organization (as can corporate, labor, and trade/membership/health PACs);

(5) fundraising costs--again, a particularly large factor for non-connected PACs which are not limited in terms of who they may solicit to any sponsoring organization's membership lists. As they are permitted to solicit funds from the general population, they have turned increasingly to the direct-mail route--a method of growing sophistication and growing costs, as well. Estimates of the cost of raising money through direct-mail range as high as 90 percent of the total receipts; 118/ and

(6) independent expenditures--funds spent directly on communication with voters, for or against candidates and without any advance consultation with candidates, are not subject to any limits under the Federal Election Campaign Act. Consequently, these have been a growing force in American politics in the past three elections. The FEC reported that a little over \$2 million was spent independently in the 1976 elections; 119/ the level of independent

118/ Shaw, Robert D., Jr. Direct-Mail Pleas Raise Thousands for Fundraisers, Little for Causes. Miami Herald, March 30, 1981: 1A, 4A.

119/ U.S. Federal Election Commission. FEC Releases Information on Independent Expenditures (press release): October 9, 1980.

expenditures rose to \$16.1 million in the 1980 elections. 120/ This large increase is particularly relevant to the subject of PACs since all but about 12 percent of these funds were spent by PACs. (The great majority of this spending, however, was by a handful of PACs, and most of it was concentrated in Presidential contests.) Of greater relevance for congressional campaigns, the level of independent expenditures in House and Senate races rose from \$2.3 million in 1980 to \$5.8 million in 1982 (again, mostly by PACs). 121/

The growing amounts of money spent on fundraising and independent expenditures are the two most important factors in the widening gap in recent years between PAC expenditures and PAC contributions to congressional candidates. This is hardly surprising, in view of the heavy use of direct-mail and independent expenditures by the ideological (generally non-connected) PACs, which, as will be demonstrated later, have constituted of late the fastest growing component of overall PAC spending.

Table 4 takes the last column of the previous table--contributions to congressional candidates--and presents the breakdown of how much of the money (and what percentage) went to House vs. Senate candidates. Furthermore, because those figures represent financial activity during the entire election cycle (usually the election year and the one preceding it), the table also presents the data (with similar House and Senate breakdowns) for only those candidates who competed in general elections. It excludes contributions to candidates defeated in primaries and, in some of the years, candidates who ran in special

120/ U.S. Federal Election Commission. FEC Study Shows Independent Expenditures Top \$16 Million (press release): Nov. 29, 1981.

121/ U.S. Federal Election Commission. FEC Issues Final Report on 1981-82 Independent Spending (press release): Oct. 14, 1983.

elections; primary election contributions are included for only those contenders who appeared on the general election ballot.

TABLE 4. PAC Contributions to House and Senate Candidates in General Elections and in Full Election Cycles: 1972-1982
(in millions of dollars and percentages) 1/

Year	Full Election Cycle <u>2/</u>	House	Senate	General Election <u>3/</u>	House	Senate
1972	n.a.	n.a.	n.a.	\$ 8.5	\$ 5.4 (64%)	\$ 3.1 (36%)
1974	\$12.5	n.a.	n.a.	\$11.6	\$ 8.4 (72%)	\$ 3.2 (28%)
1976	\$22.6	n.a.	n.a.	\$20.5	\$15.0 (73%)	\$ 5.4 (26%)
1978	\$35.2	\$25.0 (71%)	\$10.2 (29%)	\$31.8	\$22.9 (72%)	\$ 8.9 (28%)
1980	\$55.2	\$37.9 (69%)	\$17.3 (31%)	\$51.9	\$36.0 (69%)	\$15.9 (31%)
1982	\$83.6	\$61.1 (73%)	\$22.6 (27%)	\$79.7	\$57.9 (73%)	\$21.8 (27%)

1/ Dollar amounts rounded off to the nearest tenth; percentages are based on rounded dollar amounts and are rounded off to nearest whole percent.

2/ Full election cycle includes data for all candidates in primaries and special and general elections for the election year and the year preceding it (except for 1974 which goes back to September 1, 1973). These data correspond to those in Table 3, infra.

3/ General election data excludes defeated candidates in primaries (and, perhaps, candidates in special elections). These data correspond to those in Table 5, infra.

TABLE 4. PAC Contributions to House and Senate Candidates in General Elections and in Full Election Cycles: 1972-1982 (in millions of dollars and percentages) 1/--Continued

Source: For 1972: Common Cause. Campaign Finance Monitoring Project. 1972 Federal Campaign Finances: Interest Groups and Political Parties. Washington, 1974. v. 1. p. vi.

1972 breakdowns extrapolated from: Jacobson, Gary C. The Pattern of Campaign Contributions to Candidates for the U.S. House of Representatives, 1972-78. In U.S. Congress. House. Committee on House Administration. An Analysis of the Impact of the Federal Election Campaign Act, 1972-78. From the Institute of Politics, John F. Kennedy School of Government, Harvard University. Committee Print, 96th Cong., 1st Sess. Washington, U.S. Govt. Print. Off., October 1979. p. 25 (Table 6).

For 1974: Common Cause. Campaign Finance Monitoring Project. 1974 Congressional Campaign Finances. Vol. 5--Interest Groups and Political Parties. Washington, 1976. p. ix, xii.

For 1976 general election data: Common Cause. 1976 Federal Campaign Finances. Interest Group and Political Party Contributions to Congressional Candidates. Washington, 1978. v. 1. p. viii.

For 1976 full election cycle: Common Cause data. In Interest Group Gifts to 1976 Congressional Campaigns. Congressional Quarterly Weekly Reports, v. 35, April 16, 1977: p. 710.

For 1978 full election cycle: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1977-1978. Final Report: Party and Non-Party Political Committees. Vol. 1--Summary Tables. Washington, April 1980. p. 142.

For 1978 general election data: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1977-1978. Interim Report No. 5--U.S. Senate and House Campaigns. Washington, June 1979. p. 32, 34.

For 1980: U.S. Federal Election Commission. FEC Releases Final Statistics on 1979-80 Congressional Races (press release): March 7, 1982.

For 1982: U.S. Federal Election Commission. FEC Releases Final Report on 1981-82 Congressional Elections (press release): Dec. 2, 1983.

Although the gap between the general election and the full election cycle figures has increased since 1974, signaling a greater willingness on the part of PACs to contribute in primaries, the chart demonstrates that the great bulk of PAC contributions are contributed (during the entire two-year cycles) to candidates who will be in the general elections (this could be shown more clearly if it were possible to sort out only those funds contributed in the general election, per se). In some of the tables which follow, data is presented only for the general election (again, including primary contributions which may have been given to candidates who later appeared on the general election ballot).

Although it might have been preferable to see the relevant breakdowns on a particular chart for the entire election cycle, it can be justified nonetheless by the fact that the general election data does constitute most of the PAC contributions.

The second salient feature in Table 4 is that, regardless of whether the data is for the general election or the full cycle, the proportion of funds going to House vs. Senate candidates remains constant, as it has roughly since 1974. Approximately 70 percent of PAC money goes to House candidates, as compared with 30 percent to Senate candidates. Of course, it must be noted that there are many more House candidates than Senate candidates in any given year, thus accounting in large measure for the disproportionate share going to one of the two bodies. The greater amounts of PAC money given to House candidates, combined with the greater reliance of House candidates on PAC money (as will be demonstrated shortly), provide some justification for the focus on only House elections in some later charts.

2. The Overview from the Candidates' Perspective

While the overall dollar figures reflect the magnitude of PAC giving, one must examine the data from the candidates' perspective to round out a basic understanding of the role PAC money has been playing in elections. Tables 5-7 offer evidence that PAC contributions have grown significantly in relative importance among the various sources of candidate funding and that this trend has been particularly pronounced in House races, and that 1980 marked a notably increased level of Senate candidate reliance on PAC giving. As Table 5 indicates, PAC contributions to congressional candidates in general elections as a percentage of all candidate receipts has risen from 13.7 percent

in 1972 to 26.6 percent in 1982. The sharpest percentage increase occurred in the 1980 election--5.6 percent over 1978. The second highest increase was the 3.9 percent jump from 1974 to 1976, which, as Table 3 revealed, marked the highest increase in PAC spending and contributing. It is too soon to tell whether the less than one percent increase in 1982 may signal a leveling off of this aspect of PAC growth.

TABLE 5. PAC Contributions as a Percentage of Congressional Candidates'
Overall Receipts in General Elections: 1972-1982 1/

Year	Candidate Receipts <u>2/</u>	PAC Contributions <u>2/ 3/</u>	Percent Given by PACs
1972	\$ 62.2	\$ 8.5	13.7%
1974	\$ 73.9	\$ 11.6	15.7%
1976	\$104.8	\$ 20.5	19.6%
1978	\$158.2	\$ 31.8	20.1%
1980	\$201.6	\$ 51.9	25.7%
1982	\$299.9	\$ 79.7	26.6%

1/ Data combines House and Senate receipts (adjusted, where possible) only for candidates who ran in the general election; data for defeated primary election candidates is excluded.

2/ In millions of dollars

3/ These amounts correspond with those in the third from last column in Table 4, *infra*.

Source: For 1972, 1974, 1976, and 1978 receipts: Malbin, Michael J. *Of Mountains and Molehills: PACs, Campaigns, and Public Policy*. In *His Parties, Interest Groups, and Campaign Finance Laws*. Washington, American Enterprise Institute for Public Policy Research, 1980. p. 154-155 (Table 1).

For 1972 contributions: Common Cause. *Campaign Finance Monitoring Project*. 1972 Federal Campaign Finances: Interest Groups and Political Parties. Washington, 1974. v. 1, p. vi.

For 1974 contributions: Common Cause. *Campaign Finance Monitoring Project*. 1974 Congressional Campaign Finances. Vol. 5--Interest Groups and Political Parties. Washington, 1976. p. ix.

TABLE 5. PAC Contributions as a Percentage of Congressional Candidates' Overall Receipts in General Elections: 1972-1982 1--Continued

For 1976 contributions: Common Cause. 1976 Federal Campaign Finances. Interest Group and Political Party Contributions to Congressional Candidates. Washington, 1978. v. 1. p. viii.

For 1978 contributions: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1977-1978. Interim Report No. 5--U.S. Senate and House Campaigns. Washington, June 1979. p. 34.

For 1980: U.S. Federal Election Commission. FEC Releases Final Statistics on 1979-80 Congressional Races (press release): March 7, 1982.

For 1982: U.S. Federal Election Commission. FEC Releases Final Report on 1981-82 Congressional Elections (press release): Dec. 2, 1983.

Table 6 presents for each the House and Senate the percentages of overall receipts which were constituted between 1972-1982 by the four principal sources of candidate funding: PACs, individual contributors, political parties, and candidate contributions to their own campaigns. This table amplifies the findings in Table 5 by showing how the PAC component of candidate receipts compared with the other key funding sources and how that component factored into House versus Senate campaigns. It should be noted at the outset that the data in this table is subject to dispute among various sources and may, in fact, be of limited utility because of changes in the way information is reported and divergent theories about the correct way to compile information. Indeed, for all but the PAC and party categories, this configuration appears to be much less relevant today than it did four or six years ago. Hence, the table is offered for purposes of rough estimations of relative roles of funding sources and with only limited claim of authoritativeness.

At a glance, one notices that PAC contributions have consistently accounted for a greater share of House candidate receipts than of Senate candidate receipts. The proportion of PAC money among all sources of funding has increased steadily for House candidates, from 14.0 percent in 1972 to 31.5 percent in 1982--with the sharpest rise occurring in 1976, followed by the rise in 1980; as of 1982, nearly one-third of House candidates' funds came from PACs.

In contrast with the House, no definitive trend on the PAC role is revealed in the data on Senate campaigns. Although it appeared after the 1980 elections that PACs might play a significantly greater role than in the past (the percentage increase actually surpassed that in the House in 1980), it was followed by a decline in the importance of PAC money in 1982. The 4 percent jump in 1976 was in keeping with the overall growth in the importance and level of PAC spending that year, but the increase was transitory, as the PAC percentage fell again in 1978. (Senate data is made even more difficult to analyze in view of a much longer fundraising period than for House races.)

A commonly offered explanation for the greater proportion of PAC contributions to House candidates relates to the lower visibility of House Members and campaigns vis-a-vis their Senate counterparts. It is far more difficult for the typical House Member to attract the attention of the news media, particularly in view of the concentration of so many Members in the same media markets, than it is for the typical Senate Member. As news of the official activities and election contests of the latter is more widely disseminated than for their House counterparts, it generates a greater degree of citizen interest in and enthusiasm for the Senate election and its contestants; from this enthusiasm flows a higher level of individual contributions, which, in turn, renders PAC donations less important in the scheme of things. Furthermore, the much larger population of States, as compared to the average congressional district, combined with the greater resources generally available to Senate contenders, makes the direct-mail system of fundraising more viable in a Senate jurisdiction than in a congressional district. Direct-mail is a key component of modern efforts to raise small individual contributions. Lacking both the same degree of

citizen interest in their contests and the means to finance costly direct-mail campaigns, House candidates may be more reliant on contributions from groups (parties or PACs), through which they can raise money in larger amounts from fewer sources.

TABLE 6. Funding Sources for Candidates in House and Senate General Elections: 1972-1982

Year	Candidate Receipts <u>1/</u>	Source (in percentages)				
		PACs	Parties <u>2/</u>	Individuals	Candidates <u>3/</u>	Unknown
<u>House</u>						
1972	\$ 38.9	14.0	17	60	---	9
1974	\$ 45.7	17.1	4	73	6	---
1976	\$ 65.7	22.4	8	59	9	---
1978	\$ 92.2	24.8	5	61	9	---
1980	\$ 124.6	28.9	4	67	---	---
1982	\$ 183.9	31.5	3	66	---	---
<u>Senate</u>						
1972	\$ 23.3	11.9	14	67	0	8
1974	\$ 28.2	11.0	6	76	1	6
1976	\$ 39.1	14.8	4	69	12	---
1978	\$ 66.0	13.5	2	76	8	---
1980	\$ 76.9	20.7	2	78	---	---
1982	\$ 116.0	18.8	1	81	---	---

1/ In millions of dollars, adjusted where possible

2/ Excludes party expenditures on behalf of candidates. Also, some of the figures herein are particularly unreliable, most notably the 17% in 1972 which exaggerates the party role because of the large amounts of unreported private money prior to April 7 of that year as compared with party money which is generally given later in the campaign season.

TABLE 6. Funding Sources of Candidates in House and Senate General Elections:
1972-1982--Continued

3/ Includes candidate loans unrepaid at time of filing.

* Includes candidate contributions to own campaign.

** Includes candidate contributions, loans and other items.

Source: For 1972 - 1976 receipts data: Malbin, Michael J. *Of Mountains and Molehills: PACs, Campaigns, and Public Policy. In Parties, Interest Groups, and Campaign Finance Laws.* Washington, American Enterprise Institute for Public Policy Research, 1980. p. 154-155 (Table 1).

For 1972 - 1978 data: Jacobson, Gary C. *The Pattern of Campaign Contributions to Candidates for the U.S. House of Representatives, 1972-78.* In U.S. Congress. House. Committee on House Administration. *An Analysis of the Impact of the Federal Election Campaign Act, 1972-1978.* From the Institute of Politics, John F. Kennedy School of Government, Harvard University. Committee Print, 96th Cong., 1st Sess. Washington, U.S. Govt. Print. Off., 1979. p. 20 (Table 1).

For 1980 - 1982 data: Jacobson, Gary C. "Money in the 1980 and 1982 Congressional Elections." In Michael J. Malbin (ed.). *Money and Elections: Financing Politics in the 1980s.* American Enterprise Institute/Chatham House, forthcoming 1984.

For 1972 - 1974 PAC data (House): Jacobson, *The Pattern of Campaign Contributions to Candidates for the U.S. House*, p. 20 (Table 1).

For 1972 - 1976 PAC data (Senate): *Ibid.*, p. 24 (Table 5).

For 1976 PAC data (House): Federal Election Commission. *FEC Disclosure Series. No. 9: 1976 House of Representatives Campaigns, Receipts and Expenditures.* Washington, September 1977. p. 4.

For 1978 PAC and receipts data: U.S. Federal Election Commission. *FEC Reports on Financial Activity, 1977-1978. Interim Report No. 5. U.S. Senate and House Campaigns.* Washington, June 1979. p. 31-32.

For 1980 PAC and receipts data: U.S. Federal Election Commission. *FEC Releases Final Statistics on 1979-80 Congressional Races (press release):* Mar. 7, 1982.

For 1982 PAC and receipts data: U.S. Federal Election Commission. *FEC Releases Final Report on 1981-82 Congressional Elections (press release):* Dec. 2, 1983.

Because of the problems with the comparability of data in this table (as mentioned above), there is little to be gained from any extensive analysis. Several conclusions can be drawn, however. First, by far the largest source of all campaign funds has consistently been individual citizens giving directly to campaigns (as opposed to contributing to intermediaries such as PACs and political parties). Because the Federal Election Commission did not separate

candidate contributions in its compilations for 1980 and 1982, one cannot determine what proportion of the "individuals" entry for those years is candidate funding and what proportion is, in fact, individual citizens. Hence, we cannot know for sure whether the individual role in funding campaigns has declined during the past ten years. If one assumes that the level of candidate support has remained at the 1978 levels, it would follow that the individual component has shrunk; this would make sense given the demonstrably increasing role of the PACs. We can only say for sure that the individual givers do constitute the greatest share of campaign funds and that this component has been a greater factor in Senate campaigns than in House campaigns.

The role of parties has become an issue of some controversy in the broader campaign finance debate in the last few years. Certainly charts such as this one show a declining role for political parties in the funding of candidates, even discounting the widely discredited, inflated figures for 1972 (see footnote 2 in table). Rather than attempt to analyze this apparent decline in the party funding role, it might be more helpful to understand more fully the basis for computing this decline and to offer alternative methods of such calculation.

The Federal Election Campaign Act (in 2 U.S.C. 441a) imposes limitations on political party contributions to its own candidates--essentially the same \$5,000 per candidate, per election as applies to PACs, except that the national committees of a party may give as much as \$17,500 to its Senate candidates. These limitations were established in 1974 and have never been adjusted for inflation. In addition, the Act created a special category of party financial assistance to candidates--coordinated expenditures, in which the party pays for certain campaign services on behalf of and in coordination with the

affected candidate. As such, these expenditures are neither contributions, wherein the candidate is given authority to spend the funds, nor independent expenditures, wherein no advance consultation with the candidate is permitted. These coordinated expenditures, which commonly include such things as the production costs of TV commercials or polling services, are limited by 2 U.S.C. 441a(d) to \$10,000 plus cost-of-living allowance (COLA) in House races and the greater of \$20,000 or two cents times the State voting age population (plus COLA) in Senate races; these expenditures may only be made in general elections, and the limits apply separately to the national and the State parties. In 1982, for example, a House candidate could have benefitted from as much as \$36,880 (\$18,440 spent by each the State and national party committees), while these committees may have spent between \$73,760 and \$1.3 million on behalf of Senate candidates (depending on the size of the State). Clearly, the coordinated expenditures have become a significant factor in the funding of House and Senate campaigns. They are, however, not accounted for in the total receipts figures for these candidates; therein lies the understatement of the party role in Table 6.

The data in Table 7 is derived from an alternate method of calculating the sources of funding for congressional candidates. The party coordinated expenditures were added to the total receipts as the base figure, while the party contributions were added to the coordinated expenditures to derive the party funding figure. Because the base figure has changed from Table 6 to Table 7, all of the resulting component percentages are changed, as well. This is particularly true for the party funding figures. Only data for the years 1978 through 1982 are included in this chart, because FEC data in useful breakdowns were available only for those years.

TABLE 7. Alternate Calculation of Funding Sources of Candidates in House and Senate General Elections: 1978-1982*

Year	Candidate Receipts <u>1/</u>	Source (in percentages)		
		PACs	Parties	Individuals, Candidates, and Other
<u>House</u>				
1978	\$ 93.6	24.5	6.7	69
1980	127.1	28.3	5.5	66
1982	189.8	30.5	6.2	63
<u>Senate</u>				
1978	68.9	12.9	6.0	81
1980	83.5	19.1	9.2	72
1982	127.0	17.2	9.6	73

* Includes party expenditures on behalf of candidates (441a[d] funds) in the base receipts figure and in the party funding percentage.

1/ In millions of dollars, adjusted.

Source: For 1978: U.S. Federal Election Commission. Press Release, Jun. 29, 1979.

For 1980: U.S. Federal Election Commission. FEC Releases Final Statistics on 1979-80 Congressional Races (press release): Mar. 7, 1982.

For 1982: U.S. Federal Election Commission. FEC Releases Final Report on 1981-82 Congressional Elections (press release): Dec. 2, 1983.

The most striking difference between the two companion tables is the relative role indicated for the political parties. Whereas the party role is shown to have decreased to miniscule levels in the first table, the second indicates a more constant level for House candidates and a distinctly growing role in Senate races. Particularly significant is the gap between the two;

the 3 percent for the House in 1982 in Table 6 compares with a 6.2 percent figure in Table 7, while the 1 percent in Senate races in Table 6 that same year pales in comparison with the nearly 10 percent level indicated in Table 7. When one considers that the parties provide assistance to their candidates even outside the framework of the direct contributions and the coordinated expenditures e.g., party-building TV advertisements, candidate training schools, research assistance), the role of the major political parties in the financial support of their candidates looms even larger than Table 7 reveals. Regarding the other categories, the PAC proportions decline by one percent or less for House races and by less than two percent in Senate races--not significant enough a difference to undermine confidence in the rest of the PAC data in this report (all computed by the method used in Table 6). Regarding the third category, its "catch-all" nature makes it extremely difficult to analyze.

B. PAC Spending Since 1972: Where Has the Money Come From?

This section examines the components of the vast increases in PAC spending since 1972. Subsection 1 traces the growth of each category of PAC (labor, corporate, etc.), in terms of adjusted expenditures and contributions to congressional candidates. Subsection 2 examines the biggest spenders and contributors among PACs between 1972 and 1982, primarily as a means of illustrating broader trends in the PAC arena.

1. Expenditures and Contributions by PAC Groupings Since 1972

Tables 8 and 9 contribute to an understanding of where the PAC money has been coming from, by demonstrating the trends in spending and contributing among the various sectors of the PAC community. Because of different sources and standards for grouping PACs in the three earlier years, there exist significant

limitations in the comparability of data within and between these two tables. While all of the breakdowns are comparable for 1978-1982, only the figures for labor PACs are based on fairly consistent standards of inclusion in 1972-1976. Conclusions can be drawn affecting labor PACs and the total PAC community for 1972-1982 and affecting every PAC grouping for 1978-1982, but observations about the business-related, non-connected, and other PACs for 1972-1976 are subject to dispute. All of the totals in both tables correspond to those in Table 3, except for the 1974 expenditures, which, as explained in the notes to Table 8, are thought to be low. Despite the limitations of Tables 8 and 9, they provide important insights into sources of PAC growth.

According to Table 8, spending by labor PACs quadrupled in the six-election period. However, with overall PAC spending increasing by ten-fold during this period, one sees further evidence of the erosion of labor's preeminent role in the PAC community since 1972. While labor PACs accounted for roughly half of PAC expenditures in 1972 and 1974, their share of total spending fell to one-third in 1976, one-fourth in 1978, and less than one-fifth in 1980 and 1982. Although labor's sharpest spending increase occurred in 1982, all of the other three major PAC groupings exhibited an even higher dollar rise that year over their 1980 spending.

In contrast to labor, the corporate PACs experienced a meteoric rise in expenditure levels in just the last four elections, a more than seven-fold increase, which, in 1980, allowed them to overtake labor PACs as a group for the first time. It is likely, in fact, that 1976 marked the point at which the "business-related" PACs first outspent the labor PACs. Recent corporate spending increases are a reflection, to some degree, of changes in methods of reporting State and local candidate contributions (i.e., through the Federal PAC, rather through separate State PACs).

The trend among the trade/membership/health grouping is made more difficult to discern because of unavailability of a breakdown for 1976, although one might estimate that between \$15-\$20 million (of the amount listed for "other") was spent by these PACs. They ranked first in expenditures in 1978, second in 1980, and a close third to the corporate group in 1982.

Expenditures by the non-connected PACs increased at an even greater rate from 1978-1982 than did those of the corporate PACs, a \$47 million dollar increase and more than three times the amount of spending in four years. It is possible that their level of expenditures as much as doubled from 1976 to 1978, as well, but, again, the absence of breakdowns makes such estimates difficult to substantiate. Non-connected PACs rose from third to first place in spending by the four major groups in 1980 and held the lead easily in 1982.

TABLE 8. Adjusted Expenditures of PACs by Category: 1972-1982
(in millions of dollars) 1/

Type of PAC	1972	1974*	1976	1978	1980	1982
Labor	\$ 8.5	11.0	17.5	18.6	25.1	34.8
Business- related <u>2/</u>	8.0	8.1	---	---	---	---
Corporate	---	---	5.8	15.2	31.4	43.3
Trade/ Membership/ Health	---	---	---	23.8	32.0	41.9
Non-connected <u>3/</u>	2.6	.8	---	17.4	38.6	64.3
Other <u>4/</u>	---	1.1	29.6	2.4	4.0	5.8
Total <u>5/</u>	\$19.2	\$20.9	\$52.9	\$77.4	\$131.2	\$190.2

TABLE 8. Adjusted Expenditures of PACs by Category: 1972-1982
(in millions of dollars) 1/--Continued

1/ Adjusted expenditures excludes transfers of monies between affiliated committees.

2/ This category is based on a large assumption that the majority of PACs it encompasses do indeed have a basically pro-business orientation. It is included here for the purpose of listing the data for 1972 and 1974, before the specific breakdowns were devised by the FEC for the corporate and other categories, and it is only roughly comparable to the combined corporate and trade/membership/health data in 1978-1982. For 1972, it includes PACs listed by the Citizens Research Foundation as business/professional, dairy, education, health, and rural; for 1974, it includes those PACs grouped by Common Cause under the headings of business/professional, health, and agriculture/dairy. Most of these PACs would today fall into the corporate and trade/membership/health categories used by the FEC, although some would be scattered in the non-connected, cooperative, and corporation without stock categories.

3/ For 1972 and 1974, this represents spending by ideological PACs, as grouped by the Citizens Research Foundation (1972) or Common Cause (1974). After 1976, it corresponds directly to the FEC category by that name (which is dominated by the ideological groups).

4/ This is a catch-all category, for which only the 1978-1982 figures are comparable with one another. For 1974, this represents PACs grouped as "miscellaneous" by Common Cause and includes such groups as the NEA (and affiliates), environmentalists, and some cooperatives. For 1976, it includes all PACs now grouped by the FEC as trade/membership/health, non-connected, cooperative, and corporation without stock. For 1978-1982, it combines the FEC categories of cooperatives and corporations without stock.

5/ Totals (which are keyed to those in Table 3) may not add up exactly because of rounding off.

* Data for 1974 does not correspond with that in Table 3. The latter reflects an estimated amount, because the data in Table 8 was thought to be low.

Source: For 1972: Alexander, Herbert E. Financing the 1972 Election. Lexington, D.C. Heath and Company, 1976. p. 93, 95.

For 1974: Common Cause. Campaign Finance Monitoring Project. 1974 Congressional Campaign Finances. Vol. 5--Interest Groups and Political Parties. Washington, 1976. Total expenditures derived by adding the figures for contributions to congressional candidates by each type of PAC (on page xii) to the amounts each type gave to State and local candidates and to organizations, as listed on the summary pages (1, 16, 135, 214, 396, and 425).

For 1976 (labor): U.S. Federal Election Commission. FEC Disclosure Series. No. 10: Labor-Related Political Committees. Receipts and Expenditures. 1976 Campaign. Washington, January 1978. p. 6.

TABLE 8. Adjusted Expenditures of PACs by Category: 1972-1982
(in millions of dollars) 1/--Continued

For 1976 (corporate): U.S. Federal Election Commission. FEC Disclosure Series. No. 8: Corporate-Related Political Committees. Receipts and Expenditures. 1976 Campaign. Washington, September 1977. p. 8.

For 1976 (other): U.S. Federal Election Commission, unpublished data.

For 1978: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1977-1978. Final Report: Party and Non-Party Political Committees. Vol. 1--Summary Tables. April 1980. p. 140. (adjusted disbursements column).

For 1980: U.S. Federal Election Commission. FEC Releases Final PAC Report For 1979-80 Election Cycle (press release): Feb. 21, 1982.

For 1982: U.S. Federal Election Commission. FEC Publishes Final 1981-82 PAC Study (press release): Nov. 29, 1983.

Turning attention to the growth of PACs in terms of their contributions to congressional candidates, Table 9 provides continued evidence of the strength of the corporate and trade/membership/health PACs, of the diminished power of labor PACs (albeit less diminished than it appeared from the overall expenditure patterns), and, in the one divergence from the data in Table 8, the relatively small role played by non-connected PACs in their contributions to congressional candidates.

As they did in Table 8, labor PACs experienced a steady growth in the amount of money they contributed to congressional candidates, even while becoming increasingly dwarfed by the contributions of other sectors of the PAC community. The percentage of overall PAC contributions which was constituted by labor declined steadily from the high point in 1974 (50 percent) to their 1980 level of nearly 24 percent, with a fractional increase above 24 percent in 1982. Nevertheless, labor accounted for a significantly higher share of all PAC contributions to congressional candidates than of all PAC expenditures. It can be surmised from Table 9 that labor PACs were in first place as late as 1976 in terms of their contributions, while retaining this status only through 1974 in terms of overall expenditures. (This ignores the "business-related"

category, basing the ranking instead on today's PAC groupings.) By 1978, labor PACs ranked second among contributors, and, in 1980 and 1982, they ranked third. A little more than half of labor expenditures took the form of congressional candidate contributions in both 1978 and 1980; an even greater share of these expenditures took the form of direct contributions in 1982.

Corporate PACs contributed the third highest amount to congressional candidates in 1978, jumping to first place in 1980 and 1982. Table 1 may provide some insight into this development; the sheer numbers of corporate PACs and the growth thereof account in large measure for the ability to rank first in contributions today. In fact, one-third of all PAC contributions in 1982 came from corporate PACs. Corporate PACs spent about three-fifths of their money in 1978, 1980 and 1982 on congressional contributions, a higher proportion than was given by labor.

Trade/membership/health groups contributed the most in 1978, falling to second place in 1980 and 1982. In each of the latter years, about one-half of their money was spent in the form of congressional candidate contributions, a smaller proportion than was given by either the labor or corporate PACs.

Perhaps the most striking feature arising from a comparison of Tables 8 and 9 is the first place ranking of the non-connected PACs in terms of overall expenditures in 1982 and their relatively low level of direct contributions that same year. In sharp contrast to the spending patterns of all three of the other major PAC groupings, only 17 percent of non-connected expenditures took the form of congressional candidate donations (although the comparable figure for 1980 was only 13 percent). This suggests once again a higher degree of spending by these PACs--largely ideological in nature--on activities such as fundraising by direct-mail and independent expenditures. This will be confirmed in later illustrations of some of the largest non-connected PACs.

TABLE 9. Contributions to Congressional Candidates of PACs by Category:
1972-1982 (in millions of dollars) 1/

Type of PAC	1972	1974	1976	1978	1980	1982
Labor	\$3.6	6.3	8.2	10.3	13.2	20.3
Business- related <u>2/</u>	2.7	4.4	10.0	---	---	---
Corporate	---	---	---	9.8	19.2	27.5
Trade Membership/ Health	---	---	---	11.3	15.9	21.9
Non-connected <u>3/</u>	---	.7	1.5	2.8	4.9	10.7
Other <u>4/</u>	2.2	1.0	2.8	1.0	2.0	3.2
Total <u>5/</u>	\$8.5	\$12.5	\$22.6	\$35.2	\$55.2	\$83.6

1/ All data is for full election cycle, except for 1972, wherein primary losers are excluded.

2/ This encompasses the Common Cause categories for business, health, and, in 1976, lawyers. This category is included here for the purpose of listing the data for 1972-1976, before the specific breakdowns were devised by the FEC for the corporate and other categories, and it is based on the assumption that the majority of PACs it includes have a basically pro-business orientation. It is only roughly comparable to the combined corporate and trade/membership/health groups in 1978-1982, but most of the business-related PACs would fall into those two FEC categories (some would be scattered in the non-connected, cooperative, and corporation without stock groupings).

3/ For 1974 and 1976, the non-connected category, as defined by the FEC, correlates with the ideological group used by Common Cause for those two years. Most of the ideological PACs are today listed in the non-connected grouping, but the latter also includes PACs not ideological in nature. Thus, the data for 1974 and 1976 are not exactly comparable to those for 1978-1982, in view of the different standards applied to the non-connected and the ideological groupings. (Ideological PACs in 1972 were lumped into Common Cause's "miscellaneous" group.)

TABLE 9. Contributions to Congressional Candidates of PACs by Category:
1972-1982 (in millions of dollars) 1/--Continued

4/ This is a catch-all category, in which the earlier figures are only roughly comparable to the later ones. For 1972-1976, the data represents Common Cause's "miscellaneous" category, which included such groups as the NEA (and affiliates), environmentalists, and some cooperatives, and its agriculture/dairy category. In 1972, Common Cause included the ideological PACs under "miscellaneous," prior to their separate listing in 1974; thus 1972 includes more types of PACs than the 1974 and 1976 data did. For 1978-1982, the "other" data equates directly with the FEC's cooperatives and corporations without stock groups. Thus, the data for 1972 is not exactly comparable with those for 1974 and 1976, which, in turn, are not highly comparable with those for 1978-1982. The common thread is the inclusion of the major dairy PACs--ADEPT, C-TAPE, and SPACE--in "other" for all six election years.

5/ Totals (which are keyed to Table 3) may not add up exactly, because of rounding off.

Source: For 1972: Common Cause. Campaign Finance Monitoring Project. 1972 Federal Campaign Finances: Interest Groups and Political Parties. Washington, 1974. v. 1. p. vi.

For 1974: Common Cause. Campaign Finance Monitoring Project. 1974 Congressional Campaign Finances. Vol. 5--Interest Groups and Political Parties. Washington, 1976. p. xii.

For 1976: Common Cause data. In Interest Group Gifts to 1976 Congressional Campaigns. Congressional Quarterly Weekly Reports, v. 35, April 16, 1977: p. 710.

For 1978: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1977-1978. Final Report. Party and Non-Party Political Committees. Vol. 1--Summary Tables. Washington, April 1980. p. 142.

For 1980: U.S. Federal Election Commission. FEC Releases Final PAC Report For 1979-80 Election Cycle (press release): Feb. 21, 1982.

For 1982: U.S. Federal Election Commission. FEC Publishes Final 1981-82 PAC Study (press release): Nov. 29, 1983.

Tables 8 and 9 present evidence of the growing strength of the corporate and trade PACs, the diminished but residual power of labor PACs, and the "wild card" role left to the non-connected PACs. Having assessed the major components of aggregate PAC spending, these can next be compared with the activities of the major individual PACs.

2. The Largest PAC Contributors and Spenders

This section provides for each election since 1972 a listing of the largest PACs in terms of their contributions to Federal candidates and, for each election since 1976, a listing of the largest PACs in terms of their overall expenditures. This indicates how large contributors changed in rank over the six-election period and how the large spenders changed in rank over the last four elections, while comparing the listings of the different kinds of PACs reflected in these two arrangements.

At the outset, it must be stated that the top 20 lists tell only part of the overall PAC story. They are useful in understanding which PACs may have the most power, if one equates power with a high level of financial activity. They also help to demonstrate which sectors of the society have most successfully employed the PAC route. Finally, they are helpful in illustrating in yet another form the various standards which are used to gauge PAC activity and the shortcomings of the respective standards.

These lists cannot, in and of themselves, tell the reader where power lies in American politics today. The fact that not a single corporate PAC appears on any of these lists is one of most important overall observations one can make. But, rather than being indicative of an absence of corporate political interest or influence, it is more the result of the proliferation of PACs among a wide number of corporations. While few corporate PACs reach significant levels of spending on an individual basis, they may have a significant combined effect on behalf of particular industries. Furthermore, to the extent that some corporations sponsor numerous PACs (despite the single overall limitation on contributions), it goes unnoticed on charts such as these, arranged by PAC instead of by sponsoring organization. The conclusion

for this section will return to this point, while offering comparative comments on the two types of listings used in Tables 10-19.

a. Top 20 PAC contributors from 1972-1982

Tables 10-15 present the largest 20 PACs in each biennial election since 1972, ranked in terms of their direct contributions to Federal candidates. The measurement of PACs according to their contribution levels is a less reliable indicator of their financial activity and influence today than it was earlier in this twelve-year period. As later tables will reveal, PACs have become increasingly willing to spend money in other, perhaps more imaginative, ways than limiting themselves to direct contributions to candidates. Nonetheless, it can be argued that if one is seeking to determine which PACs have the greatest potential for access to elected officials, the level of contributions still may be the most useful single measure. This discussion highlights some of the most salient features of each year's list, concluding with observations of trends in the top 20 grouping over the six-election period.

The 1972 group (Table 10) covers a range of \$137,500 to \$824,301 in contributions, with the AFL-CIO's COPE--the father of modern PACs--in first place and the UAW's V-CAP in second place. Labor PACs constitute ten of the top twenty, not surprising in view of labor's undisputed predominance in the PAC arena as the 1970s began. Four trade associations--those connected with the realtors, the Associated General Contractors, the AMA, and the National Association of Manufacturers (BIPAC)--were in the top 20. The list includes all three of the major dairy co-ops--Committee for Thorough Agricultural Political Education (C-TAPE), Agricultural and Dairy Educational Political Trust (ADEPT), and Trust for Special Political Agricultural Community Education (SPACE); in view of the later revelations about their illegal

contributions in 1972, the total of their contributions listed in Table 10 actually understates the level of their financial giving that year. 122/ Finally, three unaffiliated PACs are included, one of which is Democratic in orientation--the DSG Campaign Fund--and the others are liberal--National Committee for an Effective Congress (NCEC) and the Committee for Twelve.

In 1974 (Table 11), the range of contributions was \$134,100 (lower than in 1972) to \$1,090,696 (the first PAC to top the million dollar mark in contributions during this period). COPE was again in first place, but the AMA's PAC supplanted the UAW in second place. Labor PACs increased their representation from 10 to 12 of the top 20, while none of three dairy co-ops were included at all, undoubtedly a result of the negative publicity they received in the wake of the disclosures of their illegal contributions in the previous election. The trade associations increased their ranks from 4 to 6, with the American Medical PAC (AMPAC), Business-Industry PAC (BIPAC), and the Realtors PAC remaining, and the PACs of the American Dental Association, the Trucking Association, and the California chapter of the AMA added. Two unaffiliated PACs were included, with the conservative Committee for the Survival of a Free Congress joining (and surpassing) one of the liberal groups from 1972 (NCEC).

In 1976 (Table 12), the cut-off level for inclusion more than doubled, in conjunction with the overall jump in PAC spending that year; the range in contributions was \$290,125 to \$1,167,365. Labor PACs remained at about the same level, with 11 included. The trade associations dropped to five--with AMPAC, Realtors PAC, BIPAC, and American Dental PAC (ADPAC) remaining, and the National Automobile Dealers Association's PAC added. Two of the dairy

122/ Alexander, Financing the 1972 Election, p. 495.

co-ops--C-TAPE and ADEPT--returned to the list, and the number of unaffiliated PACs remained at two--NCEC, again, and National Conservative PAC (NCPAC), replacing the Committee for the Survival of a Free Congress (CSFC) as the largest conservative ideological contributor.

In 1978 (Table 13), the cut-off level increased slightly--to \$307,902, while the maximum contributed increased by almost 50 percent--to \$1,639,795. AMPAC was again in first place, and for the first time, neither of the top two were labor PACs. Furthermore, UAW V-CAP, in third place, for the first time supplanted COPE as the leading labor contributor. The trade associations increased in number to six--with AMPAC, ADPAC, Realtors PAC, and the Automobile and Truck Dealers EAC remaining (BIPAC left the top 20 for the first time) and the Life Underwriters PAC and the Trial Lawyers Association PAC added. In addition, one membership organization--the National Rifle Association (NRA)--had its Victory Fund added to the list, thus bringing the trade/membership/health total to seven, and adding a conservative single-issue PAC (NRA) to the top 20--the first single-issue PAC to make the lists at all since 1972. The unaffiliated PACs were down to only one, the conservative Citizens for the Republic, which was organized to promote the philosophy and political fortunes of Ronald Reagan. Citizens for the Republic was the forerunner of the candidate-oriented PACs, which many candidates, often Presidential, organized to conduct the early, pre-formal operations of their campaigns. Finally, the 1978 top 20 list included one dairy co-op--C-TAPE.

The 1980 list (Table 14) includes PACs whose contributions ranged between \$424,008 (a 40 percent rise from the 1978 cut-off) and \$1,536,573 (a slight drop from the high point in 1978). The Realtors PAC was in first place, followed by the UAW V-CAP, and then AMPAC. The AFL-CIO's COPE dropped to sixth place, no longer even among the top five. Labor PACs again constituted

11 of the top 20. The trade/membership/health group was again represented by seven of its members--with AMPAC, Realtors PAC, Automobile and Truck Dealers EAC, ADPAC, Life Underwriters PAC, and the NRA Victory Fund included again, and the American Banking Association BANKPAC on the list for the first time--in 13th place. C-TAPE was again the sole dairy co-op included, and only one unaffiliated PAC--NCEC--ranked among the top 20. Thus, the only non-connected PAC was a liberal one, in a year in which conservative PACs received so much attention in the media (unless, of course, the NRA Victory Fund is included as a conservative ideological PAC). This apparent incongruity will be resolved when the top 20 PACs are ranked by overall expenditures.

The 1982 list (Table 15) includes PACs whose contributions ranged between \$621,601 (47 percent higher than the 1980 cut-off) and \$2,115,135 (38 percent more than the biggest contributor of 1980). The top three PACs were the same as in 1980, with the Realtors PAC again first, and AMPAC switching places with UAW V-CAP to become, respectively, second and third. Labor's ranks grew from 11 to 12, including three of the top five; the AFL-CIO COPE fell to tenth place in 1982. The trade/membership/health group was again represented by seven PACs, although two from 1980--American Dental PAC and the National Association of Life Underwriters PAC--were missing from the list. They were replaced by two PACs which had not previously made the top 20 rankings: the Associated General Contractors PAC was seventeenth largest, and Build PAC (of the National Association of Home Builders) was the sixth largest. As in 1980, the NRA Political Victory Fund was the only membership organization in this category. There were no non-connected organizations represented in the 1982 listing, and, as in 1978 and 1980, the only co-op was C-TAPE.

TABLE 10. Top 20 PAC Contributors to Federal Candidates: 1972

Rank	Committee (and Affiliation*)	Contributions
1	AFL-CIO COPE Political Contributions Committee (AFL-CIO)	\$824,301
2	UAW Voluntary Community Action Program (United Auto Workers)	599,183
3	American Medical Political Action Committee (American Medical Association)	473,105
4	Business-Industry Political Action Committee (National Association of Manufacturers)	428,100
5	National Committee for an Effective Congress (non-connected)	393,888
6	Committee for Thorough Agricultural Political Education (Associated Milk Producers, Inc.)	301,865
7	United Steelworkers of America Political Action Fund (United Steelworkers of America)	294,935
8	Agricultural & Dairy Educational Political Trust (Mid-America Dairymen, Inc.)	264,150
9	Seafarers Political Activity Donation (Seafarers International Union of North America)	239,234
10	Trust for Special Political Agricultural Community Education (Dairymen, Inc.)	222,900
11	CWA-COPE Political Contributions Committee (Communication Workers of America)	217,007
12	Active Ballot Club (Retail Clerks International Association)	193,175
13	Machinists Non-Partisan League (International Association of Machinists)	177,793
14	ILGWU Campaign Committee (International Ladies Garment Workers Union)	176,294
15	Democratic Study Group Campaign Fund (non-connected)	175,500
16	Committee for Twelve (non-connected)	165,136
17	Laborers' Political League (Laborers Union/AFL-CIO)	164,950
18	AMCOPE (Meatcutters Union/AFL-CIO)	152,651
19	Committee for Action (Associated General Contractors)	145,049
20	Real Estate PEC (National Association of Real Estate Boards)	137,850

* Affiliation may not necessarily correspond to legal status.

Source: Common Cause. Campaign Finance Monitoring Project. 1972
Federal Campaign Finances: Interest Groups and Political Parties.
Washington, 1974, v. I-III.

TABLE 11. Top 20 PAC Contributors to Federal Candidates: 1974

Rank	Committee (and Affiliation*)	Contributions
1	AFL-CIO COPE Political Contributions Committee (AFL-CIO)	\$1,090,696
2	American Medical Political Action Committee (American Medical Association)	861,052
3	UAW Voluntary Community Action Program (United Auto Workers)	835,958
4	Machinists Non-Partisan League (International Association of Machinists)	446,680
5	MEBA Political Action Fund (Marine Engineers Beneficial Association)	391,864
6	United Steelworkers of America Political Action Fund (United Steelworkers of America)	357,975
7	Active Ballot Club (Retail Clerks International Association)	276,055
8	Business-Industry Political Action Committee (National Association of Manufacturers)	271,000
9	Real Estate Political Action Committee (National Association of Realtors)	248,600
10	Laborers' Political League (Laborers Union/AFL-CIO)	237,400
11	Transportation Political Education League (United Transportation Union)	233,720
12	NEA-PAC (National Education Association)	227,680
13	Seafarers Political Activity Donation (Seafarers International Union of North America)	198,250
14	Committee for the Survival of a Free Congress (non-connected)	197,500
15	Railway Clerks Political League (Railway, Airline and Steamship Clerks)	181,596
16	National Committee for an Effective Congress (non-connected)	162,869
17	CAL-PAC (American Medical Association-California)	159,298
18	Carpenters Legislative Improvement Committee (Carpenters Union)	157,700
19	Truck Operators Non-Partisan Committee (Trucking Association, Inc.)	136,050
20	American Dental Political Action Committee (American Dental Association)	134,100

* Affiliation may not necessarily correspond to legal status.

Source: Common Cause. Campaign Finance Monitoring Project. 1974 Congressional Campaign Finances. Vol. 5--Interest Groups and Political Parties. Washington, 1976.

TABLE 12. Top 20 PAC Contributors to Federal Candidates: 1976

Rank	Committee (and Affiliation*)	Contributions
1	American Medical Political Action Committee (American Medical Association)	\$1,167,365
2	AFL-CIO COPE Political Contributions Committee (AFL-CIO)	935,723
3	UAW Voluntary Community Action Program (United Auto Workers)	894,930
4	Realtors Political Action Committee (National Association of Realtors)	671,525
5	Committee for Thorough Agricultural Political Education (Associated Milk Producers, Inc.)	635,939
6	NEA Political Action Committee (National Education Association)	611,492
7	Machinists Non-Partisan Political League (International Association of Machinists)	525,100
8	Agricultural and Dairy Educational Political Trust (Mid-America Dairymen, Inc.)	466,035
9	United Steelworkers of America Political Action Fund (United Steelworkers of America)	464,867
10	Transportation Political Education League (United Transportation Union)	450,006
11	National Conservative Political Action Committee (non-connected)	433,357
12	Automobile and Truck Dealers Election Action Committee (National Automobile Dealers Association)	424,710
13	National Committee for an Effective Congress (non-connected)	344,376
14	CWA-COPE Political Contributions Committee (Communication Workers of America)	325,758
15	Seafarers Political Activity Donation (Seafarers International Union of North America)	313,321
16	American Dental Political Action Committee (American Dental Association)	310,741
17	Business-Industry Political Action Committee (National Association of Manufacturers)	306,000
18	Active Ballot Club (Retail Clerks International Association)	302,393
19	MEBA Political Action Fund (Marine Engineers Beneficial Association)	300,871
20	Laborers Political League (Laborers Union/ AFL-CIO)	290,125

* Affiliation may not necessarily correspond to legal status.

Source: U.S. Federal Election Commission (from reports on file).

TABLE 13. Top 20 PAC Contributors to Federal Candidates: 1978

Rank	Committee (and Affiliation)	Contributions
1	American Medical Political Action Committee (American Medical Association)	\$1,639,795
2	Realtors Political Action Committee (National Association of Realtors)	1,123,378
3	UAW Voluntary Community Action Program (United Auto Workers)	976,245
4	Automobile & Truck Dealers Election Action Committee (National Automobile Dealers Association)	964,175
5	AFL-CIO COPE Political Contributions Committee (AFL-CIO)	884,441
6	United Steelworkers of America Political Action Fund (United Steelworkers of America)	599,930
7	Transportation Political Education League (United Transportation Union)	559,403
8	Machinists Non-Partisan Political League (International Association of Machinists)	525,410
9	American Dental Political Action Committee (American Dental Association)	510,050
10	CWA-COPE Political Contributions Committee (Communication Workers of America)	471,183
11	Committee for Thorough Agricultural Political Education (Associated Milk Producers, Inc.)	446,161
12	Citizens for the Republic (non-connected)	431,586
13	MEBA Political Action Fund (Marine Engineers Beneficial Association)	410,166
14	Seafarers Political Activity Donation (Seafarers International Union of North America)	396,052
15	Life Underwriters Political Action Committee (National Association of Life Underwriters)	380,638
16	NRA Political Victory Fund (National Rifle Association of America)	366,161
17	Attorneys Congressional Campaign Trust (Association of Trial Lawyers of America)	349,850
18	NEA Political Action Committee (National Education Association)	338,987
19	Railway Clerks Political League (Railway, Airline and Steamship Clerks)	320,908
20	Carpenters Legislative Improvement Committee (United Brotherhood of Carpenters & Joiners of America)	307,902

Source: U.S. Federal Election Commission. FEC Releases Final Report on 1977-78 Financial Activity of Non-Party and Party Political Committees, press release: April 24, 1980.

TABLE 14. Top 20 PAC Contributors to Federal Candidates: 1980

Rank	Committee (and Affiliation)	Contributions
1	Realtors Political Action Committee (National Association of Realtors)	\$1,536,573
2	UAW Voluntary Community Action Program (United Auto Workers)	1,422,731
3	American Medical Political Action Committee (American Medical Association)	1,348,985
4	Automobile and Truck Dealers Election Action Committee (National Association of Automobile Dealers)	1,035,276
5	Machinists Non-Partisan Political League (International Association of Machinists)	847,708
6	AFL-CIO COPE Political Contributions Committee (AFL-CIO)	776,577
7	Committee for Thorough Agricultural Political Education (Associated Milk Producers, Inc.)	738,289
8	Seafarers Political Activity Donation (Seafarers International Union of North America)	685,248
9	United Steelworkers Political Action Fund (United Steelworkers of America)	681,370
10	National Association of Life Underwriters PAC (National Association of Life Underwriters)	652,112
11	American Dental Political Action Committee (American Dental Association)	647,875
12	MEBA Political Action Fund (Marine Engineers Beneficial Association)	614,795
13	American Bankers Association BANKPAC (American Bankers Association)	592,960
14	Transportation Political Education League (United Transportation Union)	584,144
15	Active Ballot Club (Food & Commercial Workers International Union)	559,775
16	Carpenters Legislative Improvement Committee (United Brotherhood of Carpenters & Joiners of America)	553,675
17	ILGWU Campaign Committee (International Ladies Garment Workers Union)	488,810
18	CWA-COPE Political Contributions Committee (Communication Workers of America)	444,520
19	NRA Political Victory Fund (National Rifle Association)	434,603
20	National Committee for an Effective Congress (non-connected)	424,008

Source: U.S. Federal Election Commission. FEC Releases Final PAC Report for 1979-80 Election Cycle (press release): Feb. 21, 1982.

TABLE 15: Top 20 PAC Contributors to Federal Candidates: 1982

Rank	Committee (and Affiliation)	Contributions
1	Realtors Political Action Committee (National Association of Realtors)	\$2,115,135
2	American Medical Association Political Action Committee (American Medical Association)	1,737,090
3	UAW Voluntary Community Action Program (United Auto Workers)	1,628,347
4	Machinists Non-Partisan Political League (International Association of Machinists)	1,445,459
5	National Education Association PAC (National Education Association)	1,183,215
6	Build Political Action Committee (National Association of Home Builders)	1,006,628
7	Committee for Thorough Agricultural Political Education (Associated Milk Producers, Inc.)	962,450
8	American Bankers Association BANKPAC (American Bankers Association)	947,460
9	Automobile and Truck Dealers Election Action Committee (National Association of Automobile Dealers)	917,295
10	AFL-CIO COPE Political Contributions Committee (AFL-CIO)	906,425
11	Seafarers Political Activity Donation (Seafarers International Union of North America)	850,514
12	Active Ballot Club (United Food and Commercial Workers International Union)	729,213
13	United Steelworkers of America Political Action Fund (United Steelworkers of America)	715,757
14	Engineers Political Education Committee (International Union of Operating Engineers)	711,535
15	NRA Political Victory Fund (National Rifle Association)	710,902
16	MEBA Political Action Fund (Marine Engineers Beneficial Association)	701,153
17	Associated General Contractors Political Action Committee (Associated General Contractors of America)	683,766
18	CWA-COPE Political Contributions Committee (Communication Workers of America)	643,428
19	Carpenters Legislative Improvement Committee (United Brotherhood of Carpenters & Joiners of America)	637,479
20	ILGWU Campaign Committee (International Ladies Garment Workers Union)	621,601

Source: U.S. Federal Election Commission. FEC Publishes Final 1981-82 PAC Study (press release): Nov. 29, 1983; and U.S. Federal Election Commission. FEC Reports on Financial Activity, 1981-1982. Final Report. Party and Non-Party Political Committees. Vol. 3--Non-Party Detailed Tables (Corporate and Labor). Washington, 1983.

Looking at the six tables as a set, one can venture several observations about the relative strengths of the major PAC groupings:

(1) Labor PACs have consistently constituted 10-12 of the top 20 PAC contributors in each of the six elections. They have, in fact, made up around half of the top 10, although some decline has been evidenced since 1974 when seven of the top 10 were labor PACs; the number fell to six in 1976 and 1978, five in 1980, and four in 1982. Although labor PACs have remained relatively constant in number since 1972 and have been surpassed in aggregate contributions and expenditures by both corporate and trade/membership/health committees, their strength has consistently been concentrated in a relatively small number of large, well-organized, politically-minded unions.

(2) The reverse of the above description of labor PACs can be applied to corporate PACs. No single corporate committee achieved any predominance among corporate PACs, with none appearing on any of the top 20 lists. Rather, corporate PAC strength has been emanating from their ever-increasing proliferation, which, in turn, has contributed to their high rate of increase in aggregate level of expenditures--tripling it from 1976 to 1978 and more than doubling it again in 1980. The slowing of this growth rate to 37 percent in 1982 may signal a leveling off in this area, but the corporate PACs' position remains strong relative to the other groupings.

(3) The trade/membership/health committees have modestly increased their representation among the top 20 contributors, from four in 1972 to seven in 1982. These committees ranked second in terms of their inclusion on these lists, as they ranked second in terms of their aggregate level of contributions in 1982.

(4) The non-connected PACs, despite their astonishing growth in both numbers and financial activity in recent years, receive just token representation among the big PAC contributors. And the conservative ideological groups, which

have led the growth in the non-connected category, were no better represented--if at all--than the liberal groups.

(5) Only one single-issue PAC--the NRA Political Victory Fund--ranked among the 20 largest contributors in any year. This, too, appeared to conflict with the media-fostered impression of the growth of single-issue politics.

(6) The dairy co-ops, once a cornerstone in the PAC movement, have dwindled among the largest contributors from three in 1972 to one in 1978-1982.

(7) Seven PACs were included among the twenty largest contributors in in all six elections, those affiliated with the AFL-CIO, the UAW, the Realtors, the AMA, the Seafarers, the Steelworkers , and the Machinists.

Among the four largest PAC contributors over the six-election period, there have been some noteworthy developments. The Realtors PAC has experienced a meteoric rise from number twenty in 1972 to number one in 1980 and 1982. AMPAC, the oldest major non-labor PAC, has remained in the top three in every election. COPE, the modern precedent-setter among PACs, declined steadily from first place in 1972 and 1974 to tenth in 1982. COPE has been supplanted since 1978 as the foremost labor PAC--in terms of contributions to Federal candidates--by UAW V-CAP. The latter committee has remained in the top three in every election since 1972. Finally, while the top three PACs from 1972-1976 included two labor and one trade PAC, the situation since 1978 has reversed.

b. Top 20 PAC spenders from 1976-1982

This subsection focuses on Tables 16-19, which list the top 20 PACs ranked by their adjusted expenditures in each of the last four elections. Highlights of each table will be described, along with key differences between the largest contributors and the largest spenders in that year. The conclusion of this subsection will review the trends over the four elections covered.

The twenty largest PACs in 1976 (Table 16) spent between \$512,844 and \$2,878,490, with the former 75 percent higher and the latter 150 percent higher than the twentieth and the first largest contributors in 1976 (Table 12). Fifteen of the committees in Table 16 also were listed among the twenty largest contributors that year; the five not ranking among the large contributors included one union (ILGWU), one co-op (SPACE), two conservative membership groups (Gun Owners and ACU PAC), and one conservative unaffiliated group (CSFC). Among the categories of PACs represented were nine labor unions (compared with eleven on the top contributors list), three non-connected groups (the same number as in Table 12), three trade associations (with five in Table 12), two membership committees, both conservative (compared with none in Table 12), and three co-ops (one more than in Table 12). In the top five spenders were, in order, two conservative unaffiliated PACs, one conservative membership organization, one liberal unaffiliated committee, and one association. The two most prominent labor PACs, COPE and UAW V-CAP, ranked seventh and eighth, compared with ranking second and third among the PAC contributors that year.

The twenty largest 1978 PACs (Table 17) spent between \$658,236 and \$4,509,074, respectively 30 and 60 percent higher than the 1976 range and 114 percent more than the twentieth largest contributor and 175 percent more than the top contributor in 1978. Twelve PACs ranked among both the largest contributors and the largest spenders, three less than in 1976, with the other eight including four conservative non-connected PACs (Citizens for the Republic, NCPAC, CSFC, and Conservative Victory Fund), one conservative membership group (Gun Owners), one liberal unaffiliated group (NCEC), and two associations (the California and Texas chapters of the AMA). Among the key types of PACs, labor PACs dropped to only six (down from nine in 1976 and compared with eleven among the largest 1978 contributors), non-connected

jumped to six (from three in 1976 and compared with one among the top contributors), associations rose to six (from three in 1976 and the same number as in the top contributors list in 1978), membership groups dropped to one (from two in 1976, and the same number as in the 1978 largest contributors list), and co-ops dropped to one (from three in 1976, and the same number as in Table 13). It should be noted that two of the conservative non-connected PACs (Citizens for the Republic and the John Connally Citizens Forum) were, in fact, oriented heavily to furthering the candidacies of two Presidential candidates (Reagan and Connally, respectively). Also, the rise among associations was largely the result of two of AMA's State PACs joining it among the top 20 spenders. The two big labor PACs ranked eighth (COPE) and ninth (UAW) among spenders, in contrast to their respective rankings of fifth and third among contributors. The top five PAC spenders were, in order, three conservative non-connected groups and two associations.

The range of the top twenty PAC spenders in 1980 (Table 18) rose by respectively 50 and 67 percent over the 1978 level to a range of \$995,501 to \$7,530,060, 134 percent higher than the twentieth largest contributor and nearly 400 percent higher than the largest contributor in 1980. Again in 1980, twelve committees were on both the top spender and top contributor lists, but, in 1980, all eight of the top spenders that did not rank among the top contributors were conservative ideological PACs: seven non-connected (NCPAC, Congressional Club, Fund for a Conservative Majority, Citizens for the Republic, Americans for an Effective Presidency, CSFC, and Americans for Change) and one membership group (Gun Owners). The non-connected PACs constituted the largest category of the top spenders with eight in number (the seven above plus the liberal NCEC), a gain of two over 1978, but in contrast with only one among the largest contributors in 1980--NCEC. Membership groups added one over

1978, giving them two top spenders (the Gun Owners and the NRA PAC), one more than on the top contributors list for 1980. Labor PACs declined in number to five (eleven on 1980's contributor list). Labor's big two PACs (UAW and COPE) ranked sixth and seventeenth among spenders, but second and sixth among contributors. Associations declined to four (six among the top contributors), and co-ops remained constant with one (the same as in the contributors listing). The top five PAC spenders in 1980 included four conservative non-connected groups and one association.

The 20 biggest PACs in 1982 (Table 19) spent between \$1,202,475 and \$10,404,521, 20 and 38 percent higher, respectively, than the 1980 range and twice and four times the respective amounts given by the twentieth largest and the largest PAC contributors that year. The number of PACs ranked in both the top contributors and spenders lists for 1982 fell to eight. Nine of the twelve top spenders not ranked among the largest contributors were non-connected, including four conservative groups (Congressional Club, NCPAC, FCM, and CSFC), one liberal group (NCEC), and four partisan/ideological groups (Citizens for the Republic, Fund for a Democratic Majority, Committee for the Future of America, and Republican Majority Fund) known for their close ties to prominent political figures (Ronald Reagan, Edward Kennedy, Walter Mondale, and Howard Baker, respectively). With nine PACs listed in Table 19, the non-connected PACs were the largest group, in contrast with none listed among the 20 largest contributors. Trade groups and co-ops remained constant in number in 1982 at four and one, respectively (six and one among top contributors). Membership groups rose to two, with the addition of the League of Conservation Voters; only the NRA was ranked in Table 15. Labor PACs declined from five to four in 1982, with the notable absence of the AFL-CIO COPE; this was in contrast with the twelve labor PACs among the top contributors. The top five spenders included three conservative and one liberal non-connected committees and one trade association.

TABLE 16. Top 20 PACs Ranked by Adjusted Expenditures: 1976 1/

Rank	Committee (and Affiliation*)	Expenditures
1	National Conservative Political Action Committee (non-connected)	\$2,878,490
2	Committee for the Survival of a Free Congress (non-connected)	2,249,451
3	Gun Owners of America Campaign Committee (Gun Owners of America)	2,094,821
4	National Committee for an Effective Congress (non-connected)	1,298,986
5	American Medical Political Action Committee (American Medical Association)	1,297,296
6	Committee for Thorough Political Agricultural Education (Associated Milk Producers, Inc.)	1,256,019
7	AFL-CIO COPE Political Contributions Committee (AFL-CIO)	1,197,965
8	UAW Voluntary Community Action Program (United Auto Workers)	1,193,188
9	American Conservative Union Political Action Committee (American Conservative Union)	1,116,016
10	Realtors Political Action Committee (National Association of Realtors)	893,656
11	NEA Political Action Committee (National Education Association)	762,994
12	Transportation Political Education League (United Transportation Union)	754,089
13	Machinists Non-Partisan Political League (International Association of Machinists)	732,484
14	Agricultural and Dairy Educational Political Trust (Mid-America Dairymen, Inc.)	712,142
15	United Steelworkers Political Action Fund (United Steelworkers of America)	649,330
16	ILGWU Campaign Committee (International Ladies Garment Workers Union)	647,190
17	Trust for Special Political Agricultural Community Education (Dairymen, Inc.)	643,212
18	Automobile and Truck Dealers Election Action Committee (National Association of Automobile Dealers)	556,771
19	Active Ballot Club (Retail Clerks International Association)	521,056
20	MEBA Political Action Fund (Marine Engineers Beneficial Association)	512,844

* Affiliation does not necessarily correspond to legal status.

1/ Adjusted expenditures represents the gross disbursements of the committee minus monies transferred to affiliated committees.

Source: U.S. Federal Election Commission (unpublished data).

TABLE 17. Top 20 PACs Ranked by Adjusted Expenditures: 1978 ^{1/}

Rank	Committee (and Affiliation)	Expenditures
1	Citizens for the Republic (non-connected)	\$4,509,074
2	National Conservative Political Action Committee (non-connected)	3,030,408
3	Committee for the Survival of a Free Congress (non-connected)	2,029,122
4	American Medical Political Action Committee (American Medical Association)	1,879,164
5	Realtors Political Action Committee (National Association of Realtors)	1,805,390
6	Gun Owners of America Campaign Committee (Gun Owners of America)	1,548,075
7	Automobile and Truck Dealers Election Action Committee (National Association of Automobile Dealers)	1,541,761
8	AFL-CIO COPE Political Contributions Committee (AFL-CIO)	1,290,404
9	UAW Voluntary Community Action Program (United Auto Workers)	1,158,673
10	National Committee for an Effective Congress (non-connected)	1,052,142
11	Committee for Thorough Agricultural Political Education (Associated Milk Producers, Inc.)	1,016,040
12	Transportation Political Education League (United Transportation Union)	945,963
13	United Steelworkers of America Political Action Fund (United Steelworkers of America)	810,688
14	Texas Medical Political Action Committee (Texas Medical Association)	757,074
15	The John Connally Citizens Forum (non-connected)	718,884
16	Conservative Victory Fund (non-connected)	697,211
17	California Medical Political Action Committee (California Medical Association)	674,808
18	Machinists Non-Partisan Political League (International Association of Machinists)	665,035
19	Attorneys Congressional Campaign Trust (Association of Trial Lawyers of America)	658,306
20	CWA-COPE Political Contributions Committee (Communication Workers of America)	658,236

^{1/} Adjusted expenditures represents the gross disbursements of the committee minus monies transferred to affiliated committees.

Source: U.S. Federal Election Commission (press release):
April 24, 1980.

TABLE 18. Top 20 PACs Ranked by Adjusted Expenditures: 1980 1/

Rank	Committee (and Affiliation)	Expenditures
1	National Conservative Political Action Committee (non-connected)	\$7,530,060
2	Congressional Club (non-connected)	7,212,754
3	Fund for a Conservative Majority (non-connected)	3,150,496
4	Realtors Political Action Committee (National Association of Realtors)	2,576,077
5	Citizens for the Republic (non-connected)	2,384,426
6	UAW Voluntary Community Action Program (United Auto Workers)	2,027,737
7	Americans for an Effective Presidency (non-connected)	1,874,312
8	American Medical Political Action Committee (American Medical Association)	1,812,021
9	Committee for the Survival of a Free Congress (non-connected)	1,623,750
10	National Committee for an Effective Congress (non-connected)	1,420,238
11	Gun Owners of America Campaign Committee (Gun Owners of America)	1,398,670
12	Automobile and Truck Dealers Election Action Committee (National Association of Automobile Dealers)	1,389,951
13	Committee for Thorough Agricultural Political Education (Associated Milk Producers, Inc.)	1,274,931
14	Transportation Political Education League (United Transportation Union)	1,196,241
15	NRA Political Victory Fund (National Rifle Association)	1,125,123
16	Machinists Non-Partisan Political League (International Association of Machinists)	1,096,598
17	AFL-CIO COPE Political Contributions Committee (AFL-CIO)	1,078,150
18	Americans for Change (non-connected)	1,061,123
19	Life Underwriters Political Action Committee (National Association of Life Underwriters)	1,024,139
20	United Steelworkers Political Action Fund (United Steelworkers of America)	995,501

1/ Adjusted expenditures represents gross disbursements of the committee minus monies transferred to affiliated committees.

Source: U.S. Federal Election Commission. FEC Releases Final PAC Report For 1979-80 Election Cycle (press release): Feb. 21, 1982.

TABLE 19: Top 20 PACs Ranked by Adjusted Expenditures: 1982 ^{1/}

Rank	Committee (and Affiliation)	Expenditures
1	National Congressional Club (non-connected)	\$10,404,521
2	National Conservative Political Action Committee (non-connected)	10,118,891
3	Realtors Political Action Committee (National Association of Realtors)	3,144,475
4	Fund for a Conservative Majority (non-connected)	2,945,883
5	National Committee for an Effective Congress (non-connected)	2,496,017
6	American Medical Association Political Action Committee (American Medical Association)	2,489,644
7	Citizens for the Republic (non-connected)	2,480,629
8	Committee for the Survival of a Free Congress (non-connected)	2,392,336
9	Fund for a Democratic Majority (non-connected)	2,207,305
10	UAW Voluntary Community Action Program (United Auto Workers)	2,204,645
11	Committee for the Future of America (non-connected)	2,170,295
12	Republican Majority Fund (non-connected)	2,018,794
13	Machinists Non-Partisan Political League (International Association of Machinists)	1,613,118
14	Committee for Thorough Agricultural Political Education (Associated Milk Producers, Inc.)	1,611,630
15	National Education Association Political Action Committee (National Education Association)	1,442,722
16	California Medical Political Action Committee (California Medical Association)	1,369,171
17	NRA Political Victory Fund (National Rifle Association)	1,349,726
18	Transportation Political Education League (United Transportation Union)	1,348,236
19	League of Conservation Voters (League of Conservation Voters)	1,255,082
20	Automobile and Truck Dealers Election Action Committee (National Association of Automobile Dealers)	1,202,475

^{1/} Adjusted expenditures represents gross disbursements of the committee minus monies transferred to affiliated committees.

Source: U.S. Federal Election Commission. FEC Publishes Final 1981-82 PAC Study (press release): Nov. 29, 1983.

In reviewing the lists of the largest spenders among PACs from 1976- 1982, apart from any comparisons with their counterpart lists of large contributors, several significant trends can be discerned. The first is the enormous increase in just eight years in the amount of money spent by the PACs. Whereas the cut-off level for inclusion among the top 20 was around half a million dollars in 1976, it more than doubled to \$1.2 million dollars in 1982. And while the top PAC in 1976 spent an impressive \$2.9 million, the 1982 high was more than three times as much--\$10.4 million.

The second notable trend has been the decline in labor PACs among the big spenders by more than half, from nine in 1976 to four in 1982. This decline has been accompanied by a third trend, the increase in the non-connected PACs; three were included in 1976, and, by 1982, their number had reached nine.

Concomitantly, the ideological PACs (consisting of some from the membership and some from the non-connected categories) have doubled in number since 1976, and, in 1982, more than half of the largest PACs were ideological or issue-oriented in nature (as opposed to the economic orientation of business and labor groups). While conservative groups were particularly prominent in 1982, they did not dominate the field to the extent they had in 1980 when nine out of the ten such PACs were conservative in nature. Apparently, their perceived successes in 1980 had prompted stronger efforts by liberal and Democratic-oriented groups in 1982.

The final major trend has been the tendency of a few large conservative PACs to skew the overall spending figures. The top two PAC spenders in each of the four elections were conservative groups whose dollar totals were distinctly higher (and more dramatically so with each succeeding election) than the next others on the list. In 1976, the top two PACs spent \$2.9 and \$2.2 million, with only \$150,000 separating the second and third highest

groups. In 1978, the top two spent \$4.5 and \$3.0 million, with the second largest exceeding the third by 50 percent--a gap of \$1 million. In 1980, the top two groups spent \$7.5 and \$7.2 million, exceeding the third largest PAC by 129 percent, or \$4 million. The two big spenders of 1982 (the same two as in 1980, in fact) spent \$10.4 and \$10.1 million, with the third ranked group spending nearly \$7 million--or 222 percent--less than the second. For the first time in 1982, the third highest spender was not also a conservative ideological or issue organization; the Realtors PAC spent an impressive \$3.1 million, reportedly in part reflecting stepped-up operations by the group and partly because of an independent expenditure effort by this major trade organization. The next subsection will discuss the skewing of the expenditure statistics by the ideological PACs by exploring the question of where the enormous sums of money have been going, as it is apparent that they have not been spent in large measure on candidate contributions.

c. Comparison of the largest spenders and contributors among PACs

The attention given to the big PAC spenders and contributors reflects an interest in determining which groups have acquired the greatest potential for influencing the political process. This section has explored this topic, particularly in the context of the aggregate data presented for categories of PACs in Tables 8 and 9. Before arriving at some conclusions about the largest PACs and the standards reflected in the two different schemes for arranging them, one additional criterion for gauging an interest group's potential for political influence should be noted.

As mentioned earlier, some unions and corporations sponsor more than one PAC, despite the anti-proliferation provisions of the 1976 FECA Amendments, which subjected all the PACs established by the same parent organization to a

single contribution limit per candidate (\$5000). It was intended to reduce the incentives for proliferating PACs within an organization. It appears, however, that there may be other incentives working in favor of establishing multiple segregated funds--for example, greater ease in avoiding detection of the parent group's accumulated power. Proliferation may also afford greater ease in fundraising, by having different PACs in the various branches of a union or corporation. Although the single contribution limit per candidate is in effect, the leaders of the corporation or union could retain the power to determine how the funds raised by all of its affiliated PACs will be spent.

In 1980, for example, American Telephone & Telegraph sponsored 23 PACs whose gross expenditures were \$893,637 and whose contributions to Federal candidates totaled \$654,250. While the former amount would not have placed AT&T among the top 20 spenders even had they been arranged by sponsoring organization, the latter figure would likely have led to the corporation's inclusion as the tenth largest contributor to Federal candidates. On a smaller scale but illustrative nonetheless, the LTV Corporation sponsored six PACs which spent \$446,819 in 1980, \$229,430 of which went to Federal candidates, and Dow Chemical's eight PACs spent \$350,338, of which \$270,700 went to Federal candidates. 123/

These data reveal that by sponsoring several PACs, the extent to which an organization plays a financial role in Federal elections may be obscured. It is especially useful to bear this phenomenon in mind when considering the case of the corporate PACs, which, despite their large numbers and large aggregate contributions, failed to rank among the largest spenders or

123/ U.S. Federal Election Commission. FEC Reports on Financial Activity, 1979-1980. Final Report: Party and Non-Party Political Committees. Vol. 3 - Non-Party Detailed Tables (Corporate and Labor). Washington, Jan. 1982.

contributors in any year examined herein. But, proliferation of PACs is not limited to corporations. The AFL-CIO, for example, sponsored 17 PACs apart from its pre-eminent COPE Political Contributions Committee. Undoubtedly, their contributions and expenditures would improve the overall ranking of the AFL-CIO vis-a-vis other PAC sponsors. Because this section of the report adopts the method of ranking PAC spending by committee, rather than sponsor, it is better able to reveal which PACs may be considered the most important rather than which interest groups may be considered the most important politically. Because few groups sponsor more than one PAC, this qualification is not of overriding significance.

The two most noteworthy trends evidenced from the comparison between Tables 10-15 and Tables 16-19 are very much interrelated: the increasing gap evidenced since 1976 in the ratio of spenders to contributors and the increasing predominance among top PAC spenders of the ideological (mostly conservative) groups. As demonstrated by the aggregate data in Table 3, the percentage of PAC contributions in adjusted PAC expenditures has ranged since 1976 between the 42 and 46 percent level or, in other words, somewhat less than one PAC dollar in two has been contributed directly to Federal candidates. The comparison between Tables 8 and 9 had shown that the 1 to 2 ratio was roughly applicable between 1978 and 1982 to every category of PAC, except for the non-connected grouping. In 1982, between 52 and 63 percent of expenditures by the three other major types of PACs went into contributions, but only 17 percent of the non-connected PAC expenditures took that form; only one dollar in six was spent on contributions (in 1980, the ratio was only 1:8).

For the largest spenders and contributors, rather than approximating the 1 to 2 ratio applicable to most PAC groups, the gap has grown significantly wider since 1976. In 1976, the 20th largest contributor gave 56 percent as

much in contributions as the 20th largest spender spent; this proportion dropped to 47 percent in 1978, and to 43 percent in 1980; this trend was reversed in 1982 with a 52 percent figure. At the other end of the range, of more interest here, the largest contributor in 1976 gave 40 percent as much to candidates as was spent by the largest spending PAC; the proportion dropped to 36 percent in 1978 and to only 20 percent in 1980 and 1982.

The increasingly high levels of expenditures by the ideological, nonconnected PACs, in conjunction with their relatively low levels of direct support for candidates, have been responsible for this trend. While the nonconnected group increased their representation among top spenders from three to nine from 1976-1982, their numbers among top contributors fell from two to zero in that same period. 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 lists, this was far from true for the nonconnected PACs. A look at financial activity of the large conservative PACs in 1980 and 1982 will highlight the major contributing factors.

Of the \$7.5 million spent by NCPAC in 1980, only \$237,806 was given as contributions to Federal candidates, while \$3.3 million was spent independently for and against candidates. ^{124/} A March 1981 estimate placed NCPAC's operating expenses at \$2.1 million and its direct-mail costs at \$1.8 million. ^{125/} In 1982, NCPAC reported expenditures of \$10.1 million, of which \$264,357 (2.6

^{124/} Ibid. Vol. 4 - Non-Party Detailed Tables (No Connected Organization, Trade/Membership/Health, Cooperative, Corporation Without Stock). p. C90; U.S. Federal Election Commission. FEC Study Shows Independent Expenditures Top \$16 Million (press release): Nov. 29, 1981.

^{125/} Shaw, New Right Gave Candidates Little, p. 20A.

percent) was contributed to Federal candidates and \$3.2 million (31.4 percent) was for independent expenditures. 126/

The Congressional Club spent \$7.2 million in 1980, of which \$72,383 went to Federal candidates and \$4,601,069 was spent independently. 127/ According to one account, the \$4.6 million figure for independent expenditures greatly overstated the level of candidate-oriented activity; in fact, it asserted, as much as \$3.9 million of the \$4.6 million went for direct-mail fundraising. 128/ In 1982, of the \$10.4 million in expenditures reported by the Congressional Club, only \$135,263 (1.3 percent) was contributed to Federal candidates; no independent expenditures were reported. 129/

Such groups as Americans for Change and Americans for an Effective Presidency were organized in 1980 expressly for the purpose of conducting independent expenditure campaigns on behalf of Ronald Reagan. Those two groups spent nearly \$2 million independently and only \$30,250 in direct contributions. 130/ Thus, the gap between spending and contributing can still be seen largely in terms of fundraising costs and independent expenditures.

The foregoing discussion is not intended to imply that only conservative groups experience the large gap between overall expenditures and direct contributions. In 1982, several liberal or Democratic-oriented groups spent

126/ U.S. Federal Election Commission. FEC Reports on Financial Activity, 1981-1982. Final Report. Party and Non-Party Political Committees. Vol. IV. Washington, 1983; U.S. Federal Election Commission. FEC Issues Final Report on 1981-82 Independent Expenditures (press release): Oct. 14, 1983.

127/ U.S. Federal Election Commission. FEC Reports on Financial Activity, 1979-1980. Vol. 4. p. C42.

128/ Shaw, New Right Gave Candidates Little.

129/ U.S. FEC Reports on Financial Activity, 1981-1982. Vol. IV; and FEC Issues Final Report on 1981-82 Independent Expenditures.

130/ U.S. Federal Election Commission. FEC Reports on Financial Activity, 1979-1980. Vol. 4. p. C12.

large sums of money, with only a fraction thereof for direct contributions: Independent Action contributed only 9 percent of its \$1.2 million (with another 11 percent on independent expenditures), while the two major candidate-oriented PACs--Fund for a Democratic Majority and Committee for the Future of America--contributed only 8 and 10.5 percent of their overall expenditures. ^{131/} However, it is particularly instructive to focus on the large conservative PACs in view of the fact that just two groups--NCPAC and the Congressional Club--were responsible for more than ten percent of total expenditures by all 3,371 PACs in 1982, with less than one-half percent going for direct contributions, and that one of them--NCPAC--was responsible for more than half the independent expenditures that year.

With large or unlimited pools of potential contributors, the non-connected PACs have increasingly turned to direct-mail as the most effective way to reach large numbers of people sympathetic to their philosophy. For conservative groups, this trend has coincided with the pioneering efforts in the direct-mail field by conservatives--most notably Richard Viguerie--anxious to assist candidates of similar ideology through sophisticated direct-mail techniques and in-house lists of millions of likely contributors. Only recently have liberal groups begun to improve their capabilities in the direct-mail field. Thus, the direct-mail avenue is one that is conducive to the mission of ideological groups, and its greater development to date by conservatives has made it an especially likely method for conservative PACs to adopt.

The other major factor contributing to the high expenses of conservative ideological PACs has been their willingness to operate outside of more traditional, established channels for interest group influence in the electoral

^{131/} U.S. FEC Reports on Financial Activity, 1981-1982. Vol. IV.

process. While officials of both major parties have expressed concern over the trend toward more independent expenditures, conservative groups have tended to defend them as a logical response to what they see as the FECA's undue restrictions on direct contributions to candidates. Furthermore, independent expenditure campaigns, as a highly visible endeavor (in contrast with direct candidate giving), have probably had some impact on the ability of the conservative groups to raise money. 132/

Finally, with regard to the spender-contributor gap and the increasingly disproportionate spending by conservative, non-connected PACs, it is instructive to observe that by excluding the top two PAC spenders from 1976-1982, the gap between spenders and contributors more nearly approximates the 1 to 2 ratio discussed earlier. Not only have the non-connected PACs skewed the spending/contributing data, but this has been especially true of a few major, highly visible, large spending PACs in each election.

Having explored the growing gap between the top spenders and contributors and the dominance of the former by the conservative, non-connected PACs, the other comparative observations appear largely to be simply by-products of the other trends. Labor PACs dominated the field in terms of their contributions to candidates in all six elections, but they increasingly were unable to compete with the overall fundraising ability of the non-connected groups. Thus, their ranks decreased among the largest spenders. Trade associations grew among the largest contributors, but their numbers remained constant among the large spenders. They, also, despite their generally impressive fundraising record, were unable to match the funding levels of the large, ideological PACs.

132/ Independent Expenditures: Tactics and Strategy. Political Action Report, v. 3, August 16, 1980: 9-10.

C. PAC Spending Since 1972: Where the Money Has Gone

The primary focus of this section is on the beneficiaries of PAC giving during the past six elections--how PAC money has been distributed to candidates in terms of their political party and electoral status (whether incumbent, challenger, or open-seat contestant). This section is intended to promote a better understanding of some of the key points of contention in the continuing debate on the subject of PACs, specifically whether there is a partisan slant in PAC giving (and whether it has undergone a shift) and whether an incumbency bias does exist among PACs. Part 1 examines these questions from the perspective of the PACs (and also sheds some light on how the specific types of PACs have been distributing their money with regard to the party and status variables). Part 2 looks at these questions from the candidate perspective--how much have PAC contributions played a role in the financing of campaigns, according to party and candidate status.

1. Candidate Preferences From the PAC Perspective

Tables 20 and 21 present the data on how PAC contributions have been distributed to candidates since 1972, according to party and electoral status. They include statistics for both House and Senate candidates in the general elections (primary losers are excluded). While Table 20 presents aggregate data for all PACs, Table 21 breaks the data down by categories of PACs.

As evidenced in Table 20, the division of PAC contributions has shifted since 1972 from an overwhelming Democratic bias to a more competitive situation between the two parties' candidates. In 1972 and 1974, Democratic candidates received over twice as much in PAC contributions as did Republican candidates; the Democratic advantage declined slightly in 1976, but it remained in the

2 to 1 range. It was in 1978 that the party ratio shifted sharply away from Democrats and toward Republicans, although still with a 54-46 split in Democrats' favor. This shift continued in 1980, with a 52-48 party split that appeared to presage an even division--if not a GOP advantage--by 1982; in fact, however, aggregate PAC giving shifted back to the Democrats in 1982 by 54 to 46 percent.

TABLE 20. PAC Contributions to Congressional Candidates in General Elections by Party/and Status of Candidates: 1972-1982
(in millions of dollars and percentages) 1/

Year	Amount Given	Party		Status		
		Dem	Rep	Incum.	Chall.	Open
1972	\$ 8.5	\$ 5.8 (68%)	\$ 2.7 (32%)	\$ 4.4 (52%)	\$ 2.1 (25%)	\$ 2.0 (24%)
1974	\$11.6	\$ 7.9 (68%)	\$ 3.7 (32%)	\$ 6.7 (58%)	\$ 2.5 (22%)	\$ 2.4 (21%)
1976	\$20.5	\$13.6 (66%)	\$ 6.9 (34%)	\$13.2 (64%)	\$ 4.2 (20%)	\$ 3.1 (15%)
1978	\$31.8	\$17.1 (54%)	\$14.7 (46%)	\$18.8 (59%)	\$ 7.0 (22%)	\$ 6.0 (19%)
1980	\$51.9	\$26.8 (52%)	\$24.9 (48%)	\$32.5 (63%)	\$13.4 (26%)	\$ 6.0 (12%)
1982	\$79.7	\$43.1 (54%)	\$36.6 (46%)	\$54.2 (68%)	\$15.2 (19%)	\$10.4 (13%)

1/ Based on contributions only to House and Senate candidates who competed in general elections; primary losers are excluded. Percentages are based on total contributions and may not add up to 100% within a category (i.e., party or status) because of rounding; contribution amounts are rounded to the nearest tenth and may not add up to overall contributions.

Source: For 1972: Common Cause. Campaign Finance Monitoring Project. 1972 Federal Campaign Finances: Interest Groups and Political Parties. Washington, 1974. v. 1., p. vi. (party breakdowns from summaries in v. 1-3)
For 1974: Common Cause. Campaign Finance Monitoring Project. 1974 Congressional Campaign Finances. Vol. 5--Interest Groups and Political Parties, Washington, 1976. p. ix.

TABLE 20. PAC Contributions to Congressional Candidates in General Elections by Party and Status of Candidates: 1972-1982 (in millions of dollars and percentages) 1/--Continued

For 1976: Common Cause. 1976 Federal Campaign Finances. Interest Group and Political Party Contributions to Congressional Candidates. Washington, 1978. v. 1. p. viii.

For 1978: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1977-1978. Interim Report no. 5--U.S. Senate and House Campaigns. Washington, June 1979. p. 32, 34.

For 1980: U.S. Federal Election Commission. FEC Releases Final Statistics on 1979-80 Congressional Races (press release): March 7, 1982.

For 1982: U.S. Federal Election Commission. FEC Releases Final Report on 1981-82 Congressional Elections (press release): Dec. 2, 1983.

In terms of candidate status, Table 20 reveals that the incumbency bias among PACs is indeed present and that it has grown since 1972. In that year, roughly one-half of PAC contributions went to incumbent Members of Congress; this proportion climbed in 1974 and again in 1976, dropped in 1978, and rose again in 1980, to nearly two-thirds. By 1982, more than two-thirds of PAC money (68 percent) was given to incumbents. Contributions to candidates challenging incumbents has fluctuated between the one-quarter and one-fifth level, with a four percent rise in 1980 followed by a seven percent decline in 1982. Most of the increase in PAC contributions to incumbents has come at the expense of open-seat contenders. While such contributions constituted one-fourth of PAC contributions in 1972, this percentage fell in 1974 and again in 1976, rose in 1978 (when incumbents' share declined), and fell sharply in 1980 to only 12 percent; there was a slight increase of one percent in 1982.

At issue in the discussion over candidate status as it relates to PAC spending is the nature of the primary goal sought by political action committees through their contributions. Is money given primarily to further the political philosophies and/or economic interests of the group, or is it given primarily as a means of gaining the goodwill of and thereby access to elected officials?

In the former case, it would seem to follow that there would be a high correlation between the political philosophies of the PAC and the candidates it supports. In the latter case, it would appear more logical to support candidates with the greatest likelihood of being elected, with their compatibility with one's own philosophy de-emphasized as a consideration.

Although incumbent Senators have not fared particularly well in recent years, between 86 and 96 percent of incumbent House Members have been re-elected in every year since 1950. ^{133/} Generally, races involving incumbents are not as competitive as open-seat contests; the open seat contenders typically spend much larger sums of money, as well.

Given the decisive bias of PACs in favor of incumbents, who generally do not need the same degree of funding as do open-seat contenders, the data in Table 20 lends support to the "access" theory behind PAC contributions. How this theory holds up in conjunction with the greater flow of money to Republicans, who, even after 1980, constitute a smaller share of incumbents than do Democrats, will be explored in Table 23, which merges the party and candidate status variables.

The findings in Table 20 are amplified in Table 21 by the breakdown of the data into the four principal categories into which PACs today are grouped by the FEC. One can thus examine the contribution patterns of the major sectors of the PAC community, thus gaining insight into the overall trends reflected in Table 20. (As indicated in the notes to Table 21, the basis for determining the categories for corporate and trade/membership/health PACs in the early years differs from that used in Tables 8 and 9; the primary value of

^{133/} Re-election Success of Incumbents. Congressional Quarterly Weekly Reports, v. 38, April 5, 1980: 908.

those categories in those years lies in the percentage distributions, rather than the dollar amounts.)

In terms of party biases, the clearest pattern is seen in the consistent and overwhelming support which the labor PACs have provided to Democratic candidates, who received between 93-97 percent of labor contributions in every election. Contributions to Democrats from organized labor apparently have enabled them to attract a greater share of PAC money overall than Republicans have, in spite of the enormous strides made by corporate and trade PACs in channeling money to Republican candidates in recent elections.

No definitive pattern emerges regarding labor PACs' candidate status orientation. Whereas they were the most distinctly incumbent-oriented group in 1980 (when three-fourths of their money went to incumbents), this was hardly the case in 1982 when 58 percent of labor money was given to incumbents. The latter decline, accompanied by a huge increase in the level of support for challengers (29 percent), reflected the political strategy of organized labor in the wake of its defeats in 1980. Although labor PACs have shifted their funds from incumbents to challengers, depending upon the political season, their support for the open-seat contenders has trended distinctly downward.

The corporate (business) PACs have contributed most of their money to Republican candidates in all of the elections examined, but there has occurred a significant shift in their contribution pattern. From 1972 to 1976, the share of business PAC money contributed to Democratic candidates increased each year, from 29 percent to 43 percent, while the Republican share declined from 71 to 57 percent. Although Democratic candidates are typically thought to be less pro-business than Republicans, the contribution decisions appeared to be based on the desire of business to support incumbents; this is reflected in the net growth in support of incumbents by corporate PACs between 1972-1976.

This tendency on the part of business PACs was reportedly a source of annoyance to GOP leaders, who felt that the Republican candidates generally had a better claim to the business community's support than did Democrats. 134/ This sentiment is reflected in remarks made by Ronald Reagan to politically-oriented business leaders in 1978:

I don't think the Republican Party has received the kind of financial support from corporate PACs that its record deserves. Why does half of the business PAC money go to candidates who may not be friends of business? The best thing you can hope for by following an anti-business, incumbent contribution policy is that the alligator will eat you last. 135/

Although corporate PACs continued their practice of favoring incumbents and, consequently, only barely favoring Republicans through much of 1978, this pattern changed dramatically in the closing weeks of that election. Prior to October 1, 1978, 53 percent of corporate PAC money was given to Republicans and 47 percent to Democrats; incumbents received 72 percent of corporate PAC money in that same period. Between October 1 and October 23, the party split shifted to 71-29 in the Republicans' favor, and the incumbents' share dropped to only 49 percent. 136/ Consequently, Table 21 reflects the sharp rise from 1976 to 1978 in the Republican share of corporate money and the sharp drop in incumbents' share (with challengers and, especially, open-seat contenders the beneficiaries). The Republican share remained at a constant two-thirds level in 1980 and 1982, while the support for incumbents and challengers fluctuated. The huge shift toward challengers in 1980 (31 percent) reflected a greater risk strategy by corporate PACs; this was followed in 1982 with a major shift

134/ Glen, Maxwell. At The Wire, Corporate PACs Come Through for the GOP. National Journal, v. 11, February 3, 1979: 174.

135/ Ibid.

136/ Ibid., p. 176.

back to incumbents (75 percent), reflecting a more protective strategy on behalf of a larger number of Republican Members of Congress.

TABLE 21. PAC Contributions to Congressional Candidates in General Elections by Type of PAC and by Party and Status of Candidate: 1972-1982 (in millions of dollars and percentages) 1/

Type	Year	Amount Given	Party		Status		
			Dem	Rep	Inc.	Chall.	Open
Labor	1972	\$ 3.6	\$ 3.4 (94%)	\$.2 (6%)	\$ 1.9 (53%)	\$ 1.0 (28%)	\$.7 (19%)
	1974	\$ 5.7	\$ 5.4 (95%)	\$.4 (7%)	\$ 2.8 (49%)	\$ 1.7 (30%)	\$ 1.3 (23%)
	1976	\$ 7.4	\$ 7.2 (97%)	\$.2 (3%)	\$ 4.7 (64%)	\$ 1.6 (22%)	\$ 1.2 (16%)
	1978	\$ 8.9	\$ 8.3 (93%)	\$.5 (6%)	\$ 5.6 (63%)	\$ 1.9 (21%)	\$ 1.4 (16%)
	1980	\$12.3	\$11.5 (93%)	\$.8 (7%)	\$ 9.0 (74%)	\$ 1.9 (16%)	\$ 1.3 (11%)
	1982	\$19.4	\$18.4 (95%)	\$ 1.0 (5%)	\$11.3 (58%)	\$ 5.4 (29%)	\$ 2.6 (13%)
Cor- porate <u>2/</u>	1972	\$ 1.7	\$.5 (29%)	\$ 1.2 (71%)	\$ 1.1 (65%)	\$.2 (12%)	\$.4 (24%)
	1974	\$ 2.4	\$.9 (38%)	\$ 1.4 (58%)	\$ 1.9 (79%)	\$.2 (8%)	\$.3 (13%)
	1976	\$ 6.7	\$ 2.9 (43%)	\$ 3.8 (57%)	\$ 4.8 (72%)	\$ 1.2 (18%)	\$.8 (12%)
	1978	\$ 9.1	\$ 3.1 (34%)	\$ 6.0 (66%)	\$ 5.4 (59%)	\$ 2.0 (22%)	\$ 1.7 (19%)
	1980	\$18.1	\$ 6.3 (35%)	\$11.8 (65%)	\$10.5 (58%)	\$ 5.6 (31%)	\$ 2.0 (11%)
	1982	\$26.4	\$ 8.9 (34%)	\$17.6 (66%)	\$19.6 (75%)	\$ 3.4 (13%)	\$ 3.4 (13%)

TABLE 21. PAC Contributions to Congressional Candidates in General Elections by Type of PAC and by Party and Status of Candidate: 1972-1982 (in millions of dollars and percentages) 1/--Continued

Type	Year	Amount Given	Party		Status		
			Dem	Rep	Inc.	Chall.	Open
Trade/ Memb./ Health <u>3/</u>	1972	\$ 1.0	\$.2 (20%)	\$.8 (80%)	\$.5 (50%)	\$.2 (20%)	\$.3 (30%)
	1974	\$ 1.8	\$.5 (28%)	\$ 1.3 (72%)	\$ 1.4 (78%)	\$.1 (6%)	\$.3 (17%)
	1976	\$ 2.6	\$ 1.0 (38%)	\$ 1.6 (62%)	\$ 1.7 (65%)	\$.5 (19%)	\$.4 (15%)
	1978	\$10.6	\$ 4.4 (42%)	\$ 6.2 (59%)	\$ 6.4 (60%)	\$ 2.1 (20%)	\$ 2.2 (21%)
	1980	\$15.0	\$ 6.5 (43%)	\$ 8.5 (57%)	\$ 9.9 (66%)	\$ 3.4 (23%)	\$ 1.7 (11%)
	1982	\$20.8	\$ 8.7 (42%)	\$12.0 (58%)	\$15.8 (76%)	\$ 2.6 (13%)	\$ 2.4 (11%)
Non- <u>4/</u> Connect.	1972	---	---	---	---	---	---
	1974	\$.7	\$.3 (48%)*	\$.3 (52%)*	\$.1 (14%)	\$.3 (43%)	\$.3 (43%)
	1976	\$ 1.2	\$.6 (45%)*	\$.7 (55%)*	\$.4 (33%)	\$.5 (42%)	\$.3 (25%)
	1978	\$ 2.3	\$.5 (23%)*	\$ 1.7 (77%)*	\$.7 (30%)	\$ 1.0 (44%)	\$.5 (22%)
	1980	\$ 4.5	\$ 1.3 (29%)	\$ 3.2 (71%)	\$ 1.5 (33%)	\$ 2.3 (51%)	\$.7 (16%)
	1982	\$10.0	\$ 5.2 (52%)	\$ 4.8 (48%)	\$ 4.8 (48%)	\$ 3.6 (36%)	\$ 1.6 (16%)

1/ Contributions to candidates in millions of dollars, rounded off to nearest tenth. Percentages of overall group contributions given to a type of candidate are based on the rounded off dollars and are themselves rounded off to the nearest whole percentage. The exception to this is the party

TABLE 21. PAC Contributions to Congressional Candidates in General Elections by Type of PAC and by Party and Status of Candidate: 1972-1982 (in millions of dollars and percentages) 1--Continued

percentages (from 1974-1978) in the non-connected category, which are based on total dollars, in order to better reflect the splits and trends than would percentages based on rounded dollar amounts.

2/ For 1972-1976, the FEC's "corporate" category correlates to the "business" category of Common Cause. Thus, the data for 1972-1976 are not exactly comparable to those for 1978-1982, as different standards governed the inclusion of PACs in the "business" vs. "corporate" groups.

3/ For 1972-1976, the "trade/membership/health" category, as defined by the FEC, correlates to the "health" and "lawyers" groupings used by Common Cause for each or some of those three years. Thus, the data for 1972-1976 are not exactly comparable for those in 1978-1982 because of the different standards used to determine PACs in the various categories. This particularly has a bearing on the enormous rise in trade/membership/health contributions from 1976 to 1978, which, in part, can be explained by the addition of non-health and non-lawyers PACs to the category.

4/ For 1974-1976, the "non-connected" category used by the FEC correlates to the "ideological" grouping of Common Cause. Most of today's ideological PACs are listed in the non-connected category, although the latter also includes some which are not ideological in nature. Thus, the data for 1974-1976 are not exactly comparable to those for 1978-1982, in view of different standards applied to including PACs in either group. (Ideological PACs in 1972 were lumped into Common Cause's "miscellaneous" group, and are thus not reflected in this chart.)

* Based on whole dollar amounts; see note 1, infra.

NOTES: This table does not include data for the FEC's 1978-1982 categories of "cooperatives" and "corporations without stock" or the corresponding data from Common Cause's 1972-1976 categories of "miscellaneous," "dairy," and "agriculture" because of the relatively low levels of financial activity of such groups today (with some notable exceptions).

The data in the corporate and trade/membership/health groupings for 1972-1976 are based on different standards from the same groupings in Tables 8-9. Thus, they are not comparable, even apart from the difference in period of time covered by each. Those statistics in table 20 should be used primarily for the percentage breakdowns, rather than the dollar amounts.

Source: For 1972: Common Cause. Campaign Finance Monitoring Project. 1972 Federal Campaign Finances: Interest Groups and Political Parties. Washington, 1974. v. 1. p. vi. (party breakdowns taken from summary pages for each category in volumes 1-3)

For 1974: Common Cause. Campaign Finance Monitoring Project. 1974 Congressional Campaign Finances. Vol. 5--Interest Groups and Political Parties. Washington, 1976. p. ix.

TABLE 21. PAC Contributions to Congressional Candidates in General Elections by Type of PAC and by Party and Status of Candidate: 1972-1982 (in millions of dollars and percentages) 1--Continued

For 1976: Common Cause. 1976 Federal Campaign Finances. Interest Group and Political Party Contributions to Congressional Candidates. Washington, 1978. v. 1. p. viii.

For 1978: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1977-1978. Interim Report No. 5--U.S. Senate and House Campaigns. Washington, June 1979. p. 32, 34.

For 1980: U.S. Federal Election Commission. FEC Releases Final Statistics on 1979-80 Congressional Races (press release): March 7, 1982.

For 1982: U.S. Federal Election Commission. FEC Releases Final Report on 1981-82 Congressional Elections (press release): Dec. 2, 1983.

Among trade/membership/health PACs, a once-overwhelming Republican bias was weakened considerably from 1972 to 1978. For the last three elections, the balance between the two parties has remained at a constant level of nearly 3-2 in the Republicans' favor.

In terms of support for candidates by status, it appears that these PACs constitute the second most incumbent-oriented grouping. The pattern here is not easily discerned, with a very sharp increase in the share received by incumbents in 1974, a large drop in 1976 and in 1978, and large increases in 1980 and 1982, when fully three-fourths of trade/membership/health PAC money went to incumbents--more than for any other grouping. The proportion of money given to challengers has fluctuated in the opposite direction from that to incumbents, with the huge decrease in 1982 benefiting the incumbents. Open-seat candidates suffered a substantial net drop in support between 1972 and 1982, although they received a constant 11 percent of these PACs' funds in the past two elections.

The non-connected PACs have been the only one of the four major groupings that has consistently given most of their contributions to non-incumbents. Until 1982, it was the challengers who were most heavily favored, with as much

as 51 percent of non-connected contributions going to challengers in 1980. Open-seat contenders met with declining fortunes during the past decade, although they fared better here than they did in any other category. Incumbents received only one-third of non-connected PAC money between 1976 and 1980, but their share jumped dramatically to nearly one-half in 1982; this increase occurred at the expense of the challengers.

In view of the predominance of ideological groups in this category, it is hardly surprising that their money would favor non-incumbents. It is logical that PACs which are not affiliated with established lobbying organizations would be more likely to risk alienating incumbent Members of Congress than would those that are connected with lobbying arms. Their primary commitment to ideology, in comparison with perhaps the more pragmatic philosophies of the other types of PACs, appears to make their choices of whom to support that much easier. For this reason, among others, the non-connected PACs are often viewed as "loose cannons" within the political system.

In terms of party support, the non-connected PACs were until 1980 the most Republican-oriented among the four major groupings. From 1974 and 1978, their support of Republican candidates over Democratic ones increased from a slight plurality to a 3 to 1 ratio. There was a marked rise in their support of Democrats in 1980, and, in 1982, there was a shift toward Democrats which was substantial enough to give them a slight edge. One may venture a guess that this development, accompanied as it was by a major shift toward incumbents, was a reflection of the overwhelming attention given by conservative PACs to expenditures other than candidate contributions, leaving liberal groups--which stepped up their political activities after 1980--to constitute a greater proportion of PAC contributions than they otherwise would have. In any case, it is useful to remember that the trends in candidate contributions by the

non-connected PACs are less important than the other forms of political expenditures in which they have been engaged.

Summing up the contributing factors to the trends evidenced in Table 20, only one of the four principal PAC groupings--labor--has consistently favored Democratic candidates; this support is sufficiently lopsided to enable Democrats to retain an overall edge over Republicans in attracting PAC contributions. The non-connected PACs were the most pro-Republican in their giving, until 1982, when they became the second most pro-Democratic. In the last three elections, corporate PACs have been most pro-Republican (by a 2-1 ratio), with the trade/membership/health PACs second (a nearly 3-2 ratio). The major reduction in the Democrats' share of PAC money in 1978 was largely the result of a shift among corporate PACs, while the renewed shift to Democrats in 1982 may be traced to the sudden change among non-connected PACs that year.

In terms of PAC money favoring incumbents, this has been an increasing phenomenon over the six-election period. The overall PAC tilt to incumbents is evidenced in the giving patterns of every grouping, despite a decline in corporate PAC giving to incumbents between 1974 and 1980 and the secondary role of incumbents in the giving patterns of the non-connected group until 1982. The drop-off in support for open-seat contenders since 1972 has been evidenced in the patterns of every one of the four PAC groupings. In contrast, the relative stability in the overall level of PAC giving to challengers until 1982 masked sharp increases in corporate and non-connected PAC giving to challengers. Sharp divergences in the giving patterns of several groups in 1982 make overall analysis more difficult, as it is too soon to tell whether they may signal significant, new trends. Finally, it is worth remembering that dealing in trends in aggregate totals may mask trends occurring in many individual PACs within a given category.

2. PAC Contributions from the Candidates' Perspective

Tables 22-23 place the question of PAC support of candidates in the context of the candidates' overall campaign receipts. Whereas Table 20 showed how PAC money was distributed to candidates according to party affiliation and electoral status, Tables 22-23 show how important a role these contributions played for the same candidate breakdowns. The latter tables may yield different conclusions than the former, as they take into account such additional criteria as the number of candidates PAC money was distributed among and the other sources of candidate funding. Although PACs may have favored a particular type of candidate, those candidates may have been less reliant on PAC contributions than other types of candidates. The other key difference in the tables in this subsection is that they confine their focus to House candidates, in contrast to the combined House and Senate data in Tables 20-21. Table 22 presents the party breakdowns separate from the status breakdowns, while Table 23 combines both variables for more detailed analysis.

As Table 22 indicates, Democratic House candidates have received consistently more PAC contributions relative to other funding sources than have their Republican counterparts. In 1982, just over one-third of Democrats' campaign funding emanated from political action committees, whereas PACs contributed more than one-fourth of Republican campaign funds. The gap between the levels of contributions to Democrats and Republicans of PAC money decreased in 1978, prior to which PAC funds constituted about nine percent more of Democrats' than Republicans' receipts. In 1978, in keeping with the overall increase in PAC giving to Republicans, the gap was narrowed to less than five percent. The gap widened to 5.6 percent in 1980 and to 6 percent in 1982.

TABLE 22. PAC Contributions as a Percentage of House Candidate Receipts by Party or Status of Candidate: 1972-1982 General Elections 1/

Year	Total for House <u>2/</u>	Party		Status		
		Dem	Rep	Inc.	Chall.	Open
1972	14.0%	18.6%	9.2%	16.9%	11.6%	11.0%
1974	17.2%	21.6%	12.4%	18.7%	15.3%	16.0%
1976	22.4%	26.8%	17.6%	28.1%	15.3%	16.9%
1978	24.8%	27.1%	22.5%	31.6%	17.1%	19.4%
1980	28.9%	31.9%	26.3%	34.3%	20.0%	25.1%
1982	31.5%	34.5%	28.5%	36.7%	23.2%	25.0%

1/ Based on financial activity only for candidates who ran in the general election; primary losers excluded.

2/ Totals correspond with those in Table 6, infra.

Source: For 1972 and 1974: Jacobson, Gary C. The Pattern of Campaign Contributions to Candidates for the U.S. House of Representatives, 1972-1978. In U.S. Congress. House. Committee on House Administration. An Analysis of the Impact of the Federal Election Campaign Act, 1972-1978. From the Institute of Politics, John F. Kennedy School of Government, Harvard University. Committee Print, 96th Cong., 1st Sess. Washington, U.S. Govt. Print. Off., 1979. p. 25-26. (statistics for this chart were extrapolated from the data in Jacobson's tables 6-7.)

For 1976: U.S. Federal Election Commission. FEC Disclosure Series. No. 9: 1976 House of Representatives Campaigns. Receipts and Expenditures. Washington, September 1977. p. 4, 6 (for party breakdown); p. 7-8 (for status breakdowns).

For 1978: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1977-1978. Interim Report No. 5. U.S. Senate and House Campaigns. Washington, June 1979. p. 31-32 (for party breakdowns); p. 36, 51-52 (for status breakdowns).

For 1980: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1979-1980. Final Report. U.S. Senate and House Campaigns. Washington, Jan. 1982. p. 49-50 (for party breakdowns); p. 52-53 (for status breakdowns).

For 1982: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1981-1982. Final Report. U.S. Senate and House Campaigns. Washington, Oct. 1983. pp. 33-36.

With regard to the level of receipt of PAC money according to the electoral status of candidates, incumbents have consistently received more of this source of funding relative to other sources than have their challengers or those competing in districts with no incumbent running. Furthermore, the percentage of PAC contributions to incumbents among all receipts has increased at a significantly faster rate than for the other two categories, both of which experienced an increase during the 1972-1982 period.

Perhaps the most interesting characteristic of the candidate status data is the higher degree of PAC money in the campaign treasuries of open seat contenders than of challengers to incumbents. This is contrary to the consistently higher amount of PAC dollars which have been contributed to the challengers over the open-seat contenders, as reflected in Table 20. This apparent incongruity may result from the higher number of challengers than open-seat contests; hence the lesser share of PAC money is distributed among a far lesser number of candidates in the latter category. By 1982, one-fourth of the House open-seat contenders' funds came from PACs, whereas less than one-fourth of the challengers' receipts were from PACs (challengers' share of PAC money rose notably in 1982); in the case of House incumbents, PAC money constituted more than one-third of overall general election receipts.

The trends in PAC giving by party and candidate status are explored in greater detail in Table 23, which combines the two variables for the 1972-1982 elections. It is readily observed that there are significant differences in the level of PAC support between the parties within each candidate status category.

While Table 22 pointed out that PAC money plays the largest role in financing incumbent campaigns, Table 23 demonstrates that this is especially true for Democratic incumbents. The levels of PAC money among overall receipts

increased at roughly the same rate for both Democratic and Republican incumbents between 1972 and 1978, with both experiencing a sharp rise in 1976 (a reflection of the overall increase that year in the PAC component). The Republican percentage rose sharply again in 1980 and also in 1982. The Democratic figure rose much more modestly in each of the latter elections, thus accounting for only a three percent gap between the two parties in 1982, with the Republican incumbents at 35.1 percent and the Democratic incumbents at 38.2 percent. The greater percentage of PAC money in Democratic than in Republican incumbents' campaigns is partly a function of the relatively greater share of the latter's receipts constituted by party contributions.

While Democrats have consistently received proportionately more PAC money than Republicans among incumbent candidates, this has not always been the case among challengers and open-seat contenders. Between 1978 and 1980, Republican challengers and open-seat candidates were distinctly more reliant on PAC money than their Democratic counterparts; this turned around in 1982, when Republican candidates became less and Democratic candidates much more reliant on PAC funds.

Among Democratic challengers, PAC money played a rather stable role from 1972-1976, before declining sharply in importance in 1978, only to rise again in 1980 and even more sharply in 1982. In terms of PAC distribution of funds, Table 20 indicated that challengers overall received a greater share of PAC money in 1978 than they did in 1976, but that Democrats overall received a much lower percentage that year. In 1982, the situation was reversed, as challengers received a much lesser share of PAC funds but Democrats received a greater share.

Republican challengers' receipt of PAC money sharply increased in 1976 and 1978 and slightly in 1980, and declined in 1982. In view of the indications that 1978 marked a turn toward increased PAC support of Republican challengers of Democratic incumbents, it appears logical PAC contributions were a larger

factor for Republican challengers that year than for Democratic challengers to Republican incumbents. The decline in 1982 appears likely to have stemmed from a lesser share of PAC money going to both challengers and Republicans, as business PAC strategies emphasized defending the GOP incumbents.

TABLE 23. PAC Contributions as a Percentage of House Candidate Receipts by Party and Status of Candidate: 1972-1982 General Elections 1/

Year	Total House	Incumbents		Challengers		Open Seats	
		Dem	Rep	Dem	Rep	Dem	Rep
1972*	14.0%	21.6%	11.6%	19.6%	5.4%	12.6%	9.2%
1974*	17.2%	25.4%	14.4%	18.9%	5.0%	19.7%	11.3%
1976*	22.4%	33.2%	21.7%	20.8%	13.4%	17.6%	16.8%
1978	24.8%	35.7%	24.8%	14.6%	20.0%	17.6%	23.6%
1980 <u>2/</u>	28.7%	37.0%	29.7%	17.2%	21.2%	21.9%	28.9%
1982	31.5%	38.2%	35.1%	28.4%	18.4%	28.0%	22.5%

1/ Candidates competing in general election only; primary losers excluded

2/ The 1980 figures are based on gross House receipts, in contrast with the net receipt basis for other data in this table, because only such information was available with the appropriate breakdowns. The 28.7% here compares with the 28.9% figure used in Tables 6 and 22; hence the percentages for each category are likely to be understated by around 1/5 of a percent.

* Based on candidates with major party opposition only

Source: For 1972-1978: Jacobson, Gary C. The Pattern of Campaign Contributions to Candidates for the U.S. House of Representatives, 1972-1978. In U.S. Congress. House. Committee on House Administration. An Analysis of the Impact of the Federal Election Campaign Act, 1972-1978. From the Institute of Politics, John F. Kennedy School of Government, Harvard University. Committee Print, 96th Cong., 1st Sess. Washington, U.S. Govt. Print. Off., 1979. p. 25-28.

For 1980: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1979-1980. Final Report. U.S. Senate and House Campaigns. Washington, Jan. 1982. p. 56, 65-66.

For 1982: U.S. Federal Election Commission. FEC Releases Final Report on 1981-82 Congressional Elections (press release): Dec. 2, 1983.

Open-seat contenders typically engage in the most heated elections and spend a far greater amount of money than do incumbents or (especially) challengers. They receive less money as a group from PACs than do challengers of incumbents, but, because of their fewer numbers, they benefit from PAC dollars to a greater extent than do challengers.

Table 23 indicates that Republican candidates for open House seats received increasingly higher levels of PAC contributions--relative to other funding sources--between 1972 and 1980, with a sharp decrease in 1982, and that Democratic candidates in open districts received lower levels between 1974 and 1978 and increased levels in 1980 and 1982.

D. Summary Observations on PAC Growth

Following a lengthy, detailed presentation and analysis of data, it is useful to summarize the key findings relating to the proliferation and growth of PACs. These observations should be viewed in the context of an overall increase in PAC spending from \$19.2 million to \$190.2 million and in PAC contributions to Federal candidates from \$8.5 million to \$83.6 million between 1972 and 1982.

The two key elections in terms of PAC growth were 1976 and 1980. The year 1976 marked the largest percentage growth in the number of PACs, while 1980 saw the largest numerical increase. The largest percentage increase in both PAC expenditures and contributions to Federal candidates occurred in 1976, with the second largest percentage increase in 1980. (The largest dollar increase in expenditures and contributions occurred in 1982.) The sharpest increase in the percentage of PAC money among overall receipts of congressional candidates occurred in 1980, followed by the rise in 1976. Interestingly, the

increase in 1980 reflected the steepest rise for Senate candidates, while the 1976 increase reflected the steepest rise for House candidates.

Some 70 percent of aggregate PAC contributions typically is given to House candidates, while 30 percent is given to Senate candidates. This, of course, does not mean that House candidates receive larger contributions on average than do their Senate counterparts; the reverse is probably true. PAC money does play a larger role in the campaigns of House candidates than of Senate candidates, however.

On an aggregate level, Democrats have been able to attract more PAC money than have Republicans, but this advantage has been narrowed in recent elections from the 2:1 ratio prior to 1978 to the 54-46 split in 1982. The 52-48 split in 1980 might have presaged an even split--if not a GOP advantage--by 1982, but this did not materialize.

PAC money continues to favor incumbents heavily, and this trend has become more pronounced since 1972. Today, two-thirds of PAC money goes to incumbents.

In comparison with the other three major sources of campaign funds, Democrats overall have received more PAC money than Republicans. PAC money has consistently played a larger role for Democratic than Republican incumbents and, in 1982, Democratic challengers and open-seat contenders relied more on PAC money than did their Republican counterparts. Regardless of party or candidate status, however, PAC money has generally become more important for all candidates (the decrease in reliance on PAC money by GOP challengers and open-seat contenders in 1982 may signal a new trend, but it is too soon to determine this).

Looking at the four major PAC groupings, several important observations can be made with regard to each. Labor PACs have, as a group, declined in importance in relation to the others. While they accounted for one-third of all PACs in 1972, they account for less than one-ninth today; whereas they

spent and contributed one-half of all PAC money in 1972, they spent less than one-fifth and contributed one-fourth of all PAC money in 1982. They were surpassed as the biggest spending category in 1976 and as the biggest contributing group in 1978. Labor PACs are the most Democratic in their orientation, among all the types of PACs. Finally, despite the overshadowing of labor PACs in the aggregate, they remain a potent financial force through the activities of a relatively small number of large PACs; labor PACs accounted for more than half of the top 20 contributors in every election since 1972.

The non-connected PACs have exhibited the largest percentage growth in number since 1976. They doubled their level of expenditures from 1978 to 1980, making them the biggest spending category of PAC in the 1980 election, and they increased their expenditures by another 68 percent in 1982, far surpassing the expenditures of any other category in that election. Their success in fundraising has been highlighted by several especially large ideological PACs within their ranks. The two largest spenders among PACs have been unaffiliated in the 1976, 1978, 1980 and 1982 elections (the top three in the first three elections); their spending levels have been dramatically higher than those of most other PACs. While they have achieved prominence for their spending levels, the non-connected group has achieved little distinction among contributors to Federal candidates. Their contribution levels have been low in the aggregate, and few of the giant spenders have recorded very high levels of direct contributions to candidates. Finally, this group was until 1982 the most Republican in its orientation and has consistently been the least incumbent-oriented among the categories; it is, in fact, the only grouping that gives less than half of its money to incumbents. This latter fact was only barely so for 1982, and it was only one factor among several that may portend changes

in the way non-connected PACs behave in the aggregate (e.g., more money in direct contributions, more liberal groups playing an active role, etc.).

Corporate PACs today constitute 44 percent of all PACs and have exhibited the largest numerical growth since 1976. They spent 23 percent of all PAC money in 1982, up from just one-tenth in 1976, and they contributed one-third of all PAC money in 1982, nearly three times what they contributed in 1978. As of 1982, they were the most heavily Republican in their orientation, a fact which influenced their stronger support of incumbents than in previous elections. Their strength lies in a large number of relatively small PACs, the reverse of labor's situation.

In terms of its growth and its spending patterns, the trade/membership/health category has exhibited less pronounced trends than have the other three groupings. It was the third highest spending group and the second highest contributing group in 1982, it has a stronger bias toward incumbents than any non-labor group (in 1982, it was even stronger than labor's), and it is significantly less Republican-oriented than the corporate group. Its growth in numbers and spending has been steady, yet impressive.

The final observation concerns the contribution-to-expenditure ratio among PACs. As noted earlier, some 42-50 percent of PAC expenditures have taken the form of direct contributions to Federal candidates since 1972--a somewhat less than 1 to 2 ratio. The ratio more nearly approximates the 1:2 level among labor PACs, corporate PACs, and the trade/membership/health PACs. The contribution-to-expenditure ratio for the non-connected grouping was only 1 to 6 in the 1982 election (although this compares with a 1 to 8 ratio in 1980), with large amounts of money spent on such things as fundraising and independent expenditures. The spending patterns of the non-connected PACs have thus pulled the aggregate PAC community away from the 1 to 2 ratio and have, in fact, skewed the spending data for all PACs.

III: REASONS FOR PAC GROWTH SINCE THE 1970s

Having examined at length the proliferation of PACs and their increased levels of financial activity, one is in a better position to comprehend the reasons for these developments. The numbers and the dollars presented in this chapter represent not only the effects of PAC growth, but a cause thereof, as well. The proliferation of PACs and the widespread attention accorded it by the media have undoubtedly provided impetus for their further growth and proliferation. With each interest group's successful experience in establishing a separate segregated fund, within the context of the FECA, the road has been paved for other PACs to follow. The fact that so few groups took advantage of the PAC option in the early 1970s was probably indicative of their reluctance to test the legality of various PAC-related practices. Those groups that did form PACs set precedents in the field and, in turn, acted as catalysts for congressional amendments to the FECA which eliminated existing ambiguities and restraints. Thus, the continuing increase in PAC numbers and dollars is attributable, in part, to the ripple effect of the increase itself.

This self-generating effect accounts for only part of PAC growth, and it does not begin to explain the initial, large waves of new PACs in 1975 and 1976. Rather, two different areas might be explored to approach an explanation of the rise of PACs: the legislative and administrative decisions described in Chapter Two and the circumstances affecting the political process in general.

Chapter Two discussed the barriers to PAC formation which were eliminated with the passage or issuance of each successive legislative, judicial, or administrative action. These included the original sanction for PACs provided in the 1971 FECA, the elimination of the presumed ban on PAC establishment by government contractors in the 1974 Amendments, the permission granted

corporations to solicit employees for PAC donations in the FEC's 1975 SUN PAC Advisory Opinion, the constitutional legitimacy accorded separate segregated funds in the Supreme Court's 1976 Buckley v. Valeo decision, and the 1976 FECA Amendment's guidelines for solicitation by corporate and labor PACs and its express authorization for the formation of PACs by trade and other organizations. Each of these contributed to an environment more hospitable to political action committees.

Several provisions of the campaign finance laws merit special mention for their contribution to the overall PAC spiral. First, the introduction of public funding of Presidential campaigns in the 1976 elections deemphasized the role of private (including group) money in such races, leaving PACs to channel even more money to congressional races. While private contributions are sought during Presidential primaries for matching fund purposes, PACs have exhibited a reluctance to become deeply involved in elections during these early stages. Whatever PAC money has been forthcoming to Presidential contenders (only three percent of all PAC donations to Federal candidates in 1980) has been given in the primaries since 1976; candidates accepting Federal funds in the general election (as did all major candidates in 1976 and 1980) are barred from taking any private contributions. This political reality has undoubtedly had an impact on the growth of PAC money entering the congressional arena, although it may do little to explain the overall growth in PAC numbers or dollars.

Another major feature of the FECA which has, by all accounts, affected PAC growth has been the \$1000 limitation on contributions by individuals to Federal candidates. Coupled with the strict disclosure requirements of the 1971 Act, the limitation apparently spurred wealthy donors, particularly those affiliated with the business sector, to seek other avenues for political giving,

particularly through coalitions with like-minded individuals. This theory is especially helpful in explaining the surge in business PACs, the leaders among all PACs in contributions to candidates. The transference of business money from individual givers to PACs is described by Professor Edwin Epstein:

. . . until the campaign financing laws were reformed in the 1970s to impose strict limitations on individual donations and to provide for effective public disclosure of the sources of funds, there was little need for business PACs; money from business-related sources could legally enter the electoral arena, almost undetected, in almost unlimited amounts in the form of individual contributions by wealthy persons affiliated with corporations and other business organizations. 137/

The view that PAC growth constitutes the substitution of one form of large contributor for another is echoed in the work of another PAC observer, Michael Malbin, who wrote:

The growth in PACs since 1974 has been matched by a decline in the importance of large contributions from individuals. Because corporate PACs are increasing faster than any other PACs, and because large individual contributions in the past tended to come disproportionately from business interests, the rise of one and decline of the other seem roughly to cancel each other out. Instead of saying the law has failed to achieve its purpose of curbing the power of the "special interests," we should say--at least with respect to business interests--that the law has achieved the goal of transforming the character of business participation in politics from the undisclosed and sometimes seedy form it took before 1974 to the more institutionalized and accountable form we see today. 138/

This theory, of course, is based on the overall trends in political giving, and an objective judgment as to its validity is handicapped by the lack of adequate, accurate disclosure records prior to 1974. It is known that large donations were sharply curbed by the 1974 FECA Amendments and that business

137/ Epstein, Business and Labor Under the Federal Election Campaign Act of 1971, p. 111.

138/ Malbin, Michael J. Of Mountains and Molehills: PACs, Campaigns, and Public Policy. In his Parties, Interest Groups, and Campaign Finance Laws, p. 152.

PAC growth since 1976 has been one of, if not the, most striking aspects of the PAC statistics presented in Chapter Three. There is generally assumed to be a correlation between these two developments.

Although this theory is difficult to substantiate when viewed from the individual giver's perspective, it is bolstered nonetheless by the differential in the maximum contribution one may make to a candidate (\$1000) versus to a multicandidate committee (\$5000). While the intent in allowing the higher limit for donations to PACs was likely related to the lesser opportunity for gaining undue influence by contributing to an intermediary, the law allows wealthy individuals to maximize their political giving by contributing to a multicandidate PAC of like philosophy rather than a particular candidate. The donor understands, of course, that only part, if any, of that donation may reach the favored candidate by giving to the PAC. The wealthy giver's spending decisions must also take into account the overall \$25,000 limit on all political contributions by an individual, providing perhaps a further incentive to maximize his potential for influence with each contribution.

The third major feature of the FECA which has affected PAC growth is closely related to the second. The same provision of the FECA which imposes the \$1000 limit on individual contributions to candidates places a \$5000 limit on contributions by multicandidate committees [2 U.S.C. 441a]. Furthermore, there is no aggregate limit on the amount a PAC can give in a calendar year, such as the \$25,000 limit affecting individuals. By according a greater latitude to the multicandidate PAC than to the individual, the FECA has thus provided stronger incentives for candidates to seek funds from the former than from the latter. This view parallels the findings of the Harvard University Institute of Politics in its analysis of the FECA's impact:

In effect, the current law forces candidates to turn to corporate and labor PACs as well as to their personal bank accounts for the needed funds no longer available through the parties and from individual contributors. At the same time, the limits on amounts individuals can contribute directly to candidates have served primarily to divert money into channels of organized giving. 139/

Particularly given the time-consuming nature of fundraising, it is easier to raise large amounts of money by directing appeals to PACs. This is especially true for House candidates, whose races are generally not as well suited to direct-mail efforts as are Senate races, thus, perhaps, a further explanation for the greater reliance of House candidates on PAC money than their Senate counterparts. By making PACs more attractive to candidates as a source of funding, the FECA has added yet another incentive to their proliferation. The higher limit on PAC contributions is among the more important factors in the growth of PACs in recent years.

The second area which offers explanations for PAC growth is the political landscape in general. One finds that PACs have stepped in to fill a void created by the declining fortunes of the two major party organizations. One also finds that proliferation of PACs has mirrored a general trend toward fragmentation of the political system. One must also consider the increasing role government has played in the lives of its citizens and the competition for the distribution of the Nation's economic resources, thus providing further incentives for political organizing to affect governmental decisions.

The political parties have traditionally served as arbiters of competing interests in the process of welding coalitions united by certain underlying principles. The parties provided candidates with a general platform on which to run and with the financial and other resources necessary for a campaign;

139/ U.S. Congress. House of Representatives. Committee on House Administration. An Analysis of the Impact of the FECA, p. 6.

the parties in turn exercised strong control over the recruitment of candidates and commanded a high degree of loyalty to the party issue positions among their officeholders.

Most observers contend that the party organizations have declined since the 1950s and are no longer able to influence to the same degree as in the past those candidates who become elected officials. Some, like David Broder, insist that this is largely the result of candidates bypassing the party structure to wage more independent campaigns; the successful experiences with such campaigns resulted in the atrophying of the party organizations and, concomitantly, a lessened ability to provide necessary resources for future campaigns. 140/ The organizational decline paralleled a weakening of party loyalties among voters, as evidenced by survey research data on party identification trends and the increased incidence of voters crossing party lines in selecting their preferred candidates. 141/

The weakening of the power of party organizations and the party loyalties among voters created a vacuum which, in a sense, generated the need for new organizations to provide financial and technical assistance to candidates and issues around which candidates could rally voters. The evidence indicates that to some extent PACs have proved to be such substitutes for these party functions. Regardless of how one interprets the data in Tables 6 and 7, it is clear that PACs do play a greater role in campaign funding today than do the parties.

The experiences of the Republican Party in the 1980 and 1982 elections

140/ Broder, David. Let 100 Single-Issue Groups Bloom--The Pains They Cause May Push Politicians Back to the Parties. The Washington Post, Jan. 7, 1979: C1-2.

141/ Samuelson, Robert J. Fragmentation and Uncertainty Litter the Political Landscape. National Journal, v. 11, Oct. 20, 1979: 1731.

have raised questions as to the continued validity of the party deterioration theory. The impressive fundraising record of the three principal national committees of the Republican Party in 1980 (when net receipts totaled \$111 million) and 1982 (when the three GOP committees raised a net of \$190.5 million, in contrast with \$28.4 million by the Democratic counterparts) was a tangible indication that at least one of the two major parties had gone some distance in improving its ability to assist its candidates financially; this financial assistance included direct contributions, coordinated party expenditures, and campaign assistance in such technical skills as polling and media advertising. 142/ The high degree of cohesion among Republican Members of Congress on the Reagan budget and tax programs during 1981 may be further indication of a renaissance in the GOP's prestige and organizational strength. (The issues affecting perceived party decline and the causes thereof will be discussed further in Chapter Four.)

The growth of PACs can also be viewed as yet another reflection of the general fragmentation of American society and its political system which has been perceived since the 1950s. Kevin Phillips wrote in 1978 of the "Balkanization" of American society, in which:

Small loyalties are replacing larger ones. Small outlooks are also replacing larger ones. 143/

Phillips saw the "political and social decomposition" of America aggravated by such events as the Vietnam War and the end of Pax Americana, the failure of the Great Society, the end of energy abundance, and Watergate and the public's loss of confidence in its political institutions.

142/ Cohen, Richard E. Democrats Take a Leaf from the GOP Book With Early Campaign Financing Start. National Journal, v. 13, May 23, 1981: 923.

143/ Phillips, Kevin. The Balkanization of America. Harper's, May 1978: 38.

. . . the breakdown of these unities, hopes, and glories has been enough to send Americans . . . scrambling after a variety of lesser combinations and self-identifications: ethnicities, regions, selfish economic interests, sects, and neighborhoods. 144/

Other observers differ as to the causes of fragmentation and whether or not it represents the harmful phenomenon which Phillips believed it did. One must also be cautious not to mistake current political and social trends for the merely contemporary manifestations of the heterogeneity traditionally a part of the United States.

The evidence of splintering and fragmentation in the political system is readily observable. For example, Congress has experienced an extraordinary growth since 1970 of informal groups seeking to influence the policy-making process within that institution. Such groups, commonly known as caucuses, are not recognized in the House or Senate Rules and are not line-item appropriations. They are formed by like-minded Members who desire the development of common policy approaches to shared policy concerns. 145/

Only three informal groups existed in 1970: the Democratic Study Group, the House Wednesday Group, and the bicameral Members of Congress for Peace Through Law. By 1984, more than ninety informal groups were in existence, including such groups as the Congressional Rural Caucus, Jewelry Manufacturing Coalition, Solar Coalition, Senate Steel Caucus, Textile Caucus, Mushroom Caucus, Pro-Life Caucus, and Automobile Task Force. 146/ These caucuses can

144/ Ibid.

145/ U.S. Library of Congress. Congressional Research Service. Formal and Informal Congressional Groups [by Paul Rundquist]. Report 78-172, October 30, 1978. p. 16-17.

146/ U.S. Library of Congress. Congressional Research Service. Caucuses and Legislative Service Organizations: An Informational Directory [by Sula P. Richardson]. Issue Brief No. IB 83193, Jan. 6, 1984.

be characterized by their narrowly-focused agendas or bases of support, and, particularly among the new informal groups, "the major emphasis . . . has been a single issue orientation which underscores economic and regional shared interests over partisan considerations." 147/

Just as the proliferation of narrowly-focused congressional caucuses represents the institutionalization of the multitude of loyalties and interests which exist in the United States today, so do PACs constitute one more form of institutionalized representation for America's divergent interests. Their growth in number and influence can thus be viewed as a reflection of what appears to be the higher degree of social, political, and economic heterogeneity of the American people today. When viewed in such an overall context, the PAC phenomenon of the 1970s and 1980s seems hardly surprising.

Finally, the issue of increased government regulation is often suggested as a catalyst for PAC growth. The theory holds that the more governmental decisions are perceived as having an impact on peoples' lives, the more politicized people become, in order to help shape the outcome of policy decisions. This view, as it relates to government regulation of business, was well expressed by a representative of the Business-Industry Political Action Committee (BIPAC):

It was not the Federal Election Campaign Act and the Federal Election Commission that promoted the PAC movement; it was every other law and every other regulatory body that began intruding into the business of business. A clear pattern emerges when reviewing who does and who does not have a PAC--the more regulated an industry and the more obvious an industry is as a congressional target, the more likely it is to have a political action committee within the associations or within the companies that make up that industry. As the government moves closer and closer to partnership

147/ U.S. Library of Congress, Formal and Informal Groups, p. 2.

with an industry, the result of that liaison is a PAC, mothered by industry but unmistakably sired by government. 148/

Apart from the value judgment associated with government regulation, the essential argument is both widely-accepted and logical. The business-related examples cited by the BIPAC spokesperson could be expanded considerably by looking at the proliferation of PACs organized around such social issues as abortion and gun control. Some may see the principal flaw in the above quotation as the discounting of the impact of the FECA itself on the growth of PACs. Government regulation of and involvement in peoples' lives and businesses is not just a phenomenon of the 1970s; certainly the active involvement of government has been a growing trend since at least the New Deal era of the 1930s. While government regulation is not solely responsible for today's growth of PACs, it is nonetheless an important cause that cannot be divorced from the issue of PAC proliferation.

148/ Budde, Bernadette A. Business Political Action Committees. In Malbin, Parties, Interest Groups, and Campaign Finance Laws, p. 11.

CHAPTER FOUR: ISSUES SURROUNDING THE PAC ROLE IN THE POLITICAL SYSTEM

This chapter focuses on the impact which PACs have had and are continuing to have on the political system. We learned in the previous chapter that, since 1972, PACs have steadily and enormously increased both their numbers and the amounts of money available for political spending and that they are playing an increasingly important role in the financing of congressional elections. How the PAC phenomenon with its infusion of many millions of dollars into our election campaigns has affected the political system overall and the various segments and values thereof has been a matter of sharp controversy in recent years.

The debate over PACs has revolved around the issue of whether or not interest groups have developed too much power over the policy-making process, to the detriment of other sectors of society and to the Nation as a whole. While that is the central question, other issues have inevitably become entangled in the ongoing debate. Such factors as who has benefitted or who is likely to benefit from the growth of PACs have tended to color the perceptions of proponents and opponents of political action committees.

This chapter offers a discussion of the major component issues in the debate over PACs: the role of interest groups in society and whether or not they exert too much power today, how PACs have affected the position of the political parties, how PACs have affected the role of the individual in the electoral process, the effect of PACs on Congress, the level of funding for modern election campaigns, the effect of PACs on the balance of power between the business and labor sectors, and the relation of PACs to the notion of

political accountability. For each component issue, the views of PAC proponents and opponents will be discussed and analyzed.

I. THE ROLE OF SPECIAL INTERESTS

The debate over PACs essentially corresponds to the view one takes of the role of interest groups in the political system, whether or not the power exerted by interest groups today is detrimental to the national good. Opponents of PACs assert that the sum total of special interests do not always add up to the national interest, while defenders insist that the national interest inevitably emerges out of the conflict between the special interests.

PAC opponents argue that the special interests have become too powerful in recent years (the PAC being a vehicle for wielding that power) and that this is making it increasingly difficult to forge cohesive national policy. They see interest groups as having become increasingly strident and unyielding, particularly those advancing single, "litmus" issues. The end result of their input into the political system, opponents say, has been to undermine the spirit of compromise and flexibility which is essential in a democracy and to paralyze the Congress. In the words of Common Cause's Fred Wertheimer:

The PACs stand out as one of the major causes of the growing fragmentation of our political system and also of the increasing difficulty we experience in our attempts to reach national consensus. They are a key factor in the growth in America of the special-interest state. 148/

Although PAC critics acknowledge the legitimate role interest groups and PACs, as their agents, have to play in the political system, they argue that they

148/ Wertheimer, Fred. Commentary. In Malbin, Parties, Interest Groups, and Campaign Finance Laws, p. 199.

must be kept in check, lest the integrity of the system be threatened. It is their contention that the large amounts of money which PACs have introduced into the process over the past decade and the increased candidate reliance on PAC money have signaled the upsetting of the balance between organized interest groups and the rest of society.

The defenders of PACs insist that they are not a monolithic force and that they represent a wide spectrum of political philosophies. Rather than expressing alarm at the proliferation of PACs, they see it as a healthy development which contributes to a vigorous democracy. Proponents adopt the Madisonian view, as expressed in Federalist No. 10, that the way to prevent a tyranny of factions is to allow them to flourish and multiply so that no one faction could so dominate others as to eliminate incentives for compromise with other sectors of the society; they believe that the diverse economic interests present in America today manifest such a system. 149/

PAC supporters contend that the sharp increases in PAC spending largely reflect a transformation in the methods which corporations formerly used to influence election outcomes. They note that corporate PAC contributions have replaced the "large contributions from corporate 'fat cats,' 'double-envelope' individual contributions collected and bound together in an outside envelope with a corporation's return address, and illegal in-kind corporate contributions." 150/ The goal of the FECA, Michael Malbin observes, was not to end the role of business in politics, but to transform it. And, as further evidence of the transformed nature of campaign financing, he cites the decreased share of large individual contributions among House candidate receipts between 1972 and 1978.

149/ Malbin, *Of Mountains and Molehills*, p. 215-216.

150/ *Ibid.*, p. 156.

Because most of the large contributions traditionally have come from business interests, this drop seems more than adequate to account for the proportionate growth of PACs. 151/

Thus, PAC defenders downplay the statistics (which critics underscore) on PAC spending. They believe that so long as the money comes from voluntary contributions, subject to disclosure laws and limitations, there is little reason for concern.

Finally, PAC supporters object to the frequent pejorative connotation of the term "special interest" and the juxtaposition of it with another value-laden term, "public interest." They hold the view that all factions which advocate specific government policy objectives are, in fact, special interests, and that no one group has any more claim to the role of defender of the public interest than any other group.

Both the critics and the defenders of PACs make some valid points and some which raise legitimate questions. Both sides claim to support the role of interest groups in society while recognizing the need for some balance, lest they become overly powerful. The critics believe that this balance has already been upset by PACs, while defenders claim that PACs do not exert a disproportionate influence. The question may be addressed to supporters as to what level of PAC funding might cause them concern: if not the 20 percent of House and Senate receipts in 1978 or the nearly 27 percent in 1982, what level of PAC spending as a proportion of candidate spending would signal too great a role by interest groups?

PAC defenders are correct in their observation that, to some extent, what is occurring is a transformation of the way in which business-oriented money is

151/ Ibid., p. 156

contributed. Because of the absence of complete, thorough disclosure requirements prior to 1972, it is impossible to determine whether this accounts for most of the PAC growth or is merely one factor among many.

It is also true that PACs are representative of modern-day pluralism, in which a wide-range of interest groups compete to win friends and influence policies. They are not a monolithic force. However, they constitute the vehicles of organized interests, those persons and groups who are sufficiently educated and involved in the system so as to have an impact on policies. The concern expressed by critics may be based, in part, on the comparison of the organized interest groups with those sectors of society unable or insufficiently aware or motivated to be politically involved. At the root of this concern is the question of whether equal access to government is possible for those sectors of the population which are unable to raise large amounts of money; thus, PACs are seen as furthering an imbalance in access to the policy-making process. A further misgiving of critics, as will be discussed later, is the accumulation of too much power by particular industries or sectors of society, which PACs may play an important role in helping them acquire.

PAC defenders make a valid protest to the pejorative use of the term "special interest." What actually separates a special interest group from the so-called public interest group, they assert, is the primarily economic agenda or focus which characterizes the former (corporations, unions, trade associations) and the more ideological nature of the latter's agenda or focus. What may explain the pejorative connotation given the term "special interests" is the perception that their motivation is essentially greed, in contrast with the "nobler" motivation of commitment to an ideology or set of non-economic principles.

Finally, with regard to the principal threat which critics feel PACs constitute, the perception of fragmented and paralyzed government may be both fleeting and in the eyes of the beholder. Interest groups were widely criticized for the obstacles they placed in the path of a national energy policy during the Carter administration; PAC money was seen by some as a root cause of the ability of omnipotent interest groups to thwart the national interest. This can be contrasted with the success encountered by the Reagan administration in winning passage of its far-reaching tax and budget programs in the 97th Congress, this despite the pressures from interest groups which had a strong stake in the outcome and whose PACs had, by 1981, become an even more important component in the funding of congressional campaigns than they were in the late 1970s. This suggests that if other segments of the power structure are performing their functions well, the influence of interest groups will be kept in check. Thus, what some perceived as governmental paralysis just a few years ago may have had less to do with interest group strength than with insufficient power wielded by other forces. Rather than the stand-off some perceived earlier, the 1981 experience may have raised an entirely different spectre--the disproportionate influence which some saw as being successfully wielded by interest groups which stood to gain from the outcome.

II. PAC IMPACT ON THE POLITICAL PARTIES

One issue often raised by critics is that PACs have contributed to the declining power of the political parties. The theory holds that by offering new sources of financial and logistical support to candidates, while the parties' ability to provide such support has lessened, the PACs have rendered the parties increasingly impotent in performing their traditional role as agents

of compromise and reconciliation. Party ties have become less important to elected officials, who owe their victories less to parties than to interest groups. The parties are thus less able to act as intermediaries between interest group demands and public officials, contributing to the overloading of the policy-making process and resulting in the fragmentation discussed above. There is a reciprocal nature to this theory, in that PACs are seen as owing their growth, in part, to weakened parties and that that growth, in turn, has contributed to the further erosion of party strength.

Most scholars, however, appear to adopt the view that while "PACs are getting stronger and the parties are getting weaker . . . the directions are coincidental for the most part." 152/ Political scientist David Adamany asserts:

The forces ravaging American parties were set in motion long before the recent emergence of PACs. 153/

Adamany attributes party decline essentially to a "media-oriented middle-class electorate" having become more interested in issues and candidates and less interested in parties. 154/ As his fellow political scientist, Austin Ranney, noted, "anything that increases the role of TV in national campaigns diminishes the role of the parties." 155/ While television is widely viewed as one contributor to weakening of party ties and, hence, power, such other developments as internal party reforms, a proliferation of primaries, and public financing

152/ Kayden, Xandra. Campaign Finance: The Impact on Parties and PACs. In *An Analysis of the Impact of the FECA*, p. 97.

153/ Adamany, David. PACs and the Democratic Financing of Politics. In *Political Action Committees and Campaign Finance: Symposium*, p. 593.

154/ Ibid.

155/ Ranney, Austin. *The Political Parties: Reform and Decline*. In Anthony King (ed.). *The New American Political System*. Washington, American Enterprise Institute for Public Policy Research, 1978. p. 244.

of Presidential election campaigns are often mentioned as other important factors. 156/ It can be argued that these factors have had a direct role in the growth of PACs, as well.

Frank Sorauf is another political scientist who tends to downplay the role of PACs in the declining fortunes of the political parties. "At most," he says, "PACs have only nudged the parties' downward slide." 157/ He views PACs as a major partner in a new coalition of political forces in America, one in which the parties are largely excluded. He nonetheless suggests one way in which PACs have likely worked to the detriment of the interests of the parties.

The ability of PACs to raise increasing amounts of campaign money supports legislative candidates in their reliance on new campaign technology and expertise. Very simply, PAC contributions help candidates retain the costly services of opinion pollers, campaign consultants, and the media itself. It is, in effect, possible to "rent" a political party surrogate, but the price is dear. PAC money fosters the extension of personalism in campaign politics and supports the freedom of candidates from reliance on party organizations, resources, and, even at times, the party label. 158/

The availability of the large amounts of money necessary to wage modern, media-oriented campaigns is widely viewed as the principal strength of political action committees, and to the extent that modern campaigns promote a candidate-oriented system, the political parties may well suffer. In this crucial respect, PACs can be seen as indirectly contributing to party atrophy.

A final charge by PAC critics which pertains to political parties is that

156/ Kayden, Campaign Finance: The Impact on Parties and PACs, p. 97.

157/ Sorauf, Frank J. Political Parties and Political Action Committees: Two Life Cycles. In Political Action Committees and Campaign Finance: Symposium. p. 454.

158/ Ibid. p. 455.

PACs are drawing money away from the parties. There is support for this view from former Republican National Committee Chairman Bill Brock who said that PACs have the potential for drawing support from the party because of the tendency of Republican businessmen who might normally be expected to contribute to the party to say that they have "already given at the office." 159/

Although PACs and parties may indeed be competing for money, we are reminded that the principal appeal of the parties to candidates traditionally has been their provision of nonfinancial resources. 160/ Adamany observes that parties were not good providers of campaign money long before PACs became a growing force.

Parties have provided funds only inadequately, fitfully, and unevenly in the whole of the post-war period. The continuing decline of party financing is surely not due to the rise of PACs, although the converse may be true. 161/

Thus, even if one sees PACs as attracting contributions which might otherwise go to the parties, it is not clear that providing money to candidates is the principal means by which parties induce loyalty among their candidates and elected officials. It should also be noted that the FECA, despite criticism that it has played a role in party decline, in fact encourages contributions to political parties by imposing a \$20,000 limit on individual contributions to the national committees of the parties, in contrast with the \$1,000 limit on contributions to candidates and the \$5,000 limit on contributions to multicandidate committees.

One additional observation may be appropriate with respect to the issue of

159/ Kayden, Campaign Finance: The Impact on Parties and PACs, p. 86.

160/ Sorauf, Political Parties and Political Action Committees: Two Life Cycles. p. 451.

161/ Adamany, PACs and the Democratic Financing of Politics, p. 593-594.

political party decline. In line with other comments made in this report, all such theories may be proven invalid if the Republican successes in the 1980 elections, combined with the signs of party cohesion in the 97th Congress and the phenomenal GOP fundraising record in recent years, continue unabated. Party decline may suddenly be seen as being reversed.

III. THE ROLE OF INDIVIDUALS IN THE POLITICAL PROCESS

Supporters of political action committees claim that they perform a beneficial function by promoting greater citizen involvement in the electoral process. It is said that, rather than constituting amorphous "special interests," PACs are made up of millions of people and that they are the one vehicle for influencing the making of public policy open to those who do not have large amounts of money to contribute. The opponents of PACs insist that individuals are being crowded out of the campaign finance process by the organized interest groups, operating through their PACs. They see the average citizen less likely to contribute money both out of frustration over his inability to compete with large sums of money which PACs can spend and out of cynicism over the perceived dominance of special interests over the policy-making process.

In the absence of comprehensive, reliable information on the internal operations of PACs, it is difficult to draw conclusions about the accuracy of the above assertions on the extent to which PACs promote greater involvement in the political process. Nonetheless, there is some evidence that lends support to that proposition. A 1980 post-election survey by the University of Michigan's Survey Research Center found that a higher percentage of individuals polled claimed that they had contributed to a PAC than had contributed to either a candidate or a political party. The question was asked:

E12. Now what about political action groups such as groups sponsored by a union or a business, or issue groups like the National Rifle Association or the National Organization of Women. Did you give money this election year to a political action group or any other group that supported or opposed particular candidates in the election?

The response was 6.7 percent affirmative and 92.5 percent negative. This compared with 5.9 percent who reported contributing to a candidate (at any level) and 3.6 percent who said they had contributed to a political party. 162/

One caveat that should be added to this data relates to the phrasing of the question on PACs. The National Rifle Association and the National Organization for Women are not political action committees, although they both sponsor PACs. People who gave money to issue groups like NOW may have thought they were giving to a PAC; clearly there was a misunderstanding about the nature of the organization even on the part of those who wrote the survey. Furthermore, there are people who give money to the sponsoring organization who do not also give to their PAC. This may have contributed to the higher percentage for PACs than for candidates or parties. A second caveat regarding the Michigan data is that it is not possible to determine to what extent those who gave to PACs and to candidates were largely the same group of people. This data nonetheless provides an indication that PACs are attracting a significant level of contributors.

There is also some evidence, although here again data is limited, that PACs get most of their money in small donations, thus implying a broad, democratic base of support. One study shows that of all PACs in 1976 with receipts of more than \$100,000, 87 percent of their receipts were from

162/ Center for Political Studies. Institute for Social Research. Center for Political Studies. American National Election Study, 1980. Traditional Time Series. Codebook.

contributions of \$100 or less. As might be expected, this result was skewed by labor PACs, which got 96 percent of their money in donations of \$100 or less; the percentage for corporate PACs was 66 percent and for all other PACs, 82.5 percent. 163/

The average size of contributions to PACs is a much-disputed matter, particularly regarding those to corporate PACs. One labor union study found the average donation to a corporate PAC was \$200; another study, this by the business-oriented Public Affairs Council, found the figure for corporate PACs to be under \$125. 164/ Clearly, there exists a tendency for proponents of (business) PACs to maximize the appearance of small giving, whereas critics of PACs may downplay any such evidence.

Regardless of the evidence showing large numbers of relatively small contributions to PACs, critics contend that participation in many cases is brought about as a result of perceived pressure by corporate managers. Despite the prohibition on coercion under the FECA, reports persist that a subtle, unstated pressure does exist, particularly within corporations. As the Wall Street Journal wrote in a 1980 article:

Some middle and senior managers at the 900 or more companies with the so-called PACs . . . are increasingly feeling pressured to cough up part of their paychecks to support "our way of life," as one solicitation letter puts it.

"I know it isn't mandatory to give," says an employee of a Litton Industries unit. "But the word around the water cooler is that if you don't give or if you give less than the amount expected based on your salary, you're liable to be called in for a pep talk from the divisional president." 165/

163/ Adamany, PACs and the Democratic Financing of Politics, p. 590.

164/ Discussion. In Malbin, Parties, Interest Groups, and Campaign Finance Laws, p. 226-227.

165/ Sansweet, Stephen J. Political-Action Units At Firms Are Assailed by Some Over Tactics. Wall Street Journal, July 24, 1980: 1, 12.

Critics point to comments like the one by Justin Dart, chairman of Dart Industries, who said in 1978, regarding his practice of writing letters to his executives soliciting donations to the company's PAC, "If they don't give, they get a sell." 166/

Corporate PAC spokesmen insist that coercion is a rare occurrence, at most, and that such charges really are indicative of attempts by business adversaries to discredit them. For the most part, they contend that they are "100% serious about avoiding pressure." 167/ The following solicitation letter from a corporation chairman is seen by business executive Clark MacGregor as indicative of the great lengths corporations go to avoid any sign of coercion:

I hope you will decide to take part in this program, but there is absolutely no pressure on you to do so. Whether or not you take part is up to you and will have no bearing on your present position or future with our company. There will be neither rewards nor reprisals whatever your decision. Should anyone even imply anything to the contrary, I ask that you immediately bring this to my personal attention. 168/

Critics respond, with some justification, that employees may feel pressure, regardless of what is actually said to them. As described by Common Cause senior vice president Fred Wertheimer:

There's implicit pressure in the system to begin with. When you have people working their way up the ladder and their boss asks for contributions to the PAC, many will conclude that this an expected activity. 169/

Conversely, unspoken, subtle pressure is the most difficult to prove.

166/ Ulman, Neil. Companies Organize Employees and Holders Into a Political Force. Wall Street Journal, August 15, 1978: 1, 18.

167/ Sansweet, Political-Action Units At Firms Are Assailed.

168/ MacGregor, Clark. Commentary. In Malbin, Parties, Interest Groups, and Campaign Finance Laws, p. 207.

169/ Sansweet, Political-Action Units At Firms Are Assailed.

Although the issue of perceived coercion may be too nebulous to enable an objective finding on its existence, PAC defenders claim that such practices are not unique to business, as such criticism has extended to labor unions, as well. In response to a 1979 suit by the International Association of Machinists alleging coercion among corporate PACs in their fundraising, the corporations asserted that that union's own practices exhibited the same patterns which they saw as indicative of coercion by the corporations. 170/ A more neutral observer, Edwin Epstein, maintains that, "upper-level business and labor officials still face subtle peer pressures and psychological arm-twisting." 171/

A final issue with implications for the role of the individual in the political process is the nationalization of campaign financing, which is seen as being fostered by PACs. "Because money is readily transferable," writes David Adamany, "PACs nationalize funding sources. They collect ample treasuries in small individual gifts from many locales, centralize those funds in the hands of institutional officers, and then make large contributions in strategically important races anywhere in the country." 172/ This trend toward nationalization is increasingly discerned by observers as a major effect of the PAC phenomenon, and it is a cause of some consternation among local politicians. Consider the frustration voiced by one State party chairman over the "outside money" coming into his State:

Sixty percent of the money in the State is from outside the State--on both sides. There's no eliminating the influence of the special interest. Out-of-state special interest groups

170/ Ibid.

171/ Ibid.

172/ Adamany, PACs and the Democratic Financing of Politics, p. 596.

are working as a coalition--not a conspiracy--just a oneness of purpose and they're looking for like-minded candidates. These conservative or liberal PACs can get together and in a small State they can really make a dent in a campaign. Yet the guy in the State who lives there can only contribute \$1,000. 173/

As candidates receive greater shares of their funding from outside of their jurisdictions, one link between the elected official and those he represents may tend to disintegrate. Again, to quote Adamany:

These nationally centralized institutions thus compete with local constituents, including those who supply political resources, for the attention of public officials. In this competition, nationally centralized institutions are increasingly at an advantage because the money they proffer is readily convertible into technologies that are ever more effective in modern campaigns. 174/

With increasing nationalization, the role of the individual will tend to become overshadowed in the process.

In summary, there is reason to believe that PACs both promote and hinder the role of the individual citizen in the political process. By offering a new, issue-oriented vehicle through which to become involved, PACs appear to be bringing more people into the process. Subtle pressure may play a role in some of the PAC giving, but it is likely that this accounts for only a small portion of the money donated. Furthermore, PAC supporters correctly note that individual contributions still constitute the single largest component of campaign receipts for congressional candidates, notwithstanding arguments about individuals being crowded out of the process.

173/ Kayden, Campaign Finance: The Impact on Parties and PACs, p. 96.

174/ Adamany, PACs and the Democratic Financing of Politics, p. 596.

Based on interviews conducted with PAC managers, the Harvard study on the FECA's impact concluded that the encouragement of political participation by its membership is a major and sincerely-held goal of those who establish PACs.

There are two obvious objectives often cited by PACs: To see candidates elected to office who represent their views . . . ; and to encourage participation by their membership as part of their civic responsibility. The latter objective should not be underrated as a factor because it appears to be very much in the mind of many of those interviewed. Education always has been a major emphasis of labor's, and many business PACs are not run by people with either strong ideological views or much political experience. 175/

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As one business executive put it, "Giving is a way of getting citizens to participate, the PAC is a conduit. Our philosophical premise is that financial support is as important as voting." Labor leaders would say the same thing. 176/

Two serious concerns are raised by PAC critics as they affect the individual's role. One, as discussed above, is the association of PACs with the trend toward nationalization of campaign funding sources. This could serve to diminish the importance of the average citizen as constituent, in the electoral system. The other is the disadvantage individual contributors face vis-a-vis PACs in that while "private individuals may . . . have policy outcomes in mind when they make contributions . . . these are rarely linked to an organized lobbying effort." 177/ If one views the process of influencing public policy as a two-step process involving campaign contributions before the election and organized lobbying efforts afterwards, the tendency of PACs to be linked with lobbying arms of parent organizations implies potentially greater clout for a PAC than for an individual in a given instance.

175/ Kayden, The Impact of the FECA on the Growth and Evolution of Political Action Committees, p. 111.

176/ Ibid., p. 103.

177/ U.S. Congress, An Analysis of the Impact of the FECA, p. 5.

IV. IMPACT OF PACs ON THE CONGRESS

Perhaps the most fundamental issues at stake in the debate over PACs concern the effect PAC spending has had on the Congress, given the congressional role as chief policy-making body in the United States and the concentration of PAC resources in congressional elections. Those alarmed by PAC growth see the ability of Congress to act decisively impeded by the pressures of the special interests, which they feel are emboldened by their financial largesse. And they express concern that PAC money has created a climate wherein the interests of the PAC receive special consideration, or are perceived by the public as such, when the legislator decides his position on a relevant vote. They are answered by others who insist that PAC money follows issue positions, and not the other way around, and that the competing pressures on Congress are an inherent part of our governmental process. In addition, a third issue affecting Congress is the extent to which PAC money helps to lock incumbents into office; this issue causes concern among both defenders and critics of PACs. Each of these three issues will be discussed in this section.

A. Paralysis of the Policy-Making Process

One of the fears most often voiced by PAC critics is that PACs aid the interests they represent in gaining a stranglehold on the legislative process, leaving each Member beholden to conflicting and unyielding pressures and making compromise more difficult. This perspective was best characterized by Representative David Obey in 1979, during his defense of the Obey-Railsback amendment to limit PACs (to be discussed in the final chapter). After commenting

on the decline of the political parties as mediating structures for competing interests, Obey proceeded to mention the following other causes of the perceived legislative paralysis:

When we add to that the pressure of single-issue groups who want to judge this place and judge us individually only on the basis of how we perform on their own single issue, and to blazes with what we do on anything else, we have a situation in which the ability of the House to perform is at best marginal.

When you add to that the ability of all these groups to now begin to inject large and ever increasing amounts of dollars into each of our campaigns and into the campaigns of our opponents, you have a prescription for making the Federal Government one giant isometric exercise, because you gradually freeze the wheels in this place because you have such tremendous pressure being put on this place, it is pulling this place apart on every single issue you can name. We almost lose our ability to put together a majority 178/

As discussed in Section I of this chapter, the perception of governmental paralysis may be just that--a perception; even to the extent that it is real, it may be only a temporary condition. The defenders of PACs tend to see them as merely the modern-day vehicles of America's traditional pluralistic politics. The discomfort they cause legislators is not only inherent in the system but may produce desirable results, as well. By "keeping the heat" on legislators, the interest groups serve to remind them of their role as representatives who may ignore the wishes of the voters only at their own ultimate peril. The complaints by some Members of undue pressure from PACs may be viewed by PAC supporters as indicative of discomfort over being forced to confront controversial issues which they would rather ignore. Thus, the perception of paralysis in the Congress and the values associated with it are not easily reconciled.

178/ Obey, David. Federal Election Campaign Act of 1971 Amendments. Remarks in the House. Congressional Record, v. 125, October 17, 1979: 28644-28645.

B. Linkage Between PAC Money and Legislative Votes

The debate over whether PAC money influences legislators' votes or whether it merely rewards votes of sympathetic Members is the single most controversial element of the entire PAC phenomenon. It is also the one which is most difficult to evaluate objectively; neither perspective is right and neither is wrong. At most, we can hope to understand the basic perspectives of the critics and the defenders on this important issue.

The Harvard study on the impact of the FECA declared:

. . . PAC money is interested money. While those who run political action committees may not be successful in accomplishing their legislative designs, it is clear that they do have specific agendas for public laws. 179/

Concerning this observation, there appears to be no dispute. The point of divergence lies in the perception by some but not others that, through PAC contributions, interest groups gain sufficient leverage to influence legislative votes that they might not otherwise have had and which gives them an unfair advantage over those with less or no money to spend.

There can be discerned in the attitudes of PAC opponents a hierarchy or spectrum of perceived obligation as it pertains to this issue. Any or all of these views are likely to be held by PAC critics. At one level, they may point to examples in which specific congressional votes appeared to have been overly influenced by campaign contributions from PACs. (Common Cause is perhaps the most prominent advocate of this viewpoint, which it promotes through its many studies attempting to correlate key votes or committee assignments with PAC giving.) At the next level, the argument is advanced that a feeling of obligation tends to be created by PAC contributions and, whether or not a

179/ U.S. Congress, An Analysis of the Impact of the FECA, p. 4-5.

legislator alters his or her vote on a given matter as a result, he has been placed in an awkward position. The next level of argument is that even if no quid pro quo relationship is established, the cumulative effect of all the PAC money is to make it more difficult for Members to place the national interest above some special interest. Finally, even if the correlation between money and votes is ambiguous or nonexistent, the public perception of such a connection jeopardizes the appearance of their representatives' objectivity and thus damages the credibility of the entire Congress. In this case, the appearance of impropriety may be as damaging as the reality.

What most concerns those who are skeptical of PAC power is the ability of interest groups to join forces on particular issues, thus overwhelming the opposition. Representative Obey described this tendency as follows:

. . . the interests of PAC contributors frequently coincide, such as when an issue affects business as a whole or an entire industry and all of the companies and labor unions in that industry.

When that occurs, when a large number of groups which have made substantial contributions to Members are all lobbying on the same side of an issue, the pressure generated from those aggregate contributions is enormous and warps the process. It is as if they had made a single, extremely large contribution. 180/

Thus, while the aggregate spending of PACs is of concern largely because of the general appearance of impropriety or influence peddling, the ability of PACs to concentrate and target their resources causes concern over the actuality of such practices.

Defenders of PACs adopt the view that because interest groups are not inherently evil or corrupt, neither are their contributions to candidates inherently corrupting or sinister tools. With the concept of access being a

180/ Obey, Federal Election Campaign Act of 1971 Amendments, p. 28632.

fundamental element of representative democracy, there is nothing alarming about their seeking to maximize their access to their elected representatives. While PAC supporters acknowledge that it is possible for a particular group to gain undue influence over Members, it is a rare occurrence, given the diversity of interests competing with one another and the disclosure laws which serve as a restraint against unseemly practices. These two factors are seen as sufficient to protect the public interest against the accumulation of too much power by any one group or sector.

PAC proponents assert that PAC contributions are generally given to candidates who are basically sympathetic with that group's philosophy; therefore, it is logical for a high correlation to exist between PAC giving and Members' votes. Representative Mendel Davis explained this pattern in his floor statement opposing the Obey-Railsback Amendment:

I think maybe we get contributions because of the way we vote, maybe for free enterprise, maybe because we are pro-labor, or maybe because we address specific issues. But to say that just because we have taken money, we are casting votes in the interest of that money, I think, is unsound. 181/

Thus, the money is seen primarily as an effect of Members' issue positions rather than as a cause of them.

PAC defenders view campaign contributions as only one of many tools used by interest groups in their efforts to influence public policy. As Michael Malbin observes:

181/ Davis, Mendel. Federal Election Campaign Act of 1971 Amendments. In Remarks to the House. Congressional Record, v. 125, Oct. 17, 1979: 28656.

Just as members do not depend on any one set of groups for significant portions of their campaign funds, neither do the most successful groups rely on contributions as the basis of anything more than a small part of their overall lobbying strategies. 182/

The factors which determine a Member's vote on a given issue are too complex to be systematically prioritized by observers. Hence, those who are supportive of PACs claim that campaign donations play no greater role in a Member's vote than do newspaper editorials, organized lobbying, constituent mail, or a host of other factors.

Critics often charge that PAC contributions constitute investments in prospective Members of Congress. This appears to be an accurate observation, leaving aside the question of whether or not the investment should be viewed in a cynical manner. At the very least, PACs hope to gain access to Members, to help ensure a fair hearing of their concerns. Beyond that, the strategies of the various PACs diverge, with some emphasizing the need to reward proven friends and to keep them in office and others embarking on a so-called "risk-taking" policy in order to elect new friends to Congress.

C. PACs as Protectors of Incumbents

As was demonstrated in Chapter Three, PACs have a strong bias toward congressional incumbents, and this bias has increased since 1972. In 1982, more than two-thirds of PAC money was contributed to incumbent House and Senate Members. Among the categories of PACs in 1982, labor PACs gave 58 percent of their money to incumbents, trade/membership/health groups

182/ Malbin, *Of Mountains and Molehills*, p. 177.

76 percent, and corporate PACs 75 percent; even the non-connected PACs gave more of their money to incumbents than to any other type of candidate (48 percent). Furthermore, incumbents have received an increasingly larger share of their funds from PACs, rising from 17 percent of House receipts in 1972 to nearly 37 percent in 1982; this level far exceeded that for challengers and open-seat contenders. Many observers, critics and defenders of PACs alike, find the incumbency bias disturbing, although their reasons vary.

PAC critics tend to see the support for incumbents as confirmation of their theory that PACs seek to buy influence and, by giving to incumbents--who generally do not need as much money as their opponents to wage a credible campaign--they are maximizing their chances to win that access. Many PAC supporters favor a more aggressive strategy for PACs, urging them to back candidates more on the basis of issue compatibility than on the safer course of contributing to those most likely to win--the incumbents, at least in the case of House candidates; by giving up the cautious, passive approach, PACs would risk alienating incumbents in favor of winning potentially stronger friends among their challengers. This advice, reflected in the words of Ronald Reagan in 1978 (see page 123), is particularly directed at corporate and trade PACs which are seen as too willing to support Democratic incumbents than to support their philosophical interests by backing their Republican challengers (although this has changed somewhat in recent years).

Regardless of one's general attitudes about PACs, there is the concern that the competitiveness of our elections is diminished by the perceived enormous advantages incumbents have over their opponents. When PAC financial support is added to an incumbent's perquisites of office and higher visibility

(as compared with non-incumbents), the challenger, generally underfinanced to begin with, may be overwhelmed by his incumbent opponent and, thus, be unable to compete effectively.

Two factors may mitigate the perceived PAC bias toward incumbents. First, insofar as corporate PACs--the largest single category of PACs--are concerned, they have shown a greater willingness in recent elections to support candidates on the basis of philosophical compatibility, regardless of incumbency status. Second, Malbin asserts that, if one factors in the variables of competitiveness of a congressional election and number of candidates in a given category, the apparent disproportionate share of PAC money distributed to incumbents is diminished. He explains:

. . . since most challengers have little realistic chance of winning against most House incumbents in any given year, and since most people are reluctant to "waste" money on a candidate who has no chance of winning, it distorts the picture to talk about the receipts of all incumbents versus all challengers. A much clearer picture can be obtained by controlling for both party and competitiveness. Second, percentage of candidates in a given category: it should be obvious that if safe incumbents represent about 40 percent of all House general election candidates (as they do) and if they receive about 40 percent of all nonparty PAC contributions to general election candidates (as they do), one cannot use the 40 percent contribution figure to claim that PACs favor safe incumbents disproportionately. 183/

Although Malbin's figures do lessen the appearance of incumbency bias, one finds in other of his data that competitive incumbents received 23 percent of PAC money compared with only 13 percent to competitive challengers. 184/ Once again, there is evidence of the PAC bias in favor of incumbents.

183/ Ibid., p. 157.

184/ Ibid., p. 160-161.

V. THE BUSINESS-LABOR BALANCE OF POWER

The issue of how the PAC phenomenon has affected the strategic positions in society of the business and labor sectors is one that is raised repeatedly. The perception of how each has either benefitted or suffered has a bearing on how many people generally feel about PACs; it might be argued that, whether spoken or not, it is at the heart of the entire PAC debate.

At the outset of this discussion, it should be noted that the concern over the balance of power between business and labor presupposes that that split reflects the pivotal focus of power relationships in the United States. As demonstrated in recent years in such issues as defense spending, trade policy, environmental regulation, maritime legislation, trucking legislation, and nuclear power, the convergence of business and labor policy positions may call into question the relevance of that dichotomy to today's politics. 185/ Because so much of the PAC debate has been influenced by the business versus labor contest, however, it does warrant exploration here, bearing in mind that other perspectives may ultimately prove to be of greater utility.

While labor PACs once dominated the field, since 1974 they have been greatly and increasingly overshadowed by corporate, trade, and other PACs; one-third of all PACs in 1974 were sponsored by labor unions, but, by 1984, labor constituted fewer than one-ninth of all PACs. In contrast, corporate PACs grew in number from only 89 in 1974 to 1,536 in 1984 and today make up 44 percent of all PACs in existence. Furthermore, labor PAC contributions to congressional candidates accounted for one-half of all such contributions in 1974 but only one-fourth in 1982. Corporate PAC contributions, which nearly

185/ Wertheimer, Fred. Commentary. In Malbin, Parties, Interest Groups and Campaign Finance Laws, p. 199-200.

equaled labor giving in 1978, surpassed labor's aggregate contributions by 35 percent in 1982. One-third of all PAC contributions in 1982 came from the corporate sector.

While these data depict a rather bleak picture for labor vis-a-vis its traditional corporate rival (and not without justification), there are other factors which work to labor's advantage. Their adversaries in the corporate community are quick to point out the large sums of money expended by labor on internal communications and other political activities; these expenditures are seen as keeping labor in a more competitive position than the aggregate data reflects.

The estimation by spokesmen for the business and labor sectors of each other's strengths can be seen as part of the propaganda battle which ensues between them. As observed by the Harvard study on the FECA's impact:

Each side assumes the other has more power, more influence, and each side sees itself as appealing to positive values such as the civic pride that comes from participation. 186/

It is possible and desirable to assess some of the strengths and weaknesses of business and labor as it affects their respective abilities to influence electoral politics.

Clearly, the most impressive advantage possessed by the business sector is reflected in the numbers of its PACs and the potential for even greater proliferation in the future. As observed by Edwin Epstein:

The figures suggest that whereas growth opportunities are limited on the labor side, the potential for corporate and

186/ Kayden, The Impact of the FECA on the Growth and Evolution of Political Action Committees, p. 103.

other business PAC formation and expansion is virtually unlimited. 187/

One labor official estimated that there were more than 4 million businesses in the United States (with 186,547 employing more than 50 people), as compared with 60,000 local unions. 188/ Furthermore, only 20 percent of the 3,700 corporations with assets over \$100 million had set up PACs by 1978, and only 3.4 percent of the 23,800 with assets between \$10 and \$100 million had PACs that year; these data point to ample room for further proliferation. 189/ Because of the growth in numbers, corporate PAC giving in the aggregate has increased at an impressive rate, tripling its contributions to congressional candidates in 1982 over its 1978 level, ranking first (for the second year in a row) among all PAC categories. As corporate PACs grow in number, their ability to spend will increase accordingly.

The business advantage in overall spending capability is greatly increased if one views the trade/membership/health PACs largely in the context of the business sector. There is considerable agreement that most of these groups do, in fact, exhibit an essentially pro-business orientation. As noted in the first section of Chapter Three, Epstein makes the conservative estimate that one-half of the PACs in the FEC's trade/membership/health category can be considered representative of the business community. Thus, adding the dollar figures for this category to those in the corporate grouping shows organized

187/ Epstein, Business and Labor Under the Federal Election Campaign Act of 1971, p. 138.

188/ Jessup, David. Can Political Influence Be Democratized? A Labor Perspective. In Malbin, Parties, Interest Groups, and Campaign Finance Laws, p. 32.

189/ Tumin, Jonathan. How to Bury Liberals. The New Republic, v. 182, May 24, 1980: 14.

labor increasingly overwhelmed by the business sector in its ability to give to candidates. Along these lines, the Harvard study observed:

If one excludes, for the purpose of this discussion, membership associations, and considers only those trade associations with corporate members, it seems clear that business has increased its arsenal by doubling the number of avenues through which it can participate. It is not unlikely, for instance, for a trade association PAC to support a candidate, for the corporations which belong to the association to contribute, and for the executives who work in the corporation to make donations on their own behalf. 190/

The same study, however, reported the contention of trade association executives that there is a difference between representing an industry and representing a corporation; they note that trade groups often ally themselves with labor on policy matters. 191/ How one views the general policy orientation of the trade PACs is a determining factor in one's perception of the magnitude of business' spending advantage over labor.

Labor PACs, although fewer in number than their corporate counterparts, are generally larger in size and tend to make larger individual contributions. The lists of the largest PAC contributors presented in Chapter Three revealed that between 10 and 12 of the top 20 were labor PACs in every election since 1972. (This, of course, contrasted with labor's dwindling position among the largest PAC spenders in those elections.) And, despite the fact that corporate PACs outnumbered labor PACs by 4 to 1 in 1982, their aggregate contributions to congressional candidates were only 35 percent higher than labor's. That labor contributions comprised as much as one-fourth of all PAC giving in 1982, in the face of other indications of waning strength, bore testimony to organized labor's still considerable political and financial skills.

190/ Kayden, The Impact of the FECA on the Growth and Evolution of Political Action Committees, p. 104.

191/ Ibid.

If corporations have the numbers in terms of their PACs, labor has the numbers in terms its membership base--one-fourth of the Nation's work force. It is this base to which the unions direct their ostensibly non-partisan voter registration and get-out-the-vote drives, which, in accordance with the FECA [2 U.S.C. 441b(2)(B)], may be conducted with general treasury funds (corporations have the same rights in this area). By targeting these appeals to individuals whose presumed political philosophies are in concert with those of organized labor, the unions have a potentially important vehicle for political impact.

Beyond the non-partisan drives are the internal communications which, under the FECA [2 U.S.C. 441b(2)(A)], are allowed between unions and their members and families and between corporations and their stockholders and executives and families. These communications may be political and partisan in nature, and their costs are paid out of the general treasuries of the unions and corporations. For the unions, with their enormous membership, these partisan communications represent an invaluable tool, comprising such tactics as mailings, phone banks, door-to-door canvassing, leaflets at factories, and rallies. In the words of AFL-CIO COPE's David Jessup:

Labor leaders are justifiably proud of this effort and do not demur when columnists or conservative journalists exaggerate its cost. Labor's strength does indeed rest with its membership communications. 192/

The combined value of the registration and get-out-the-vote drives, the partisan communications to the membership, and other goods and services provided to campaigns by unions is potentially enormous. (None of these expenditures

192/ Jessup, Can Political Influence Be Democratized?, p. 32.

is subject to contribution limits, although internal communication costs above \$2,000 must be reported to the FEC.) Malbin estimated that organized labor spent \$11 million on such activities on behalf of the Carter-Mondale ticket in 1976, one-half of the amount Carter was given in Federal funds with which to run his entire campaign. 193/ The cost of these activities by labor in 1978 was estimated by Epstein at nearly \$20 million, 194/ and in 1980 by Alexander at \$15 million. 195/ While labor may justifiably point to the business sector's organizational network and its numerous journals and in-house publications with which it can disseminate partisan, political information, there is little reason to believe that the business community is nearly as adept or successful as labor in using such methods. 196/ Internal communications are perhaps the most important single device labor has to keep itself competitive with business.

Although labor has the membership base, it clearly needs it even more as labor's political spending is increasingly overshadowed by that of the business sector. And while union members are seen as operating in an environment that has traditionally been conducive to political activity (by themselves and their families), corporations have a potential elite pool of better educated individuals who might bring to bear even greater political skills if they chose to become involved. 197/ If one sees money as business' principal

193/ Malbin, Michael J. Labor, Business and Money--A Post-Election Analysis. National Journal, v. 9, March 19, 1977: 412.

194/ Epstein, Business and Labor Under the Federal Election Campaign Act of 1971, p. 125.

195/ Alexander, Herbert E. Financing the 1980 Election. Lexington, D.C. Heath & Co., 1983. p. 114.

196/ Jessup, Can Political Influence Be Democratized?, p. 32.

197/ Kayden, The Impact of the FECA on the Growth and Evolution of Political Action Committees, p. 103, 109.

political capital and the membership base as labor's, the greater momentum now may lie with business; the trend toward more corporate giving is clearer at this point than toward increasing cohesion in labor's membership base.

VI. PACs AND POLITICAL ACCOUNTABILITY

Indications that PACs are increasingly engaging in campaign activities independently of either candidates or parties have resulted in charges that PACs are serving to weaken the accountability deemed necessary in the political system. As used herein, "accountability" relates to the process under which candidates assume responsibility for the campaigns waged in their behalf and by which the candidates must answer to the voters on election day for those campaigns and tactics. Although independent expenditures may be made by individuals and groups, as well as political committees and PACs, it is the PACs that have used them most heavily and in a highly visible manner. As such, the terms "political action committee" and "independent expenditure" have become linked in the eyes of many.

The FECA [2 U.S.C. 431 (17)] defines "independent expenditure" as:

. . . . an expenditure by a person expressly advocating the election or defeat of a clearly identified candidate which is made without cooperation or consultation with any candidate, or any authorized committee or agency of such candidate, and which is not made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate.

In contrast with contributions from individuals or groups directly to candidates, independent expenditures may not be limited by law; this was a major component of the Supreme Court's ruling in Buckley v. Valeo, 424 U.S. 1 (1976). Not being subject to limitations, they constitute a major loophole for those wishing to influence elections beyond the scope allowed them under the FECA.

Some \$2 million was spent independently in 1976 and \$317,455 in 1978. 198/ In 1980, the level of independent expenditures jumped dramatically--\$16.1 million. 199/ Of particular relevance here is that some \$14 million was spent independently by PACs, representing 12 percent of all PAC spending in 1980 and equaling about one-fourth of the amount PACs contributed to all Federal candidates. 200/ The vast majority of these independent expenditures were made by so-called "New Right," non-connected PACs, although 1980 also saw some prominent trade PACs, such as the AMA's PAC and the Realtors PAC, enter the field. In 1982, independent spending in congressional elections amounted to \$5.75 million, more than double the \$2.3 million spent independently in the congressional races of 1980. Once again, PACs dominated the independent expenditure activities (over 90 percent of the money was spent by PACs), with one group--NCPAC--spending more than half the total (\$3.2 million). And while conservative groups again accounted for the bulk of the spending, some liberal groups and trade associations were also among the top independent spenders. 201/

The controversy over independent expenditures was brought to focus in 1980 around advertisements which NCPAC ran against several incumbent Democratic Senators. These ads were considered by many observers to be inflammatory and their accuracy was challenged in some cases. Although they were intended to benefit the campaigns of the incumbent Senators' opponents, there was

198/ U.S. Federal Election Commission. FEC Releases Information on Independent Expenditures (press release): October 9, 1980.

199/ U.S. Federal Election Commission. FEC Study Shows Independent Expenditures Top \$16 Million (press release): Nov. 29, 1981.

200/ U.S. Federal Election Commission. FEC Releases Final Summary Data on PAC Giving (press release): August 4, 1981.

201/ U.S. Federal Election Commission. FEC Issues Final Report on 1981-82 Independent Expenditures (press release): Oct. 14, 1983.

disagreement within the campaign organizations of those opponents whether or not such ads would prove beneficial; some candidates requested that NCPAC discontinue its advertisements, fearing a backlash effect among voters. In fact, there remains doubt over the effectiveness of the advertisements; NCPAC, pointing to the victories of many of the incumbents' opponents, insisted that their use had been vindicated.

The NCPAC ads and those of some other groups resulted in editorials and, ultimately, comments from leaders of both political parties decrying the trend toward independent expenditures, mainly on the ground that they involve spending by individuals and groups which are not accountable to the electorate and which may not accurately reflect candidates' views. Even former Republican National Chairman Richard Richards, whose party's candidates were the intended beneficiaries of most of the independent expenditures in 1980, declared about independent spending PACs: "They create all kinds of mischief. They're not responsible to anyone." 202/

By 1982, independent expenditures had been publicized enough that they became an issue in the campaigns of many intended targets and beneficiaries, with many of the former seeking to capitalize on the negative publicity their detractors had received and with many of the latter prominently disavowing these activities. In any case, the election results appeared to vindicate most of the prominent targets of the negative advertisements, unlike in 1980.

As discussed in Chapter Three, independent expenditures represent a logical political tool for non-connected PACs, which, usually not being linked to organized lobbying efforts, may be less interested in gaining access on Capitol Hill (and less concerned about alienating Members) than in changing

202/ Cannon, Lou. GOP Chief Decries the Independent Efforts To Target Democrats on 'Single Issues.' Washington Post, April 28, 1981: A3.

the philosophical make-up of the Congress as a whole. Some argue that non-connected PACs and independent expenditures undercut the notion of a responsible, accountable political system. Both represent legitimate and constitutionally-protected activities, and it can be argued that they promote expression of diverse and hitherto ignored viewpoints in Washington; some would suggest that, if they serve to disrupt the established political forces and power structure, they are performing a beneficial function.

The future of the independent expenditure method is uncertain. Although they were perceived as successful in 1980, they were seen as either ineffective or, worse, having backfired, in 1982. 203/ Nonetheless, the non-connected groups have again announced plans for such activities in 1984. What may be more interesting from the standpoint of political accountability is the activity of the AMA and the Realtors in 1982, which spent a combined total of more than \$400,000 in independent expenditures--all of it in positive, rather than negative, campaigns. 204/ By emphasizing this approach, it is possible that the experiences of the two largest trade PACs will help popularize this device among those PACs which are sponsored by other organizations (i.e., ones which lobby Congress and, hence, have a reputation to uphold in the political community). This will provide further evidence as to whether independent expenditures are inherently destructive of political accountability. 205/

203/ Alexander, Herbert E. *Financing Politics: Money, Elections, and Political Reform* (3rd ed.). Washington, Congressional Quarterly. 1984. p. 147.

204/ U.S. Federal Election Commission. *FEC Issues Final Report on 1981-82 Independent Spending* (press release): Oct. 14, 1983.

205/ For a more thorough discussion of the independent expenditure issue, see: U.S. Library of Congress. Congressional Research Service. *The Evolution of and Issues Surrounding Independent Expenditures in Election Campaigns* [by Joseph E. Cantor]. Report 82-87, May 5, 1982. 78 p.

VII. THE LEVEL OF MONEY IN POLITICS

A final issue is one that perhaps underlies the entire PAC controversy. Elections have become increasingly expensive, with an estimated \$1 billion spent on elections at all levels combined in the United States in 1980, double the amount spent four years earlier. 206/ The costs of elections have, in fact, risen faster than the rate of inflation, with the costs of such campaign-related activities as media advertising, direct-mail fundraising, and air travel contributing heavily to the sharp increases. 207/ The cost of running for elective office has thus become increasingly expensive.

The large amounts of money being spent on campaigns have caused concern essentially over the fear that it is distorting our democratic system by making the possession of and/or access to large sums of money a prerequisite for running for public office. As stated earlier, this fear is tied to the larger concern that the ever-increasing sums of money needed for election campaigns may be, in effect, curtailing the access to the process by large sectors of the electorate. By raising large amounts of political money, PACs are viewed as the new leader in the trend toward more expensive elections. The skepticism which many perceive among the electorate over the large amounts of money spent in elections is seen as proof, in and of itself, of money's corrosive effect on politics.

The cynical view of money in politics and the high costs of campaigning were disputed by the Harvard study, which concluded that:

206/ Election Tab: A Billion Dollars, and Rising. U.S. News & World Report, v. 89, December 15, 1980: 32.

207/ Clymer, Adam. Inflation and a Limit on Contributions Strain Presidential Hopefuls' Budget. New York Times, February 4, 1980: A14.

there is nothing intrinsically wrong with campaign contributions and expenditures. Adequate campaign funds are essential to competitive congressional elections. The essence of an election campaign is to provide voters with a choice among alternative candidates. This process requires the communication to voters of some minimum quantity of information about the contestants. In contemporary America, providing that information to the voters costs substantial amounts of money.

Every study based on the information available since 1972 has shown that most campaigns have too little, not too much money. 208/

Placing the amount spent on elections in the context of the total expenditures by government at all levels, Dr. Herbert Alexander has written:

In fiscal year 1980, government at all levels--national, state, county, and municipal--spent a total of \$958,757,000,000 in taxpayer money. The \$1,203,000,000 spent on election campaigns, whose outcomes determined who will make decisions on, among other things, how such enormous sums of tax money are spent, amounts to only about one-tenth of 1 percent of that total. 209/

Furthermore, Alexander noted that the Nation's leading advertiser, Procter and Gamble Company, spent \$649 million in advertising its products in 1980, far more than the \$514 million he estimated in costs of electing the national government that year. 210/ Alexander's view appears to prevail today among political scientists, that the high cost of campaigns, while perhaps unfortunate, is not disproportionate to the costs of other goods and services available today.

208/ U.S. Congress, An Analysis of the Impact of the FECA, p. 1.

209/ Alexander, Herbert E. Financing the 1980 Election. Lexington, D.C. Heath and Company, 1983. p. 1.

210/ Ibid.

CHAPTER FIVE: CONGRESS' RESPONSE TO PACs AND THE PROGNOSIS FOR THE FUTURE

In view of the rapid growth and proliferation of PACs in recent years, a number of suggestions for curbing PACs have been made, both in and out of Congress. This chapter will discuss recent legislative initiatives in the area and will analyze some of the current proposals for curtailing the role of PACs. Part I describes bills introduced in the 95th Congress through the First Session of the 98th Congress, with a focus on the 96th Congress' Obey-Railsback amendment. Part II offers an evaluation of the major PAC-related proposals currently under discussion in Congress, the media, and the political and academic communities. Finally, Part III will conclude with a brief discussion and some observations regarding scenarios for the future of PACs.

I. LEGISLATION TO LIMIT PACs IN THE 95TH THROUGH 98TH CONGRESSESA. 95th Congress Legislation

Six bills in the 95th Congress proposed various forms of PAC limitation measures. An outright ban on PAC contributions was proposed in H.R. 6132, introduced by Representative John Erlenborn on April 6, 1977; identical bills were later introduced: H.R. 7005 on May 9, 1977, by Representatives Erlenborn, M. Caldwell Butler, James Collins, John Duncan, Millicent Fenwick, Tom Hagedorn, William Ketchum, Albert Quie, and C.W. Bill Young; and H.R. 7585 on June 2, 1977, by Representative Richard Schulze. These bills banned contributions by nonparty political committees to any Federal candidate or any other political

committee, except to official party committees; they also imposed a \$5,000 limit on what a national, State, or local party committee could give to a Federal candidate.

A ban on PAC contributions was also proposed in two bills introduced by Representative James A.S. Leach: H.R. 7966 on June 22, 1977, and H.R. 8092 on June 29, 1977. In addition to proposing public funding of congressional elections, Leach's bills prohibited all contributions by nonparty political committees and limited congressional candidates to accepting only contributions from party committees and from individuals residing in a candidate's own district (State), the latter in amounts of \$500 or less. In restricting contributions to within a candidate's State or district, Leach was apparently influenced by the argument (discussed in Chapter Four) that campaign funding sources have become increasingly nationalized, with potential damage to the ties between a Member and his constituents.

Whereas none of the above measures received any action in the 95th Congress, a proposal to reduce the limit on PAC contributions was the subject of a floor vote in the Senate in the first session, and a similar proposal made it through a House committee in the second session, while failing on a floor vote. The Senate vote occurred during debate on S. 926, a bill to extend public financing to Senate election campaigns. On August 3, 1977, an amendment was offered by Senator Adlai Stevenson to reduce the contribution limit for multicandidate committees--both party and non-party committees--from \$5,000 to \$3,000 (the initial version of the amendment lowered it to \$1,000, before it was modified). 211/ Stevenson's expressed rationale was to bring the

211/ Public Financing of Senate Elections. Debate and Vote in the Senate. Congressional Record, v. 123, Aug. 3, 1977: 26304.

limit on PACs and parties more into line with that on individual contributions, thus giving the former a less favored status over the latter. Senator Charles Mathias offered an amendment to Stevenson's amendment to lower the limit for affiliated PACs but to leave intact the \$5,000 limit for non-connected PACs, on the ground that the latter were financially handicapped already by having to bear the administration and fundraising costs of the organization. 212/ The Mathias amendment was tabled by voice vote, after which the Stevenson amendment was tabled by a vote of 63-33. 213/

In the second half of the 95th Congress, H.R. 11315, introduced by Representative Frank Thompson on March 6, 1978, was reported from the House Administration Committee on March 16, 1978, by a vote of 16-9. 214/ Although it largely consisted of noncontroversial amendments to the FECA, the bill became embroiled in a highly partisan controversy over the inclusion of provisions reducing the amounts which party and nonparty committees could contribute. 215/ With regard to the latter, the bill, as reported, reduced from \$5,000 to \$2,500 the amount which nonparty multicandidate committees could give to either Federal candidates or to other political committees. Furthermore, it reduced from \$15,000 to \$10,000 the amount such committees

212/ Ibid., p. 26306.

213/ Ibid., p. 26308.

214/ U.S. Congress. House of Representatives. Committee on House Administration. Federal Election Campaign Act Amendments of 1978; report together with minority, supplemental, and additional views to accompany H.R. 13315, 95th Cong., 2nd Sess. Washington, U.S. Govt. Print. Off., 1978. 123 p. (95th Congress, 2nd Session. House. Report no. 95-982)

215/ Public Financing, Campaign Spending Bills. Congressional Quarterly Almanac, 1978. Washington, Congressional Quarterly, Inc., 1979. v. 34, p. 769-773.

could give to the national committees of political parties. An attempt to delete these provisions failed by a 9-13 vote within the Committee. 216/ The bill also included a provision to tighten the prerequisites for multicandidate status by a political committee, adding the additional requirement that contributions in amounts of at least \$500 be given to five Federal candidates (the introduction of the dollar amounts intended to "curb the creation of bogus PACs designed to aid only one candidate"). 217/

By the time the Committee's bill reached the House floor, the controversy surrounding it had been heightened by the announced intentions of supporters to offer an amendment to institute public funding of congressional elections. Thus, the focus of debate was on the open rule for consideration of H.R. 11315, which had been reported by the Rules Committee. In a brief but heated debate on March 21, 1978, the House rejected the open rule--H. Res. 1093--by a vote of 198-209. 218/ This killed not only the prospects for public financing but the bill itself, with its PAC and party limitation provisions.

B. 96th Congress Legislation

Five bills were introduced in the 96th Congress which sought to limit the opportunities for influence by political action committees. Two proposed a flat prohibition on PAC contributions to Federal candidates. S. 714, introduced by Senator Adlai Stevenson on March 21, 1979, banned contributions to Federal candidates by any political committee which received donations from at least

216/ Ibid., p. 771.

217/ Ibid.

218/ Providing for Consideration of H.R. 11315, Federal Election Campaign Act Amendments of 1978. Debate and Vote in the House. Congressional Record, v. 124, Mar. 21, 1978: 7880.

50 individuals and which was not a candidate's authorized committee; this would have applied to all multicandidate PACs and those PACs which had as many as 50 contributors but did not meet the other criteria for multicandidate status. An interesting feature of this bill was its explicit declaration of purpose, one which can be viewed as the motivating force behind most of the PAC limitation bills:

Sec. 2. The Congress finds and declares that--

(a) the proliferation of multicandidate political committees has resulted in a massive increase in the amount and proportion of funds contributed by such entities to candidates for election to Federal offices;

(b) such contributions create at least the appearance of disproportionate influence stemming from the dependence of candidates upon large campaign contributions from entities with special interests;

(c) it is inappropriate for such artificial legal entities, which are not permitted to vote for candidates for Federal office, to make political contributions to, or for the use of, such candidates; and

(d) it is an appropriate exercise of the authority of the Congress to eliminate the reality or appearance of improper influence upon its decisions by limiting the privilege of making contributions to candidates for election to Federal office to individuals generally.

H.R. 5081, introduced by Representatives Erlenborn and Thomas Railsback on August 2, 1979, was identical to the Erlenborn bills in the 95th Congress (prohibiting contributions by nonparty political committees to Federal candidates and other political committees, while allowing them to contribute to official party committees).

Three bills in the 96th Congress sought to curtail PACs by lowering the limit on how much they could contribute to Federal candidates, rather than prohibiting the contributions entirely. H.R. 4768, introduced by Representative Joseph Minish on July 12, 1979, proposed a lowering of the contribution limit for multicandidate committees from \$5,000 to \$1,000--thus placing them on the same level as other political committees (such as non-multicandidate PACs) and

individuals. (Of course, individuals would have the additional restraint of the overall \$25,000 limit on all political contributions.)

On August 3, 1979, Senators Edward Kennedy, Robert Stafford, and Paul Tsongas introduced S. 1700, which lowered the limit on multicandidate committee contributions only to Senate candidates (leaving a decision regarding House candidates to that body). The bill placed a \$5,000 aggregate limit on PAC contributions to a candidate in both a general and primary election (or special and primary election), in contrast with the existing \$5,000 limitation per election. It allowed a higher limit--\$7,500--for candidates involved in a runoff election, as well, while specifying that no more than \$5,500 could be contributed in one phase of the election cycle.

The only PAC-related bill to be acted upon during the 96th Congress was H.R. 4970, the Campaign Contribution Reform Act of 1979, which passed the House in amendment-form but was not acted upon by the Senate. The Obey-Railsback bill, as it came to be known, was the principal focus in the 96th Congress of those seeking to curtail the influence of PACs. It has remained the hallmark of such efforts to date, and it has set the tone for the debate over PACs which has ensued.

H.R. 4970 was introduced on July 26, 1979, by Representatives Railsback and David Obey and co-sponsored by more than 120 other House Members. In its initial form, it proposed lowering the limit on nonparty, multicandidate committee contributions to any candidate from \$5,000 per election to \$5,000 overall; the \$5,000 would apply to primary and general elections, but would be raised to \$7,500 if a candidate was involved in a runoff, as well (\$5,000 was the most that could be given in any one election, however). The second major feature was an aggregate limit of \$50,000 on the amount a House candidate could accept from all PACs in an election cycle. Finally, the bill imposed a

30-day limit on the extension of credit (of more than \$1,000) to House candidates by campaign consultants and other political vendors; this was aimed at curtailing the influence of media and direct-mail specialists.

On October 17, 1979, the bill was offered as an amendment to S. 832, the authorization for the Federal Election Commission (already passed by the Senate). 219/ An amendment was offered to this amendment which was designed to improve its chances for passage by the House. It raised the proposed limit from \$5,000 to \$6,000 (retaining the \$5,000 per election limit) and raised the limit on elections involving a runoff from \$7,500 to \$9,000. It also raised the aggregate limit on all PAC contributions from \$50,000 to \$70,000, and to \$85,000 when the candidate faces a runoff election. Finally, it declared that all contributions delivered by a PAC to a candidate, including earmarked donations, would be counted against the PAC's contribution limit; this was intended to prevent evasion of the contribution limit. This amendment to the amendment had the support of the sponsors of Obey-Railsback, and it was adopted by voice vote. 220/

Before proceeding to the final passage of the Obey-Railsback amendment, several additional amendments were attached to it, including: a ban on the extension of credit to candidates by direct-mail firms, raising from 30 to 60 days the proposed limit on credit extension by campaign consultants, and a \$35,000 limit on the amount of campaign contributions a House candidate could use to repay his own loans to his campaign. In its final form, the Obey-Railsback Amendment included these provisions, plus the \$6,000 limit on PAC

219/ Federal Election Campaign Act of 1971 Amendments. Debate and Vote in the House. Congressional Record, v. 125, Oct. 17, 1979: 28644.

220/ Ibid., p. 28651.

contributions (\$9,000 with runoff) and the \$70,000 aggregate limit on PAC contributions (\$85,000 in cases of runoff elections).

The debate over Obey-Railsback essentially involved the issues discussed in Chapter Four, although there was a qualitative difference in the thrust of arguments among supporters than among opponents of the amendment. Opponents largely centered their arguments on what they saw as the harmful consequences of specific features of the bill and appeared less inclined to address the overriding contention of the amendment's supporters that the relation between interest group money and politics was having a corrosive effect on the political system. In contrast, supporters based their positions primarily on that underlying issue and spent less of their time rebutting the specific flaws raised by amendment opponents. This difference in tone is exemplified in the excerpted floor statements of Representative Leach (in support) and Representative Bill Frenzel (in opposition). Leach focused on the damage to the system which he saw resulting from too much PAC money:

The most effective way for a candidate to achieve support in a bid for legislative office is to isolate every identifiable group--especially moneyed groups--and announce support for the group's vested interest. Unfortunately, going along with the most powerful interest groups inevitably leads either to the proliferation of Federal programs or to the weakening of the tax structure. Fiscal balance and equitability are impossible to maintain after lawmakers, that is, the successful candidates, have committed themselves in advance to support specific tax advantages or Government programs favoring those having made generous campaign contributions. America may be a society of individuals, but power groupings--not individuals--are represented in legislative bodies where money is a key determinant of election outcomes.

A government of the people, by the people, and for the people cannot be a government where influence is purchasable through large, private campaign contributions. The subordination of individual rights to indiscriminate moneyed influence is the subordination of representative democracy to institutional oligarchy. 221/

Opponents took issue with the premise that support for particular positions followed financial contributions and that we have arrived at a point where interest group money is indeed dominating the process. Frenzel addressed his remarks to the harm he saw resulting from the passage of the amendment, with the underlying assertion that supporters were motivated by a desire to keep the political balance tilted toward their own philosophies and interests.

Here is what the sponsors are trying to hide:

First. This is an incumbent protection bill. All the sophistry in the world cannot hide that fact. Sure, incumbents receive more but they do not need it. They already have the recognition challengers cannot live without. With limits on contributions set at a time when campaigns cost one-third as much as today, challengers cannot make a viable campaign without PACs.

The reason incumbents have waited this long to smash PACs down is because only now are they beginning to favor challengers. This incumbents' protection bill is a sure sign of that.

Second. It is a rich person's protection bill. The rich, protected by the Constitution, can spend unlimited personal funds despite a clumsy, unconstitutional attempt in Obey-Railsback. Because individual contributions are limited to \$1,000, PACs are the only defense against rich candidates. Those who contribute a large share to their own campaigns will surely want to vote for it.

Third. It is a big labor protection bill. It restricts all PACs equally, and leaves labor's enormous special loopholes to communicate and to run registration and get-out-the-vote drives, all of which can be done with dues money collected involuntarily.

Fourth. It is a bill to protect the people from knowing very much about candidates or issues. But, not to worry, it will only stifle those campaigns that are close, or have contested primaries. Only where there is real competition, which we used to think was the life's blood of our political system, will this bill have effect. The sponsors are incumbents. Incumbents do not like competition.

Fifth. But worst of all, its an antiparticipation bill. Hundreds of thousands of thoughtful Americans, not satisfied with parties, turned off on politicians, find political expression by contributing through a reference group. It may be a union, a corporation, a professional association, or an ideological group. Whatever it is, they have some confidence in it. Yes, PACs are growing because people like them. They find PACs a convenient way to participate in the political processes of this Nation. They give to PACs for some reasons in the same way as people give to campaigns directly. So let us throw them out, say the Obey-Railsback sponsors. Let us stifle participation. Let us keep politics for the elite--just for us insiders. 222/

Supporters responded to these points by noting that PAC money goes overwhelmingly to incumbents, thereby stifling competition, that labor PACs give larger contributions than do corporate PACs, and would therefore be hurt by the reduced PAC limit, and that rather than enhancing the individual's role in the process, PACs are overshadowing him.

Following debate, the House passed the amended version of the Obey-Railsback amendment by a vote of 217-198. 223/ Democrats split 188-74 in favor of the amendment, while Republicans split 29 in favor and 124 against it. After an unsuccessful vote to recommit the amendment to the House Administration Committee, the House approved S. 832 by a voice vote, requesting a conference with the Senate. 224/

No further legislative action was taken on the S. 832 or the Obey-Railsback Amendment. A threatened filibuster kept the measure from being considered in the Senate during the 96th Congress. 225/

C. 97th Congress Legislation

Seven PAC limitation bills were proposed in the 97th Congress. On January 5, 1981, Senator Robert Byrd introduced S. 9, which was identical to the Obey-Railsback amendment, as passed by the House in 1979. (It applied only to House elections.) On July 8, 1981, Representatives Dan Glickman, James Leach, and Mike Synar introduced H.R. 4070, which combined some features of the Obey-Railsback bill with others not previously proposed in Congress. Designed to

223/ Ibid., p. 28659-28660.

224/ Ibid., p. 28661.

225/ Buchanan, Christopher. Obey-Railsback Plan Stalled in the Senate By Threat of Filibuster. Congressional Quarterly Weekly Report, v. 38, Jan. 5, 1980: 33.

reduce the influence of PACs while enhancing the role of the individual and of the political parties, it included the following features:

--an overall limit on how much House and Senate candidates can accept from from multicandidate PACs--\$75,000 for House candidates (and an additional \$25,000 in case of a runoff) and between \$75,000 and \$500,000, depending on the size of the State, for Senate candidates (with an additional \$25,000 or \$12,500 times the number of congressional districts, the higher figure, in the case of a runoff); \$500,000 would remain the outside limit for Senate candidates, in any case;

--an increase in the limit on individual contributions to congressional candidates from \$1,000 to \$2,500;

--an increase in the maximum allowable tax credit for political contributions from \$50 to \$100 for single returns and from \$100 to \$200 for joint returns; and

--the establishment of a separate tax credit for contributions to political party committees--50 percent of the contribution amount, with a maximum of \$100 for single returns and \$200 for joint returns.

H.R. 4070 differed from all previous PAC limitation bills in that it neither prohibited such contributions nor reduced the limit on PAC contributions. It did retain the overall limit on aggregate PAC giving contained in Obey-Railsback, and it extended this limit to Senate races, as well. Rather than reduce the PAC contribution limit, H.R. 4070 sought to enhance the individual's position by raising the individual contribution limit and by raising the maximum allowable tax credit. Finally, it sought to encourage giving to the parties directly through the establishment of a separate tax credit solely for such contributions.

Introduced by Rep. James Howard on March 10, 1982, H.R. 5793 included all the features of the Glickman-Leach-Synar bill (H.R. 4070) except for the increase in the contribution limit. H.R. 5450, proposed by Rep. Joseph Minish on Feb. 3, 1982, would lower the limit on multicandidate committee contributions from \$5,000 to \$1,000. On April 1, 1982, Rep. Andrew Jacobs introduced H.R. 6047, a House public funding bill that included a provision prohibiting candidates who accept public funds from receiving PAC donations.

On August 12, 1982, Representative Philip Sharp introduced H.R. 6988, which lowered the contribution limit for multicandidate committees from \$5,000 to \$2,500 and placed a ceiling on PAC receipts by general election candidates of \$75,000 for the House and the greater of \$75,000 or \$37,500 times the number of districts in the State, up to \$500,000, for the Senate. Finally, Representative Obey introduced H.R. 7277, a public funding bill for House general elections, on October 1, 1982; it included a limit on PAC receipts of \$90,000 per election cycle (with an additional \$90,000 allowed if there were a special election, as well).

The subject of political action committees received some attention at hearings held by the Senate Rules and Administration Committee in the first session of the 97th Congress. Although the focus of the hearings was the administration of the Federal Election Campaign Act, several witnesses devoted their comments to the role of PACs, both pro and con. 226/ Two days of hearings were also held by the House Administration Committee Task Force on

226/ U.S. Congress. Senate. Committee on Rules and Administration. Application and Administration of the Federal Election Campaign Act of 1971, As Amended. Hearings on S. 1550, S. 1766, and S. 1851, 97th Cong., 1st Sess., Nov. 20 and 24, 1981. Washington, U.S. Govt. Print. Off., 1982. 369 p.

Elections in the second session of the 97th Congress. 227/ While the second day was largely devoted to the subject of independent expenditures, the role of PACs was a main focal point on the first day, as representatives of PACs and of "public interest" groups joined Members of Congress in testifying on both sides of the PAC debate. No legislation resulted from these hearings.

D. 98th Congress Legislation

The first session of the 98th Congress probably saw more legislative activity--in terms of the number of proposed bills and days of committee hearings--on behalf of campaign finance reform than in any Congress since the post-Watergate period of the mid-1970s. In the wake of sharply rising campaign costs and PAC contributions and widespread attention thereto in the media, calls for reform of the campaign finance laws became more pronounced by the start of 1983--both within the Congress and without. As a reflection of this, nearly 50 bills were introduced in 1983 and 12 days of Senate and House hearings occurred on the subject of amending the campaign finance laws.

Seventeen of the campaign finance bills focused wholly or in part on restricting the role of PACs in the financing of campaigns. Two of these--S. 911 (Senator Lawton Chiles; March 23, 1983) and H.R. 2876 (Representative Paul Simon; May 3, 1983)--called for the creation of a study commission to make recommendations for changes in the role of PACs in financing campaigns. In their statement of findings, these identical bills declared the sense of the Congress that

227/ U.S. Congress. House. Committee on House Administration. Task Force on Elections. Contribution Limitations and Independent Expenditures. Hearings; 97th Cong., 2nd Sess. Washington, U.S. Govt. Print. Off., 1982. 437 p.

. . . the unprecedented growth in the amount of contributions to Federal election campaigns by nonparty multicandidate political action committees, and in the ratio which such contributions bear to total contributions to such campaigns--

(A) represents a threat to the integrity and purity of the electoral process;

(B) undermines the concept of equal political participation which is the foundation of American democracy;

(C) erodes the ability of elected officials to represent the general public interest rather than special interests; and

(D) exercises a coercive influence on the legislative process.

Although these bills deferred a decision on the nature of the changes, they did not disguise their intentions to limit the role of PACs.

Three bills proposed lowering the contribution limit for nonparty multicandidate committees from \$5,000 to \$1,000. These included H.R. 640 (Representative Joseph Minish; January 6, 1983), H.R. 1799 (Representative James McNulty; March 2, 1983), and H.R. 4157 (Representative James Howard; October 19, 1983). One bill--H.R. 1893--prohibited PAC contributions outright, in conjunction with a plan for public subsidies for media advertising (Representative Andrew Jacobs; March 3, 1983); this was the same proposal Jacobs had introduced in each of the previous Congresses.

One of the major innovations in campaign finance reform was H.R. 3737 (Representative Matthew McHugh; August 2, 1983), which proposed eliminating the application of the current tax credit to contributions to PACs. This was done in conjunction with a proposal for a 100 percent credit for contributions to House and Senate candidates in one's own State and a separate 50 percent credit for contributions to political parties; thus, contributions by individuals to their Senators and Representatives and to political parties were encouraged, while contributions to PACs would not be encouraged through indirect public subsidy.

Eight of the PAC limitation bills sought to achieve that objective through caps on PAC receipts (on an election cycle basis--primary and general election

combined, with provision for additional receipts in the case of a special election). Invariably these were part of reform packages, which might include public funding, increased incentives for individual and political party giving, and/or spending limits. They are listed here in order of their introduction, with brief comments about each:

1) S. 151 (Senator William Proxmire; January 26, 1983)--includes a PAC receipts limit for Senate candidates of 30 percent of the bill's spending limit for that State; it provides for Federal matching funds in general elections along with an expenditure limit of \$600,000 plus five cents per eligible voter;

2) H.R. 2005 (Representative George Brown; March 9, 1983)--includes a \$90,000 PAC receipts limit for House candidates, along with Federal subsidies for postal costs in conjunction with agreeing to abide by expenditure limits;

3) H.R. 2490 (Representative David Obey et al.; April 12, 1983)--includes a \$90,000 PAC receipts limit for House candidates, along with a matching fund system and expenditure limits in the general election; this was the major PAC reform bill for most of the first session;

4) H.R. 2959 (Representative Lee Hamilton; May 10, 1983)--includes a PAC receipts limit of \$90,000 for House candidates and the greater of \$200,000 or \$40,000 per congressional district (with a maximum of \$600,000) for Senate candidates, along with increases in individual and party contribution limits and party coordinated expenditure limits;

5) H.R. 3262 (Representative Mike Synar; June 8, 1983)--includes a PAC receipts limit of \$75,000 for House candidates (\$100,000 if they are challenged in both the primary and general election) and the greater of \$75,000 or \$25,000 per congressional district (with a maximum of \$500,000) for Senate candidates, along with an increase in the individual contribution limit;

6) S. 1433 (Senator David Boren; June 8, 1983)--identical to H.R. 3262;

7) H.R. 3610 (Representative Tom Lantos; July 20, 1983)--includes a PAC receipts limit of \$75,000 for House candidates and the greater of \$75,000 or \$37,500 per congressional district (with a maximum of \$500,000) for Senate candidates, along with an increase in the individual contribution limit and a doubling of the maximum tax credit for political contributions; and

8) H.R. 4428 (Representative David Obey et al.; November 21, 1983)--the revised focus for the PAC reform movement in the 98th Congress; it includes a \$90,000 PAC receipts limit for House candidates (indexed for inflation), along with a new 100 percent tax credit for contributions to House candidates who agree to abide by specified campaign and personal expenditure limits.

Senator Warren Rudman introduced another bill--S. 1185 (May 2, 1983)--which contained a provision similar to that engendered in the eight bills discussed above. Rather than limiting PAC receipts, the bill places a limit on the amount of PAC contributions which may be spent, specifically the greater of 25 cents per eligible voter or 20 percent of overall expenditures. The bill also provides for a similar limit (but with a higher maximum amount) for party committees and increased individual contribution limits.

Finally, Representative James Courter introduced one of the more unusual PAC limitation bills. His H.R. 1379 (February 10, 1983) would establish a blind trust through which PACs may contribute to congressional candidates. The money would be funneled through the Federal Election Commission, which would, in turn, distribute it to candidates designated by the PACs. No one would be permitted to disclose the amounts of the contributions, but the aggregate contributions of specific PACs, the names of the PACs giving to each candidate, and the aggregate PAC receipts by each candidate would be disclosed publicly. By preventing disclosure of the specific amounts given

by a PAC to a candidate, the bill seeks to correct the perception that PAC money buys votes of Members of Congress.

Apart from the seventeen bills discussed above were many others which sought to make adjustments in the campaign finance laws, through changing contribution limits or tax credits, boosting the potential role for political parties, and other methods with other goals. Most of these nearly 50 bills came under discussion during two sets of hearings during 1983. The Senate Rules and Administration Committee held hearings on January 26-27 and May 17 on a broad range of campaign finance issues and on September 29 on the subject of media issues in the electoral process. 228/ The House Administration Committee Task Force on Elections held hearings on June 9, 16, 21, and 23, July 8, August 22 and 23, and October 12 on such campaign finance topics as PACs, the role of parties, the cost of campaigns, and the role of media advertising. 229/ By the end of 1983, after twelve days of committee hearings, Congress appeared no closer to consensus about the nature of the problems, much less about their solution, than at the beginning of the year.

228/ U.S. Senate. Committee on Rules and Administration. Campaign Finance Reform Proposals of 1983. Hearings, 98th Cong., 1st Sess. Washington, U.S. Govt. Print. Off., 1984. 783 p.

229/ U.S. House. Committee on House Administration. Task Force on Elections. Campaign Finance Reform. Hearings, 98th Cong., 1st Sess. Washington, U.S. Govt. Print. Off., 1984. 837 p.

II. CURRENT PROPOSALS TO LIMIT PAC INFLUENCE

The major current proposals intended to reduce the influence of political action committees can be organized around four basic themes: those which directly reduce the influence of individual PACs, those which reduce the level of candidate dependence on all PACs, those which indirectly attempt to reduce PAC influence by enhancing the financial power of other fundraising components, and those which seek to eliminate most forms of private contributions through public financing of elections. This section offers a discussion of the strengths and weaknesses of the key proposals within these four clusters.

A. Reduce PAC Contribution Limits

As was seen in the first section of this chapter, it has been proposed that the limit on multicandidate PAC contributions be lowered from \$5,000 to either \$3,000 or \$1,000, or that such contributions be banned entirely. The common thread in all of these suggestions is the attempt to reduce the potential for undue influence by any one PAC; in addition, the proposals to lower the limit appear to be motivated by a desire to make PAC donations more in line with the limits on individual contributors (certainly the proposal for a \$1,000 limit would do precisely that) and thus make PAC contributions less valuable vis-a-vis those of individual citizens. The concept of a limit on contributions finds support in the Buckley v. Valeo ruling. This passage confines itself to the \$1,000 individual limit but may be applied as well as to limits on group contributions:

It is unnecessary to look beyond the Act's primary purpose-- to limit the actuality and appearance of corruption resulting from large individual financial contributions--in order to find a constitutionally sufficient justification for the \$1000 contribution limitation To the extent that large contributions are given to secure political quid pro quos from current and potential office holders, the integrity of

our system of representative democracy is undermined Of almost equal concern as the danger of actual quid pro quo arrangements is the impact of the appearance of corruption stemming from public awareness of the opportunities for abuse inherent in a regime of large individual financial contributions. 230/

Thus, the appearance or actuality of quid pro quo relationships between donor and recipient are seen as justification for contribution limits. Clearly, the setting of more restrictive limits on what a PAC can give would create obstacles to its gaining what may be perceived as a disproportionate level of influence through its financial contributions.

Three problems might be raised with regard to the reduction of the PAC limit or the outright ban on PAC giving. First, inflation has made the \$5,000 limit imposed in 1974 a less meaningful boundary between proper and improper levels of political influence. It might be suggested that the inflation factor alone has obviated any perceived need to reduce the limit as a means of reducing the accumulation of too much power by any group. (Using the implicit price deflators for gross national product in the 1984 Economic Report of the President, one finds that \$5,000 in 1974 would be the equivalent of only \$2,668 in 1983 dollars.)

A second potential problem with the imposition of further limits on PAC contributions might be constitutional objections. In the Buckley case, the Supreme Court suggested that, although contribution limits were theoretically a justifiable instrument of public policy, they could pose problems depending upon the exact levels of contributing allowed:

Given the important role of contributions in financing political campaigns, contribution restrictions could have a severe impact on political dialogue if the limitations prevented candidates and political committees from amassing the resources necessary for effective advocacy. 231/

230/ 424 U.S.1 (1976), at 26.

231/ Ibid., at 21.

With regard to imposing a lower limit on PAC contributions (e.g., \$3,000 or \$1,000), a CRS legal analysis in 1979 stated:

While the proposal would render the limit which is applicable to separate segregated funds more restrictive of pertinent First Amendment freedoms than the limits upheld in Buckley which formerly applied to separate segregated funds, the newer limit might still not be too restrictive. That is, it might yet be justified by the relevant counterbalancing governmental interest (i.e., the prevention of both actual and apparent quid pro quo arrangements between donors and recipients of campaign contributions). Unfortunately, the Buckley decision provides little guidance in this connection. 232/

If the reduced PAC limit might raise constitutional questions, the proposed ban on PAC contributions would likely raise even more such objections. The same CRS study declared:

Demonstrably restrictive of both political expression and political association, the proposed ban could survive First Amendment scrutiny only if justified by a sufficiently strong and directly served governmental interest. Inasmuch as a total ban is necessarily more restrictive than a mere limit on amount, it seems clear that the requisite governmental interest would have to be one which would not be satisfied by the imposition of a limit. That is so since in the case of so-called "fundamental" rights generally (and First Amendment rights in particular) a pertinent governmental interest justifies only the least restrictive option. Consequently, the governmental interest isolated in the Buckley case as sufficient to justify amount limits on contributions (i.e., an interest in preventing actual and apparent quid pro quo arrangements between donors and recipients of campaign contributions) would not suffice to justify the proposed ban. No suitable governmental interest seems immediately apparent. 233/

Potential constitutional questions aside, there is a third problem inherent in lowering the PAC limits, one which may have become sufficient to squelch further consideration of such proposals. The perceived likelihood

232/ U.S. Library of Congress. Congressional Research Service. Restricting "PAC" Involvement in Federal-Office Political Campaigns: Some Constitutional Consideration [by Robert B. Burdette]. May 25, 1979. p. 3.

233/ Ibid., p. 6-7.

that the imposition of further restraints on PACs would lead to other, less controllable, forms of PAC activity has been increasingly recognized as valid even by those seeking to limit PAC influence; indeed, it has given pause to many PAC opponents who have advocated this approach.

Opponents of Obey-Railsback had charged that a lower PAC limit would result in PACs seeking other avenues for spending, specifically a proliferation of PACs within an industry and the increased use of independent expenditures. This charge was supported by the Harvard study, which stated:

. . . . the study group considered the most probable results of reducing legislatively the amount of money which PACs can contribute to political candidates. That change will merely divert, but not stem, the flow of money. Proliferation of political action committees, perfectly legal cooperation among PACs, and a rapid expansion in independent expenditures by PACs are the clearly predictable consequences. 234/

Whereas there exist certain restraints on proliferation of PACs within a company or union (limiting all affiliated PACs to a single contribution limit), independent expenditures apparently cannot be capped, in accordance with the Buckley decision. The incidence of PACs engaging in independent expenditure campaigns increased dramatically during recent elections, and many of their organizers flatly asserted that they were driven to such forms of spending by what they saw as the unduly restrictive limits on direct PAC contributions for (\$5,000). Many went so far as to pledge continued and expanded use of the independent expenditure route, in view of that limitation. 235/ Thus, the threat of greater levels of independent expenditures as a direct result of limitations on direct candidate contributions by PACs appears to have already been realized, to some extent.

234/ U.S. Congress, An Analysis of the Impact of the FECA, p. 5.

235/ Dionne, E.J., Jr. Campaign Spending Battle. New York Times, Aug. 8, 1980. p. A15.

The possibility of lowering the limit even further is increasingly seen by opponents of PACs as likely to be counterproductive to their ultimate goal of reducing PAC influence. The fact that such a proposal was not included in the major PAC reform bills of the most recent Congresses (H.R. 4070 in the 97th and H.R. 2490 and H.R. 4428 in the 98th) may be seen as indicative of such a realization. If, however, one equates potential for influence only with direct candidate contributions (as opposed to independent efforts), one may be more likely to accept such a risk in imposing tighter limits on PAC giving. Three bills in the 98th Congress (H.R. 640, H.R. 1799, and H.R. 4157) would lower the PAC limit--to \$1,000.

B. Reducing Candidate Dependence on PACs

The goal of reducing the level of candidate dependence on PAC money is behind the proposal to impose an aggregate limit on the amount of PAC contributions a candidate may accept. No such limit exists today, and proposals for such a limit vary. The Obey-Railsback bill suggested a \$70,000 limit on House candidates (\$85,000 if they faced a runoff) and did not make a recommendation for Senate candidates. The bills in the 98th Congress propose either \$75,000 (H.R. 3262, S. 1433, H.R. 3610) or \$90,000 (H.R. 2005, H.R. 2490, H.R. 4428, H.R. 2959) for House candidates, with H.R. 3262/S. 1433 allowing an additional \$25,000 if there is opposition in the primary and general election and with H.R. 4428 indexing the figure for inflation. Those bills affecting Senate PAC receipts place a cap in accordance with the size of the State. One bill--S. 151-- places a flat limit of 30 percent of the concomitant spending limit, but this limit is based on the voting age population of the State; the others allowed a choice of the greater of some minimum amount (\$75,000 in H.R. 3262, S. 1433, and H.R. 3610 and \$200,000 in

H.R. 2959) or a certain amount per congressional district in the State (\$25,000 in H.R. 3262 and S. 1433, \$37,500 in H.R. 3610, and \$40,000 in H.R. 2959), with a maximum level of \$500,000 in all but H.R. 2959, which allowed up to \$600,000. In addition to limiting the degree to which candidates could fund their campaigns with PAC money, these proposals would have the additional goal of "restricting the influence by many PACs acting in concert." 236/

Two principal objections are raised to the aggregate limit on PAC donations, one political, the other constitutional. Of a political nature is the charge, as articulated by Representative Frenzel during the debate over Obey-Railsback, that this proposal would pose an undue burden to challengers of incumbent Members, thus impairing the competitiveness of the contest:

. . . . limiting the amount of moneys candidates can receive and therefore spend drastically hurts the chances of challengers of both parties without having much of an impact on incumbents. 237/

Supporters of the aggregate limit might respond that challengers would still be free to seek out funding from other sources.

The constitutional questions raised by the aggregate limit may present more of an obstacle to its enactment. These were addressed in an analysis by University of Illinois law professor John Nowak (his references to a \$50,000 limit were based on the initial limit proposed in Obey-Railsback):

This restriction is of dubious constitutional status, at best. The \$50,000 limitation may be seen as effectively imposing a ceiling on total campaign contributions and candidate expenditures.

In Buckley v. Valeo the Supreme Court found that contributions to candidates might be reasonably limited in order to fight both the reality and appearance of improper influence

236/ Adamany, PACs and the Democratic Financing of Politics, p. 599.

237/ Federal Election Campaign Act of 1971 Amendments. Debate and Vote in the House. 28631.

by large contributors, but that a ceiling on candidate spending was a constitutionally invalid attempt to restrict speech activities in political campaigns

The proposed law may reduce the role that some political action committees may play in a given election, but it will not further a government interest relating to the "reality or appearance of improper influence stemming from the dependence of candidates on large campaign contributions," which was the only basis accepted by the Supreme Court in Buckley for restraining political contributions.

This bill may be seen as imposing an effective ceiling on campaign spending because, as a practical matter, it will limit the amount of money that can come into a congressional campaign. 238/

Supporters of the limit, like Fred Wertheimer of Common Cause, insist that it will not limit the free speech rights of candidates, noting the Buckley decision's assertion that the effect of contribution limits was "merely to require candidates . . . to raise funds from a greater number of persons" rather than reduce the amount of political spending. 239/

Beyond the issue of whether the aggregate limit would constitute a ceiling on candidate spending is the debate over whether it would infringe on the rights of association of individuals. The Nowak study observed:

. . . . the bill goes beyond the mere limitation of campaign contributions and directly restrains associational freedom.

To examine that problem one needs only to hypothesize the situation where a congressional candidate has received \$50,000 from political action committees when another committee comes on the scene that wishes to donate money to the candidate. Under H.R. 4970 that "extra" political committee would be prohibited from giving even \$1.00 to the candidate and all of the persons whose interests are represented by that associational entity are denied the ability to contribute to the candidate. 240/

238/ Nowak, John. Constitutional Ramifications of the Obey-Railsback Bill. In Extension of remarks of Guy Vander Jagt. Congressional Record, v. 125, September 25, 1979: 26229.

239/ Wertheimer, Fred. The PAC Phenomenon in American Politics. In Political Action Committees and Campaign Finance: Symposium, p. 625.

240/ Nowak, Constitutional Ramifications of the Obey-Railsback Bill, p. 26229.

This argument would no doubt be answered by supporters of the limit by noting that individuals associated with PACs have other outlets for political expression, such as through financial contributions directly to candidates. As David Adamany observed, PACs also have other outlets available to them:

The case for sustaining such a limit is strengthened because PAC speech is not cut off by such a ceiling: a PAC which could not contribute within the limit could still make its views known through direct independent expenditures. 241/

Certainly, there is room for discussion over the constitutionality of the aggregate limit on PACs. Such questions may or may not serve to prevent further consideration of this proposal; the Obey-Railsback amendment passed the House in the face of such objection. Furthermore, the PAC receipts limit has emerged as the most popular remedy suggested by PAC critics in the Congress.

C. Enhancing the Role of Other Participants in the Political Process

The third general approach to curbing PAC influence revolves around additional incentives for participation by individuals and political parties as a means of counterbalancing the role played by PACs in the funding of political campaigns. As reflected in a number of specific proposals, it is based on an acceptance of the continued growth and strength of PACs and the belief that further direct limitations on PAC financial giving will inevitably lead to further attempts by PACs to evade the limits through various loopholes in the campaign finance laws. By strengthening the positions of individuals and parties to bear the funding costs of election campaigns, these proposals seek to curb PACs in an indirect, rather than direct, manner; in this way, they are distinguished from the proposals outlined above.

241/ Adamany, PACs and the Democratic Financing of Politics, p. 600.

One of the most widely suggested proposals is to raise the limit on individual contributions from \$1,000 to some higher amount. In the 98th Congress, the doubling of the individual limit was proposed in Senator Gorton's S. 732 and Senator Humphrey's S. 810 (the latter indexed all limits to account for inflation). A \$2,500 limit was suggested in Representative Synar's H.R. 3262 and Senator Boren's S. 1433 (for House and Senate candidates), in Representative Lantos' H.R. 3610 (for House candidates), and in Senator Rudman's S. 1185 (for all candidates). Representative Corcoran proposed a \$3,000 figure in H.R. 2976, and Representative Hamilton's H.R. 2959 set the figure at \$3,500. The Harvard study noted that the \$1,000 contribution limit was set in 1974 and had been rendered a less significant figure by inflation. It declared:

Inflation alone dictates raising the limit to \$1,500 for the 1980 campaign. 242/

In announcing its support for raising the individual limit, a bipartisan group of former Presidential campaign finance officers convened under the auspices of the Citizens' Research Foundation suggested that the limit might be indexed for inflation and rounded to the nearest \$500 (this to avoid some confusion resulting from a simple indexing formula). 243/

Beyond the inflation factor, it is suggested that as the individual limit is raised to more closely approximate the current \$5,000 PAC limit, it would establish individuals and PACs on a more equal footing. The presumption is, first, that individuals would be more likely to contribute to a candidate

242/ U.S. Congress, An Analysis of the Impact of the FECA, p. 3.

243/ Citizens' Research Foundation. Amending the Federal Election Campaign Act: A Statement of Recommendations by Former Presidential Campaign Finance Officers, June 1, 1981. p. 2.

than a PAC if they had more leeway to do so (they can currently give as much as \$5,000 to a multicandidate PAC) and, second, that candidates would be more inclined to give priority to raising money from individuals than from PACs if they could raise as much money with as few a number of solicitations. Little other than supposition has been offered to support the former suggestion. The vast majority of individual contributions to both candidates and PACs fall well below the current limits, thus detracting from the theory that large numbers of individuals are being stifled by those limits and that they would give directly to candidates if given a more flexible upper limit. The principal incentive to give to a PAC--the added weight attached to a specific policy goal through the collective resources of like-minded individuals--would appear to remain unaffected by raising the individual limit. When viewed from the candidate's perspective, however, it does appear that such an increase would further the goal of lessening candidate dependence on PAC money. Therein lies the principal merit to this argument and the likely reason behind the increasing popularity of the proposal.

Another proposal advanced to encourage individuals to play a greater role is to remove the aggregate \$25,000 a year limitation on all political contributions. This was endorsed by the conference of former Presidential campaign officers, which included persons across both partisan and ideological lines, thus adding to the weight carried by its recommendations. 244/ In addition to the fact that abolishing the limit would accord the individual citizen more opportunity to contribute money, it may be further argued that the average citizen is placed at a disadvantage by the aggregate limit, in view of there being no such limitation on political giving by PACs and other

244/ Ibid.

funding sources. Thus far in the 98th Congress, there have been no proposals to abolish the aggregate limit, but proposals to raise it include Senator Rudman's S. 1185 (to \$30,000), Senator Humphrey's S. 810 (to \$48,900, as indexed for inflation since 1974), Senator Gorton's S. 732, and Representative Corcoran's H.R. 2976 (to \$50,000).

The drawback to the suggestions of raising the individual limit and abolishing the aggregate limit lies in the potential for upsetting the desirable balance within the political system between allowing and encouraging access and impeding the accumulation of a disproportionate degree of influence by any one individual or interest. It is undoubtedly an understatement to suggest that this balance is difficult to gauge, given its subjective nature which lends itself to differing perspectives. It is also quite possible, as many have charged, that in their attempt to eliminate the large contributors of the past, the sponsors of the Federal Election Campaign Act and its amendments have helped to provide the impetus for the PACs of today, thus replacing one type of "fat cats" with another, allegedly more pernicious type.

One may view the laws governing the electoral process as an amorphous mechanism in which all its parts are related, perhaps imperceptibly, and under which every bit of tinkering in one sector may have profound ramifications for other sectors. In establishing a policy goal, the possible consequences for other goals must be considered. If the goal is the reduction of the level of influence which may accrue to large campaign contributors, one must consider how specific proposals may affect such other cherished policy goals as encouraging citizen participation, promoting the integrity of the political process, etc. Conversely, if the goal is to allow greater opportunities for citizens to participate in the process through financial contributions, one may have to consider how this can be accomplished without tilting the balance

so far in that direction that it impedes the original goals which motivated the policymakers in imposing limits. The question here would be: can the limits be raised or abolished without opening the door to large contributions of a sufficient number so as to lead to the public cynicism which led to the restraints in the first place? This delicate balancing act is a fundamental part of such policy changes.

Still other proposals designed to encourage individual giving focus on the tax laws. Currently, individuals may receive a 50 percent tax credit for political contributions, up to a maximum credit of \$50 (or \$100 on joint returns). 245/ Proposals to increase the maximum credit in the 98th Congress include H.R. 3610 (Representative Lantos), which doubles it to \$100 (\$200 on joint returns); H.R. 2976 (Representative Corcoran), which quadruples it to \$200 (\$400); and H.R. 3172 (Representative McCollum), which increases it tenfold to \$500 (\$1000). Several other bills in the 98th Congress offer a 100 percent credit for individual contributions to House (and Senate) candidates, in the hope that the prospect of a full return of the donation will be a major incentive to wider participation in the funding process. Such a credit is proposed in Representative Pease's H.R. 2833, which allows a maximum credit of \$10 (\$20) for contributions to House and Senate candidates in the donor's home State; the existing credit would remain unaffected. Only contributions to home state candidates are eligible for the 100 percent in Representative McHugh's H.R. 3737, as well; the maximum credit, however, is \$50 (\$100), and the existing credit is eliminated for contributions to out-of-state, State and local, and Presidential candidates and to PACs and newsletter funds (a separate

245/ 26 U.S.C. 41(a), (b)(1), 218(a), (b)(1).

credit is set up for donations to political parties). A different approach is taken in H.R. 4428 (Representative Obey), which provides the credit only for contributions to House candidates who agree to abide by a \$240,000 spending limit (with a maximum of \$20,000 in personal funds). The maximum credit would be \$100 (\$200) per candidate and \$200 (\$400) for all qualified House candidates. The limitations of these proposals might lie, first, in the additional revenue losses for the Federal Government and, second, in the fact that the existing credits are used by only around four percent of taxpayers, not indicative of an overwhelming degree of participation. Of course, a broadened credit (such as the 100 percent approach) would presumably increase the participation level.

The tax laws are also the focus of some suggestions intended to strengthen the political parties. The proposal for a separate tax credit for contributions to official political party committees included in H.R. 3737 (98th Congress) is representative of other proposals advanced in recent years. By creating a separate credit, with such generous terms as proposed in H.R. 3737 (50 percent of the value of contributions, up to \$50 for single returns and \$100 on joint returns), it is expected that more people would choose to make direct donations to the parties. As with increasing the current credit, the question might be raised as to whether these credits would be used largely by relatively elite, affluent individuals who have sufficient interest in politics to contribute even without the incentive of a tax saving.

With regard to the various proposals described in this subsection, it might be noted that many of them are made increasingly popular by the convergence of other, perhaps differing, policy goals. Whereas, for example, the raising of the individual limit on contributions is recently being advanced by those who see it as a means to reduce PAC influence, the same proposal has been espoused for a number of years by those who are philosophically opposed to

governmental regulation of the political process. When the inflation argument advanced in academic circles is factored in, one sees a consensus building out of a variety of policy goals. Similar consensus may well be building toward strengthening the parties' fundraising abilities, although such consensus is not at all present in such other suggestions as abolishing or substantially raising the aggregate \$25,000 limit.

D. Public Funding of Congressional Elections

Probably the most severe measure designed to limit PAC influence is the proposal for public funding of congressional elections. In 1956, when the first bill proposing public funding of Federal elections was introduced in Congress (S. 3242, 84th Cong.), it declared:

Free and untrammelled representation of the public is possible only when men and women in high office are not indebted to special interests for financial donations. 246/

Public funding legislation has been proposed in virtually every Congress since that time, and the desire to eliminate the perceived disproportionate influence of "special interests" has been one of the overriding goals expressed by the sponsors in almost every case.

One recent proposal for public funding was H.R. 3436, introduced in the 97th Congress by Representative Matthew McHugh and 23 cosponsors. In his statement on the bill, which would establish a matching fund system for the financing of House and Senate primary and general election campaigns, McHugh stated:

246/ Neuberger, Richard. Federal Campaign Contributions to Relieve Officeholders of Private Obligations. Congressional Record, v. 102, February 20, 1956: 2855.

First, public financing works, and it works for both primary and general elections as has been demonstrated by the 1976 and 1980 Presidential campaigns;

Second, one of the unintended consequences of its success has been to substantially increase the flow of special interest contributions into House and Senate election campaigns; and

Third, as the expenses associated with running for Congress increase, the influence of those special interests will also grow, and the confidence of the American people in our election process will continue to erode. 247/

Public funding supporters believe that only by ending the system of private financing of elections will the opportunities for gaining undue power by particular interests through their campaign donations be seriously curtailed. As a practical matter, some may support other plans to limit PACs directly (such as Obey-Railsback), while ultimately retaining hope for the enactment of public funding as a more fundamental solution to what they see as money's corrosive influence on politics.

Opposition to public funding of elections is just as deep-rooted as is support for it. Opponents point to such factors as the high cost to the taxpayers (particularly in a time of budgetary cutbacks), the perceived dangers inherent in incumbent Members of Congress drafting the rules governing the campaign funding of their opponents, and the difficulties in drafting an equitable system as drawbacks to the public financing idea. Perhaps more basic is their belief that such a system would hamper the participation of individuals that is desired in a democracy. As noted by the Senate Select Committee on Presidential Campaign Activities (the Watergate Committee) in its final report:

247/ McHugh, Matthew F. Congressional Campaign Financing Act of 1981. Congressional Record [daily ed.] v. 127, May 5, 1981: E 2124.

The committee's opposition is based like Jefferson's upon the fundamental need to protect the voluntary right of citizens to express themselves politically as guaranteed by the first amendment. 248/

Some public financing foes have gone beyond their opposition to extending the system to congressional candidates and have called for the repeal of the existing Presidential funding system, as exemplified in former Representative McDonald's and Senator Goldwater's proposals in the 98th Congress (H.R. 3234 and S. 1684). It is interesting that supporters of public financing for congressional elections see the increase in PAC contributions to congressional candidates as one outgrowth of the current Presidential system, which they presumably favor. They insist that inequities are bound to result from having different policies on private contributions for Presidential and for congressional elections. Rather than abolish the former, they support extending a similar system to the latter.

Even supporters of public funding for congressional elections acknowledge the unfavorable climate for passage of such legislation in the immediate future. Previous Congresses, particularly in the post-Watergate period of the mid-1970s, had devoted considerable attention to public funding of congressional elections; the Senate passed such proposals twice in the 93rd Congress, and the House appeared close to passage of similar ones on several occasions. By the 96th Congress, supporters were unable to get a bill (H.R. 1) reported from the House Administration Committee, despite some 155 co-sponsors of it.

Only two bills (H.R. 3436, H.R. 6047) were introduced in the 97th Congress which proposed a public funding system for congressional elections, with only

248/ U.S. Congress. Senate. Select Committee on Presidential Campaign Activities. Final Report pursuant to S. Res. 60, February 7, 1973. Washington, U.S. Govt. Print. Off., 1974. (93rd Cong., 2nd Sess. Senate. Report no. 93-981) p. 573.

23 co-sponsors of the major one--H.R. 3436. While this had represented a considerable decline in the number of bills and co-sponsors in previous Congresses, the number of such proposals rose to six in the 98th Congress with as many as 130 cosponsors on one of them (H.R. 2490). One proposal (H.R. 2005; Representative Brown) provides for reduced mailing costs for House candidates who abide by certain spending limits; another (H.R. 1893; Representative Jacobs) provides for Federal subsidies of media costs for House candidates; and the other four provide matching funds to general election candidates--two for House candidates (Representative Obey's H.R. 2490 and Representative Green's H.R. 3812) and two for Senate candidates (Senator Dixon's S. 85 and Senator Proxmire's S. 151). Although direct public funding appeared to be a lively prospect at the start of the 98th Congress, supporters of the key proposal--H.R. 2490--shifted to the indirect approach of the 100 percent tax credit through H.R. 4428 at the close of the first session; this reflected a tactical change, in view of the continued strong opposition to direct public subsidies.

It is possible that the apparent decline in congressional interest reflects a similar decline in public support for the concept. A 1975 Harris Poll found that the public favored by a 51-37 percent plurality "having all federal elections financed out of public funds with strictly enforced limits"; by 1982, 43 percent expressed approval, while 53 percent opposed the idea. 249/ While this opposition is reaffirmed in a March 1982 Civic Service, Inc., survey, 250/ an August 1982 Gallup Poll found 55 percent agreeing that it is

249/ Public Financing of Federal Elections Opposed by Most Americans. The Harris Survey (press release): Jan. 10, 1983.

250/ Attitudes Toward Public Financing: A Nationwide Public Opinion Survey. Civic Service, Inc. March 1982.

a good idea for "the Federal government to provide a fixed amount of money for the election campaigns of candidates for Congress and that all private contributions from other sources be prohibited"; 31 percent said it is a poor idea. 251/ While the poll results appear to be in conflict, there does seem to be a perception among supporters as well as opponents that there does not exist a public groundswell in favor of the idea at this time. If an increase in support for public financing is viewed as a reaction to revelations of real or apparent impropriety (e.g., Watergate), it is possible that it will take some future public scandal to reverse what appears to be a general leveling off (if not decline) in public and congressional support for such a proposal.

251/ Americans Vote "Yes" for Electoral Reform. The Gallup Report. No. 209. February 1983.

III. Prognosis for the Future of PACs

In view of the many variables affecting PAC growth, most observers are reluctant to make predictions regarding future increases in their aggregate level of activity, financial and otherwise. The question often asked concerns whether we have seen most of the PAC growth already or whether there is likely to be an even more accelerated growth in the future. This final section will explore some of the scenarios which have been suggested relevant to this question, with an eye toward retroactively validating or invalidating certain forecasts. There is no expectation, however, that definitive answers can emerge from this discussion.

A conference sponsored by the American Enterprise Institute for Public Policy Research in the fall of 1979 set the stage for much of the dialogue which has ensued on the subject of PACs and their present and future role in the political system. Of particular relevance are the papers delivered by Michael Malbin and Edwin Epstein, which, in their different perspectives on how significant PAC growth had been, appeared to frame the dispute on how large a role they might be expected to play in the future. With the elections of 1980 and 1982 having transpired since that conference, we now have some additional measure of the validity of the scenarios suggested in those two papers.

Malbin viewed the PAC phenomenon as neither "a mountain nor a molehill," asserting that while PACs had grown since 1974, they were not "on a growth curve wildly disproportionate to the growth of campaign costs as a whole." 252/

252/ Malbin, Of Mountains and Molehills: PACs, Campaigns and Public Policy, p. 153.

Taken as a whole, PACs increased in number and became more important to the electoral process between 1974 and 1976, but-- despite the picture given by most analysts--they were no more important proportionately in 1978 than they were in 1976. 253/

Essentially, Malbin saw much of the increase in PAC spending as a reflection of a transformation in the way business interests gave money to political campaigns, rather than the introduction of large new, previously untapped sources of funding; this interpretation, explored earlier in this report, has been labeled the "old wine in new bottles" theory. Malbin's arguments, examined cumulatively, seemed to suggest that PAC growth would level off, if it had not already at that point, once campaign contributors fully adjusted to the new modus operandi for political giving.

Epstein's conclusions could be characterized by his comment that:

PAC operations in 1976 and 1978 reveal only the tip of a possible iceberg--clearly for corporations and other business-related groups, but to some extent even in the case of labor. 254/

On one level, the campaign finance data for the 1980 elections gives an important boost to Epstein's views vis-a-vis Malbin's. More than one year before November 1980, Epstein suggested:

In the campaign of 1980, there could be over a thousand corporate PACs operating with aggregate receipts of \$25-30 million and contributions of \$15-18 million. 255/

As Chapter Three revealed, there were 1204 corporate PACs in existence at the end of 1980, such PACs spent \$31.4 million and their contributions to congressional candidates alone amounted to \$19.2 million. In every respect, Epstein's prediction was exceeded in 1980 (and since), and it is noted that

253/ Ibid., p. 152.

254/ Epstein, Business and Labor Under the Federal Election Campaign Act of 1971, p. 143.

255/ Ibid., p. 144.

Epstein's views were at the time considered to be associated with the "alarmist" camp regarding the whole PAC question.

Furthermore, while Malbin correctly noted that PAC contributions were no higher in 1978 than in 1976 proportionate to other sources of campaign funding, the same could hardly be said of the increase from 1978 to 1980; the percentage of PAC contributions among the overall receipts of congressional election candidates who competed in general elections jumped from 20 percent to more than 25 percent in those two years, the sharpest such jump in the six-election period covered in this report.

Most observers have focused on the corporate sector as the key to future aggregate PAC growth. The Harvard study commented:

Whatever the motivation of corporate PACs within their corporations may be, however, it is nonetheless true that their numbers will continue to increase. 256/

In addition to the prospect for new PACs being established, Epstein noted that "most corporate PACs that are already functioning have ample opportunity to increase the size and scope of their operations." 257/

These expectations regarding corporate PACs appear to contrast with the expressed views of some of the key spokespersons for the corporate PAC community. Clark MacGregor is one such spokesman who commented:

I think that 50 percent of the corporate iceberg is already above water in PACs. I seriously question whether the future will witness anything like the rapid growth in corporate PACs of the last three or four years From now on additional corporate PACs will be few and far between in contrast to their rapid proliferation since 1976 I would bet that the next five years will

256/ Kayden, The Impact of the FECA on the Growth and Evolution of Political Action Committees, p. 208.

257/ Epstein, Business and Labor Under the Federal Election Campaign Act of 1971, p. 144.

not see--inflation discounted--a doubling of the aggregate amount contributed voluntarily by individuals to their corporations' PACs. 258/

Don Kendall, a consultant for BIPAC, also took issue with the projections of continued enormous growth for corporate PACs:

There is potential for growth, but many of those working in corporate public affairs believe the period of rapid growth is over. They predict a more moderate growth for corporate PACs in the next few years. 259/

Kendall noted that PACs in general were likely to continue to proliferate in the coming decade, in the absence of the enactment of sharply restrictive legislation. 260/

One additional comment from the business perspective is worthy of mention here because it differentiates between the financial aspect of corporate PACs and other facets of their activities. Lee Ann Elliott (currently serving on the Federal Election Commission) suggested that the principal focus thus far in the "early stages of development" of corporate PACs has been on "generating and increasing contributions to the PAC." 261/ She asserted that the continued successes of corporate PACs would depend upon how seriously they devoted attention to their other stated goal--the education and involvement of their contributors in PAC operations and the political process. All of these

258/ MacGregor, Clark. Commentary. In Malbin, Parties, Interest Groups, and Campaign Finance Laws, p. 208.

259/ Kendall, Don R. Corporate PACs: Step-by-Step Formation and Troublefree Operation. Campaigns and Elections, v. 1, Spring 1980: 16.

260/ Ibid., p. 19.

261/ Elliott, Lee Ann. Political Action Committees--Precincts of the '80's. In Political Action Committees and Campaign Finance: Symposium, p. 552-553.

spokespersons saw continued growth of corporate PACs, although not at the same rate of growth as hitherto experienced and perhaps focusing on forms of political action other than financial ones. The data presented in Chapter Three supports the view that corporate PACs would proliferate at a slower rate since 1980 than before, although both their increase in numbers and money raised, spent and contributed has been quite impressive.

While most observers have focused on the corporate sector in their assessments of future PAC growth, the overall picture may be greatly affected by the nonconnected grouping, as well. Not only have the non-connected PACs exceeded even the corporate PACs in rate of proliferation since 1977 (when the former was broken out into a separate category by the FEC), but they registered the largest, recent aggregate dollar increases in overall expenditures of any other grouping. Their enormous growth in 1980 and 1982 (to first place in expenditures) may well be indicative of large future growth among the unaffiliated PACs, although once again the "wild card" nature of this category of PAC adds to the difficulty of future prognoses.

Epstein has isolated two factors which have resulted from the PAC growth of recent years which are likely to play a major role in future PAC growth: the institutionalization of electoral activity (particularly in the business community) and the legitimacy which PACs have attained as vehicles for political activity. 262/ These factors provide a valuable framework through which one can assess the likelihood of future PAC proliferation and growth.

In terms of the institutionalization factor, Epstein writes:

While in the past the raising and spending of funds were largely ad hoc, informal, and unsystematic activities,

262/ Epstein, Business and Labor Under the Federal Election Campaign Act of 1971, p. 146.

today such efforts have become institutionalized within companies and are in the hands of staff professionals (usually in public affairs positions) who serve on an ongoing basis as the organizational focal point for electoral activities. PACs are therefore visible to office holders, prospective candidates, and party officials--as well as to each other--and have become ports of call for office seekers and fund raisers, as well as mechanisms for more effective coordination of business groups. In summary, PACs allow corporations and business-related associations to organize and institutionalize their electoral activities in a highly efficient way. 263/

Epstein sees such institutionalization within the corporations occurring through such devices as the automatic payroll deduction to encourage contributions to the PAC, nonpartisan registration and get-out-the-vote drives, and greater reliance on internal communications among management and stockholders; in such ways, corporations will be mirroring the activities which have in the past realized impressive gains for organized labor. 264/

Equally important, according to Epstein, has been the legitimization of political activity "both within firms and in the greater community":

Electoral politics, so to speak, has come out of the corporate closet and is now recognized as a legal and appropriate activity for business. Such enhanced status, together with a defined legal mechanism for such activity--the PAC--makes it possible for companies (1) to encourage political participation among corporate personnel (who might otherwise be reluctant); (2) to encourage other firms to increase their electoral involvement by establishing PACs, thereby "keeping up with the Joneses"; and (3) in general, to undertake political activity with a heightened sense of rectitude and purpose. 265/

While Epstein views the new legitimacy as a result of the campaign finance laws of the 1970s, one finds mixed signs in the political environment as to

263/ Ibid., p. 146.

264/ Ibid., p. 144.

265/ Ibid., p. 146.

their continued legitimacy with the electorate. When asked whether business and labor PACs constituted a good or a bad influence on politics and government, a 64-27 percent plurality of Americans told a 1982 Harris Survey that labor PACs were a bad influence and a 71-20 percent plurality said big company PACs were a bad influence 266/; two years earlier, the same question had elicited a response of 49-35 percent "good influence" for both labor and business PACs. 267/ This shift in public opinion against PACs (at least those of organized labor and the business community) may well be the result of the considerable attention in the media in the past couple of years on the role of PAC money in the electoral process, which PAC supporters have asserted has been largely slanted against them.

Examining this issue from a different perspective, another recent opinion poll offered evidence of the fragmentation of Americans into narrowly-focused groups and causes, as was discussed in the section dealing with the reasons for PAC growth. This 1981 Gallup Poll found widescale public membership in and support of the kinds of interest groups which are forming PACs today:

Special-interest politics is commonly thought to comprise small, well-organized groups which wield disproportionately great influence on the Congress and hence on the policies of the federal government.

Contrary to this belief, the Gallup Poll recently found that as many as 20 million Americans are members of special-interest organizations, and another 20 million have given money to these groups during the past year.

These projections may understate public participation in groups formed to defend or promote single-issue interests, since the survey covered only a selected list of 16 types of groups.

266/ Americans Call Heavy Campaign Spending a "Serious Problem." The Harris Survey (press release): Jan. 3, 1983.

267/ Limit on Political Action Committee Campaign Contributions Favored. ABC News-Harris Survey (press release): Apr. 3, 1980.

For the United States as a whole, the survey found that 13 percent of the adult population claimed membership in one or more of these groups while 23 percent said they had given money. About one-fourth of the public (26 percent) reported donations or membership or both. In addition, 39 percent said they would like to become members of one or more of these organizations. 268/

To the extent that PACs are a reflection of the same trends which are leading so many Americans to join and contribute to interest groups, one finds support in the political environment for the growth of PACs.

As Epstein noted with regard to corporate PACs:

Political legitimacy coupled with institutionalization of politics within the organizational framework no doubt will lead to increased and more effective corporate political action. 269/

The same institutionalization process and the legitimacy now accorded PACs no doubt extends beyond just corporate PACs and indicates a hospitable climate for the future growth of PACs in general.

This prognosis, however, is not without qualifications. Several factors can be discerned which will likely have a bearing on the future of PACs, with the potential for curbing the kind of growth now foreseen. Each of these bears brief mention here.

First, the decline in the percentage rate of PAC proliferation since 1980 has been notable, from 21 percent a year before 1980 to 16 percent in 1982 and just 4 1/2 percent in 1983. As was said in the accompanying analysis, it may well be the beginning of a leveling off of new PAC growth.

Second, as the Harvard study observed:

268/ Broad Public Participation Found in 'Special-Interest' Politics. The Gallup Poll [press release]: August 16, 1981.

269/ Epstein, Business and Labor Under the Federal Election Campaign Act of 1971, p. 146.

To a large extent, all PACs are dependent on the issues of the day for their growth and activity. The more adverse the circumstances for a corporation, union, industry, interest or segment of society, the more likely it will seek redress through active participation in electoral politics. 270/

Governmental policies which lead to less regulation could reduce the incentives of hitherto regulated sectors to form PACs. By the same token, such policies could well lead to an increase in PACs by groups which favor greater government regulation.

Third, the political climate will invariably affect the growth of political action committees. As evidence above pointed to the legitimacy accorded PACs today, such a hospitable environment could be altered in the future. Opinion poll results already show a decline in support for business and labor PACs, as mentioned above. Such occurrences as the revelation of major improprieties resulting from PAC campaign donations could work to sour the public tolerance of interest groups and their influence on policy-making. Such developments, of course, cannot be foreseen at any given time.

Fourth, the role PACs will play is hinged on the roles played by other participants in the political process. If the political parties were to play a stronger role in the funding of campaigns, for example, the need for PAC money will likely be lessened and, in turn, their raison d'etre will be undercut. The strength of the Republican Party's fundraising effort in recent elections is one tangible indication of such a development at this time.

Fifth, and finally, the future of PACs is invariably linked to future decisions by the Congress which affect the "rules of the game." Some decisions could have a bearing on other participants in the process, as was mentioned

270/ Kayden, The Impact of the FECA on the Growth and Evolution of Political Action Committees, p. 107

above or as would be the case if the limits on individual contributions were sharply raised. Congress could also act to reduce incentives for individuals to give to PACs, by disallowing tax credits for such donations. Congress has the power to write the rules for solicitation of contributions by PACs. The Harvard study noted:

Should the trade associations win the right to solicit contributions with greater ease, not only will their numbers increase, but so too, potentially, will their capacity to participate in electoral politics 271/

These and other actions would obviously have a great impact.

Whether or not PAC growth to date is merely a "tip of the iceberg" will take considerable time to determine. The short term outlook, however, in the words of one observer, is for "more of the same." 272/

271/ Ibid., p. 108.

272/ Phillips, Kevin. Introduction. Political Action for Business: The PAC Handbook. Washington, Fraser Associates, 1981. p. 4.

APPENDIX A: FEC FORM 1

STATEMENT OF ORGANIZATION

(see reverse side for instructions)

1. (a) Name of Committee (in Full) <input type="checkbox"/> Check if name or address is changed.	2. Date
(b) Address (Number and Street)	3. FEC Identification Number
(c) City, State and ZIP Code	4. Is this an amended Statement? <input type="checkbox"/> YES <input type="checkbox"/> NO

5. TYPE OF COMMITTEE (check one):

(a) This committee is a principal campaign committee. (Complete the candidate information below.)

(b) This committee is an authorized committee, and is NOT a principal campaign committee. (Complete the candidate information below.)

Name of Candidate	Candidate Party Affiliation	Office Sought	State/District
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(c) This committee supports/opposes only one candidate _____ and is NOT an authorized committee.
(name of candidate)

(d) This committee is a _____ committee of the _____ Party.
(National, State or subordinate) (Democratic, Republican, etc.)

(e) This committee is a separate segregated fund.

(f) This committee supports/opposes more than one Federal candidate and is NOT a separate segregated fund nor a party committee.

6. Name of Any Connected Organization or Affiliated Committee	Mailing Address and ZIP Code	Relationship

If the registering political committee has identified a "connected organization" above, please indicate type of organization:

Corporation Corporation w/o Capital Stock Labor Organization Membership Organization Trade Association Cooperative

7. Custodian of Records: Identify by name, address (phone number – optional) and position, the person in possession of committee books and records.

Full Name	Mailing Address and ZIP Code	Title or Position
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8. Treasurer: List the name and address (phone number – optional) of the treasurer of the committee; and the name and address of any designated agent (e.g., assistant treasurer).

Full Name	Mailing Address and ZIP Code	Title or Position
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9. Banks or Other Depositories: List all banks or other depositories in which the committee deposits funds, holds accounts, rents safety deposit boxes or maintains funds.

Name of Bank, Depository, etc.	Mailing Address and ZIP Code
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I certify that I have examined this Statement and to the best of my knowledge and belief it is true, correct and complete.

Type or Print Name of Treasurer	SIGNATURE OF TREASURER	Date
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NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Statement to the penalties of 2 U.S.C. §437g.

For further information contact:	Federal Election Commission, Toll Free 800-424-9530, Local 202-523-4068

APPENDIX B: FEC FORM 3X

REPORT OF RECEIPTS AND DISBURSEMENTS
For a Political Committee Other Than an Authorized Committee

(Summary Page)

1. Name of Committee (in Full)
Address (Number and Street)
City, State and ZIP Code
2. FEC Identification Number
3. This committee qualified as a multicandidate committee during this Reporting Period on...
4. TYPE OF REPORT (check appropriate boxes)
(a) April 15 Quarterly Report
July 15 Quarterly Report
October 15 Quarterly Report
January 31 Year End Report
July 31 Mid Year Report (Non-election Year Only)
Monthly Report for...
Twelfth day report preceding...
Thirtieth day report following the General Election...
Termination Report
(b) Is this Report an Amendment?
YES NO

SUMMARY table with columns: Column A This Period, Column B Calendar Year-to-Date. Rows include: 5. Covering Period, 6. Cash on Hand (a, b, c, d), 7. Total Disbursements, 8. Cash on Hand at Close of Reporting Period, 9. Debts and Obligations Owed TO the Committee, 10. Debts and Obligations Owed BY the Committee.

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.

For further information, contact:

Federal Election Commission
Toll Free 800-424-9530
Local 202-523-4068

Type or Print Name of Treasurer

SIGNATURE OF TREASURER Date

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. §437g.

All previous versions of FEC FORM 3 and FEC FORM 3a are obsolete and should no longer be used.

Grid of 10 empty boxes followed by text: FEC FORM 3X (3/80)

**DETAILED SUMMARY PAGE
of Receipts and Disbursements
(Page 2, FEC FORM 3X)**

Name of Committee (in Full)	Report Covering the Period:	
	From:	To:
	COLUMN A Total This Period	COLUMN B Calendar Year-to-Date
I. RECEIPTS		
11. CONTRIBUTIONS (other than loans) FROM:		
(a) Individuals/Persons Other Than Political Committees		
(Memo Entry Unitemized \$ _____)		
(b) Political Party Committees		
(c) Other Political Committees		
(d) TOTAL CONTRIBUTIONS (other than loans) (add 11a, 11b and 11c)		
12. TRANSFERS FROM AFFILIATED/OTHER PARTY COMMITTEES		
13. ALL LOANS RECEIVED		
14. LOAN REPAYMENTS RECEIVED		
15. OFFSETS TO OPERATING EXPENDITURES (Refunds, Rebates; etc.)		
16. REFUNDS OF CONTRIBUTIONS MADE TO FEDERAL CANDIDATES AND OTHER POLITICAL COMMITTEES		
17. OTHER RECEIPTS (Dividends, Interest, etc.)		
18. TOTAL RECEIPTS (Add 11d, 12, 13, 14, 15, 16 and 17)		
II. DISBURSEMENTS		
19. OPERATING EXPENDITURES		
20. TRANSFERS TO AFFILIATED/OTHER PARTY COMMITTEES		
21. CONTRIBUTIONS TO FEDERAL CANDIDATES AND OTHER POLITICAL COMMITTEES		
22. INDEPENDENT EXPENDITURES (Use Schedule E)		
23. COORDINATED EXPENDITURES MADE BY PARTY COMMITTEES (2 U.S.C. §441a(d)) (Use Schedule F)		
24. LOAN REPAYMENTS MADE		
25. LOANS MADE		
26. REFUNDS OF CONTRIBUTIONS TO:		
(a) Individuals/Persons Other Than Political Committees		
(b) Political Party Committees		
(c) Other Political Committees		
(d) TOTAL CONTRIBUTION REFUNDS (add 26a, 26b and 26c)		
27. OTHER DISBURSEMENTS		
28. TOTAL DISBURSEMENTS (Add Lines 19, 20, 21, 22, 23, 24, 25, 26d and 27)		
III. NET CONTRIBUTIONS AND NET OPERATING EXPENDITURES		
29. TOTAL CONTRIBUTIONS (other than loans) from Line 11d		
30. TOTAL CONTRIBUTION REFUNDS from Line 26d		
31. NET CONTRIBUTIONS (other than loans) (subtract Line 30 from Line 29)		
32. TOTAL OPERATING EXPENDITURES from Line 19		
33. OFFSETS TO OPERATING EXPENDITURES from Line 15		
34. NET OPERATING EXPENDITURES (subtract Line 33 from Line 32)		

SCHEDULE A

ITEMIZED RECEIPTS

Any information copied from such Reports or Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.			
Name of Committee (in Full)			
A. Full Name, Mailing Address and ZIP Code Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
	Occupation		
	Aggregate Year-to-Date—\$		
B. Full Name, Mailing Address and ZIP Code Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
	Occupation		
	Aggregate Year-to-Date—\$		
C. Full Name, Mailing Address and ZIP Code Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
	Occupation		
	Aggregate Year-to-Date—\$		
D. Full Name, Mailing Address and ZIP Code Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
	Occupation		
	Aggregate Year-to-Date—\$		
E. Full Name, Mailing Address and ZIP Code Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
	Occupation		
	Aggregate Year-to-Date—\$		
F. Full Name, Mailing Address and ZIP Code Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
	Occupation		
	Aggregate Year-to-Date—\$		
G. Full Name, Mailing Address and ZIP Code Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
	Occupation		
	Aggregate Year-to-Date—\$		
SUBTOTAL of Receipts This Page (optional)			
TOTAL This Period (last page this line number only)			

SCHEDULE B

ITEMIZED DISBURSEMENTS

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.			
Name of Committee (in Full)			
A. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		
B. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		
C. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		
D. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		
E. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		
G. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		
H. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		
I. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		
SUBTOTAL of Disbursements This Page (optional)			
TOTAL This Period (last page this line number only)			

SCHEDULE C
(Revised 3/80)

LOANS

Page ____ of ____ for
LINE NUMBER ____
(Use separate schedules
for each numbered line)

Name of Committee (in Full)			
A. Full Name, Mailing Address and ZIP Code of Loan Source	Original Amount of Loan	Cumulative Payment To Date	Balance Outstanding at Close of This Period
Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):			
Terms: Date Incurred _____ Date Due _____ Interest Rate _____ %(apr) <input type="checkbox"/> Secured			
List All Endorsers or Guarantors (if any) to Item A			
1. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
2. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
3. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
B. Full Name, Mailing Address and ZIP Code of Loan Source			
Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):			
Terms: Date Incurred _____ Date Due _____ Interest Rate _____ %(apr) <input type="checkbox"/> Secured			
List All Endorsers or Guarantors (if any) to Item B			
1. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
2. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
3. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
SUBTOTALS This Period This Page (optional)			
TOTALS This Period (last page in this line only)			
Carry outstanding balance only to LINE 3, Schedule D, for this line. If no Schedule D, carry forward to appropriate line of Summary.			

SCHEDULE D
(Revised 3/80)

DEBTS AND OBLIGATIONS
Excluding Loans

Page ____ of ____ for
LINE NUMBER ____
(Use separate schedules
for each numbered line)

Name of Committee (in Full)	Outstanding Balance Beginning This Period	Amount Incurred This Period	Payment This Period	Outstanding Balance at Close of This Period
A. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
B. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
C. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
D. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
E. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
F. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
1) SUBTOTALS This Period This Page (optional)				
2) TOTAL This Period (last page this line only)				
3) TOTAL OUTSTANDING LOANS from Schedule C (last page only)				
4) ADD 2) and 3) and carry forward to appropriate line of Summary Page (last page only)				

SCHEDULE E

ITEMIZED INDEPENDENT EXPENDITURES

Page _____ of _____ Pages

(See Reverse Side for Instructions)

Name of Committee (in Full)				I.D. No.
Full Name, Mailing Address & ZIP Code of Each Payee	Purpose of Expenditure	Date (month, day, year)	Amount	Name of Federal Candidate supported or opposed by the expenditure & office sought
				<input type="checkbox"/> Support <input type="checkbox"/> Oppose
				<input type="checkbox"/> Support <input type="checkbox"/> Oppose
				<input type="checkbox"/> Support <input type="checkbox"/> Oppose
				<input type="checkbox"/> Support <input type="checkbox"/> Oppose
				<input type="checkbox"/> Support <input type="checkbox"/> Oppose
				<input type="checkbox"/> Support <input type="checkbox"/> Oppose
(a) SUBTOTAL of Itemized Independent Expenditures			\$ _____	
(b) SUBTOTAL of Unitemized Independent Expenditures			\$ _____	
(c) TOTAL Independent Expenditures			\$ _____	

Under penalty of perjury I certify that the independent expenditures reported herein were not made in cooperation, consultation, concert with, or at the request or suggestion of any candidate or any authorized committee or agent of such candidate or authorized committee. Furthermore, these expenditures did not involve the financing of dissemination, distribution, or republication in whole or in part of any campaign materials prepared by the candidate, his campaign committee, or their agent.

Subscribed and sworn to before me this _____ day of

_____, 19____

My Commission expires

NOTARY PUBLIC

Signature Date

SELECT BIBLIOGRAPHY

GENERAL

Alexander, Herbert E. The case for PACs. Washington, Public Affairs Council, 1983. 32 p. (A Public Affairs Council Monograph)

Author uses statistics and our experience thus far with PACs to support his argument that PACs perform a beneficial role in the political system.

----- and Brian A. Haggerty, ed. The Federal election campaign act: after a decade of political reform: report of a conference sponsored by Citizens' Research Foundation, University of California. Washington, D. C., April 2-3, 1981. Los Angeles, The Foundation, 1981. 135 p.

Chapter 4 discusses pros and cons of suggestions to alter the role played by PACs in the campaign finance process.

----- Financing politics: money, elections, and political reform. 3rd ed. Washington, Congressional Quarterly Press, 1984. 232 p. (Politics and public policy series) JK1991.A6797 1984

A comprehensive look at campaign financing and its regulation today. Chapter 4 deals with the role of interest groups and PACs in the financing of elections.

----- PACs: what they are, how they are changing political campaign financing patterns. Washington, Conn., Center for Information on America, 1979. 14 p. (Grass roots guides on democracy and practical politics; booklet no. 62) JK 1991.A713

A succinct review of PACs and the role they have been playing in American politics.

----- Political action committees and their corporate sponsors. Public affairs review, v. 2, 1981: 27-38.

Looks at the future of business PACs and predicts continued corporate political activity, as well as continued controversy over PACs in general.

Balitzer, Alfred. A nation of associations: the origin, development and theory of the political action committee. Washington, American Society of Association Executives, 1981. 104 p.

"Present-day political action committees play a role in the political system that dates to colonial America. Political action associations are inseparable from the political history of the United States--a form of voluntary organization whose members associate of their own will to advance shared interest and principle. As such, they are wholly consistent with the spirit and letter of democracy."

Brenner, Steven N. Business and politics--an update. Harvard Business Review, v. 57, Nov.-Dec. 1979: 149-163. HF5001.H3, v. 57

"A survey of HBR subscribers shows that executives think that for the 1980s greater involvement in politics is proper; the public is less sure." Compares 1978 poll with 1968 poll.

Campaign finance reform. Commonsense, v. 6, Dec. 1983: 1-82.

Partial contents--Campaign finance reform: expanding government's role or the parties' role? by J. Bibby--The real crisis in campaign financing, by P. Laxalt--PAC limitations and public financing: solutions in search of a problem? by B. Frenzel--Looking back at the future of campaign finance reform, by M. Malbin--Homogenizing Congress, by B. Thomas--Major campaign finance reform legislation.

Conference on Congressional Campaigns and Federal Law, Washington, D.C. 1979.

The political campaign and election law committee of the Federal Bar Association presents a conference on congressional campaigns and Federal law, Four Seasons Hotel, Washington, D.C. November 27-28, 1979.

Washington, Federal Bar Association, 1979. 223p. KF4886.A5C66 1979

Conference addresses such issues as the effects of the Federal election campaign act on campaign strategy; permissible party activity on behalf of candidates for Federal office; corporate and union political activities; the Federal Election Commission; and congressional ethics guidelines.

Conway, M. Margaret. PACs, the new politics, and congressional campaigns.

In interest group politics. Allan J. Cigler and Burdett A. Loomis, ed. Washington, CQ Press, 1983. Politics and Public Policy Series. p. 126-144.

"Discusses the rise of PACs as potent political forces and assesses their impact upon the electoral and legislative processes. Conway examines various proposals directed at curbing the excesses--real and potential--of PAC influence, particularly those designed to strengthen political parties and increase the role of individuals in financing campaigns."

Dollar politics. 3rd ed. Washington, Congressional Quarterly, Inc., 1982.

163 p.

Chapter 3--"PACs: A vital force in politics"--provides a brief overview of the role of PACs and the debate regarding them.

Drew, Elizabeth. Politics and money: the new road to corruption. New York,

Macmillan, 1983. 166 p.

Argues that despite the limitations on contribution and spending under the Federal Election Campaign Act, private money is continuing to play so large a role in our electoral system--through PACs and loopholes in the law--that the system itself is in danger of being seriously eroded.

Federal Election Laws: symposium. Emory law journal, v. 29, spring 1980: 313-436. K10.0885, v. 29

Partial contents--Politics, money, coercion, and the problem with corporate PACs, by W. Mayton--Federal regulation of the campaign financing activity of trade associations: an overview, by D. Swillinger.

Gray, Robert T. Involved business people: powerful new force for change. Nation's business, v. 66, May 1978: 23-26, 28, 30. HF1.N4, v. 66

Examines "what is perhaps the most significant development in current political life. That development is the growth of a movement among business men and women--from the operations of small shops to top executives of giant corporations--to obtain a voice in the process by which government makes the decisions that affect them."

Jacobson, Gary C. Money in congressional elections. New Haven, Yale University Press, 1980. 251 p. JK1991.J32

Documents the incumbency advantage in the financing of congressional elections. Provides data on sources of funding, including PACs.

----- The politics of congressional elections. Boston, Little, Brown and Co., 1983. 216 p. JK1067.J3 1983

Chapters 4 and 5 contain useful information about the financing of congressional campaigns.

Keller, Bill, and Irwin B. Arief. As campaign costs skyrocket, lobbyists take growing role in Washington fund-raisers. Congressional quarterly weekly report, v. 38, May 17, 1980: 1333-1346. JK1.C15, v. 38

Discusses the increasing amount of money provided to congressional campaigns by interest groups and lobbyists.

Malbin, Michael J. Campaign financing and the "special interest." Public interest, no. 56, summer 1979: 21-42.

Asserts that campaign financing laws need revision, but rather than changing financing laws because of political action committee funding, Congress "should be considering . . . the more basic difficulties besetting our representative institutions. PACs are only a small part of these, and if Congress persists in reacting only to PAC growth it may unintentionally strengthen other forces in ways that will haunt us in the future. There may well be an argument to be made on behalf of some form of public campaign financing, but the arguments now being made, and the bills presently being considered, react to a minor phenomenon while ignoring major threats Congress unwittingly has been helping."

-----, ed. Parties, interest groups, and campaign finance laws. Washington, American Enterprise Institute for Public Policy Research, 1979. 384 p. (American Enterprise Institute for Public Policy Research. AEI symposia 79I) JK1118.P37

Papers presented at a conference sponsored by the American Enterprise Institute and held in Washington, D.C. Sept. 4-5, 1979.

Contents.--Interest groups and the law: some perspectives from inside.--Interest groups and the law: two overviews.--Campaign finance and campaign strategy.--Parties and campaign finance laws. Campaign finance regulation in international perspective.

Malbin, Michael. The problem of PAC-journalism. Public Opinion, v. 5, Dec./Jan. 1983. p. 15-17.

"Whatever else we may think about the campaign finance laws of the 1970s, they did not spawn something foreign to American politics when they encouraged interest groups to form political action committees."

Political action committees. New York, WNET/Thirteen, 1982. 8 p.
The MacNeil-Lehrer Report, Nov. 9, 1982.

Sen. William Proxmire, Rep. Phil Gramm, Richard Thaxton of the National Association of Realtors, and Ann McBride of Common Cause discuss the impact of PAC money in the 1980 congressional elections.

Political action committees and campaign finance: symposium. Arizona law review, v. 22, no. 2, 1980: whole issue. LAW

Partial contents.--Constitutional limitation on restricting corporate and union political speech, by J. Bolton.--PACing the Burger Court: the corporate right to speak and the public right to hear after First National Bank v. Bellotti, by T. Kiley-- Political parties and political action committees: two life cycles, by C. Sproul.--The Federal Election Commission: a guide for corporate counsel, by J. Baran.--The Obey-Railsback Bill: its genesis and early history, by H. Alexander.--Congressional responses to Obey-Railsback.

Reaves, Lynne. Campaign financing reform: is Congress ready? American Bar Association journal, v. 69, June 1983: 715-717.

"The chances for passage of any campaign reform legislation this year are slim, but eventually it will happen, say a number of long-term Congress watchers."

Rees, John. The political action committees are throwing ringers. American opinion, v. 23, June 1980: 27-29, 31-46, 85-86.

AP2.04732, v. 23

"The rise of the independent and business-related political action committees is seen as a beneficial counter-trend to public apathy and lack of involvement in the political process. Restrictions on campaign contributions, limits on individual PAC contributions and on total PAC contributions have been intended to choke off money flowing to the new Conservative political candidates coming from outside the established 'Liberal' party hierarchies."

Reeves, Richard. When reform backfires. Esquire, v. 93, Mar. 1980: 7, 11.

AP2.E845, v. 93

Asserts that campaign finance laws have "had results different from those reformers anticipated." Notes the increase in the number of political action committees, the increase in corporate campaign contributions and the increase in single interest political issues which have resulted from campaign finance reform legislation.

Roeder, Edward. PACs americana: a directory of political action committees (PACs) and their interests. Washington, Sunshine Services Corp., 1982. 859 p. JK1991.R63 1982

Detailed information about every PAC registered with the FEC, including aggregate data on their contributions in 1980, and featuring a breakdown of PACs by industry or area of interest.

Rothenberg, Stuart. Campaign regulation and public policy: PACs, ideology, and the FEC. Washington, Free Congress Research and Education Foundation, 1981. 82 p.

Recommends "that contribution limits, both on political action committees and on individuals, be eliminated. The system of disclosing campaign contributions should be maintained, and penalties for failing to report contributions should be increased. Removing contribution limits would, in all likelihood, lead to fewer independent expenditure campaigns, since PACs and wealthy individuals could then help candidates directly."

Samuelson, Robert J. The campaign reform failure. New republic, Sept. 5, 1983: 28-36.

A refutation of the arguments advanced by Elizabeth Drew and PAC reformers "that money has attained unprecedented leverage over government behavior . . . and that there are possible reforms that would represent substantial improvements without aggravating current deficiencies or creating new ones."

Schneider, William. Campaign financing: curb special-interest giving but don't go public. National journal, v. 15, Feb. 26, 1983: 472-473.

Reviews recent public opinion surveys on election financing, finding that not all political action committees were objected to as bad influences. "What people object to is not PACs but self-serving interests. . . . The conventional solution proposed by those who oppose special-interest money in politics is public financing. But the public does not approve of public financing as a remedy."

Twentieth Century Fund. Task force on political action committees.

What price PACs? Report of the Twentieth Century Fund Task Force on Political Action Committees with background paper by Frank J. Sorauf. New York, The Fund, 1984. 122 p.

Includes a background paper "Political Action Committees in American Politics: An Overview", by Frank J. Sorauf. p. 27-122.

Shabecoff, Philip. Big business on the offensive. New York times magazine, Dec. 9, 1979: 134, 136, 138, 141, 143, 145-146. AP2.N6575, 1979

"After decades of reticence, the business community has quietly become the most influential lobby in Washington." Discusses lobbying techniques and issues gaining support of the business lobby.

Silberman, Jonathan, and Gilbert Yochum. The market for special interest funds: an exploratory approach. Public choice, v. 35, 1980: 75-83. JA1.P77, v. 35

"Existing theory and econometric work on the determinants of reported campaign contributions has focused almost exclusively on supply aspects." This study evaluates "the supply and demand of special interest contributions."

U.S. Congress. House. Committee on House Administration. An analysis of the impact of the Federal election campaign act, 1972-78. From the Institute of Politics, John F. Kennedy School of Politics, Harvard University. Washington, U.S. Govt. Print. Off., 1979. 141 p. 96th Congress, 1st session. House. Committee print.

"The study reviews the impact of the Federal election campaign act on campaigns for the U.S. House of Representatives, as well as the impact of the Act on political parties and the resultant growth of political action committees. An additional aspect of the study is an analysis of the implementation of the Act by the Federal election commission." Study concludes that post-Watergate 'reforms' in federal election laws have given the country five years of overregulated, underfunded political campaigns even more dependent on special interest money than they were before."

U.S. Library of Congress. Congressional Research Service. Options to limit financing and independent expenditures regardless of source in congressional elections--some legal and constitutional considerations, Elizabeth Yadlosky. Washington, 1983. 33 p. (Report No. 83-52S)
Reviews current legislative and other proposals to curb PACs and independent expenditures.

Watson, Tom. Soaring campaign spending generates renewed interest in election finance changes. Congressional quarterly weekly report, v. 41, July 16, 1983: 1451-1453.

"The large sums pumped into some 1982 campaigns have rekindled congressional debate on federal election financing laws. But it seems unlikely that members will do anything immediately to curb big spending."

Weinberger, Marvin I., and David U. Greevy, comp. The PAC directory: a complete guide to political action committees. Cambridge, Mass., Ballinger, 1982. 1552 p. (in various pagings) JK1991.W44 1982

Lists detailed information on each PAC registered with the FEC, including aggregate financial data for the 1978 and 1980 elections, a list of recipients of each PAC's contributions in 1978 and 1980, a list of PACs giving to selected candidates in 1978 and 1980, and a breakdown of corporate PACs by industry.

HISTORICAL ACCOUNTS

(Citations of books and articles that trace interest group spending and PAC growth and the laws affecting them)

Adamany, David W., and George E. Agree. Political money: a strategy for campaign financing in America. Baltimore, Johns Hopkins University Press, 1975. 242 p. JK1991.A64

An analysis of the reform efforts in the 1970s regarding campaign funding, and a discussion of many reform proposals.

Alexander, Herbert E. Money in politics. Washington, Public Affairs Press, 1972. 353 p. JK1991.A694

A study of campaign financing in American elections and the efforts to reform and regulate it. Chapters 9-10 focus on interest group, business and labor activities in campaign financing.

Brown, Diane V. Corporate political action committees: effect of the Federal election campaign act amendments of 1976. Catholic University law review, v. 26, summer 1977: 756-793. K3.A79, v. 26

Comment concludes that while the 1976 amendments are on the whole sound, the restrictions on the right to solicit contributions--distinct from the right to contribute--are too limiting of the corporation's right to communicate.

Dollar Politics. Congressional Quarterly, Inc. Washington, 1971-74. 2 v. JK1991.C66 1971

Provides background on campaign financing issues through 1974 and attempts to regulate it through that period. Includes spending data for candidates and groups between 1970 and 1974.

Egan, John. Affiliation of political action committees under the antiproliferation amendments to the Federal Election Campaign Act of 1971. Catholic University law review, v. 29, spring 1980: 713-731. K3.A79, v. 29

Comment examines the unresolved status of the relationship between the AFL-CIO's committee on political education and its member unions' political action committees and between trade associations' PACs vis-a-vis the 1976 amendments to the Federal Election Campaign Act prohibiting contributions to a candidate by multiple PACs of a single entity.

Epstein, Edwin M. Corporations and labor unions in electoral politics. In Political finance: reform and reality. Philadelphia, American Academy of Political and Social Science, 1976. (Annals, v. 425, May 1976) p. 33-58. H1.A4, v. 425

Reviews the court decisions, legislation, and administrative actions which created the favorable climate for PAC proliferation as of 1976.

- Epstein, Edwin M. Corporations, contributions, and political campaigns: Federal regulation in perspective. Berkeley, Institute of Governmental Studies, University of California, 1968. 222p. KF4920.Z9E6
Traces in detail the various legislative and judicial decisions which regulated corporate (and labor) political spending during most of the 20th Century, prior to the campaign finance laws of the 1970s.
- The emergence of political action committees. In Alexander, Herbert E. Political finance. Beverly Hills, Calif., Sage Publications, 1979. p. 159-198 (Sage electoral studies yearbook, v. 5) JK1991.P58
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- The Business PAC Phenomenon: An irony of electoral reform. Regulation, v. 3, May-June 1979: 35-41. K18.E6, v.3
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- Labor and Federal elections: the new legal framework. Industrial relations, v. 15, Oct. 1976: 257-274. HD6951.I52, v. 15
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- Heard, Alexander. The costs of democracy. Chapel Hill, University of North Carolina Press, 1960. 493p. JK1991.H39
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- McKeown, Margaret T. A discussion of corporate contributions to political campaigns. Delaware journal of corporate law, v. 2, no. 1, 1977: 138-145. K4.E38, v. 2
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- Mager, T. Richard. Past and present attempts by Congress and the courts to regulate corporate and union campaign contributions and expenditures in the election of Federal officials. Southern Illinois University law journal, v. 1976, Dec. 1976: 338-399. K23.078, v. 1976
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Mayton, William T. Nixon's PACs Americana. Washington monthly, v. 11, Jan. 1980: 54-57. E838.W37, v. 11

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Mazo, Mark Elliott. Impact on corporations of the 1976 amendments to the Federal election campaign act. Business lawyer, v. 32, Jan. 1977: 427-450. LAW

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Overacker, Louise. Labor's political contributions. Political science quarterly, v. 54, Mar. 1939: 56-68. H1.P8, v. 54

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- U.S. Congress. House. Committee on House Administration. Subcommittee on Elections. To limit campaign expenditures. Hearings, 92d Congress, 1st session, on H.R. 8284. June 22, 1971. Washington, U.S. Govt. Print. Off., 1971. 226 p. KF27.H645 1971
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1974 FECA Amendments

- U.S. Congress. Conference Committees, 1974. Federal election campaign act amendments of 1974; conference report to accompany S. 3044. Washington, U.S. Govt. Print. Off., 1974. 128 p. (93d Congress, 2d session. House. Report no. 93-1438)
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- U.S. Congress. House. Committee on House Administration. Federal election campaign act amendments of 1974; report to accompany H.R. 16090, 93d Congress, 2d session. Washington, U.S. Govt. Print. Off., 1974. 160 p. (93d Congress, 2d session. House. Report no. 93-1239)
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----- Public financing of Federal elections. Hearings, 93d Congress, 1st session, on S. 1103, S. 1954, S. 2417. Sept. 18-21, 1973. Washington, U.S. Govt. Print. Off., 1973. 634 p. KF26.R867 1973b

1976 FECA Amendments

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U.S. Congress. House. Committee on House Administration. Federal election campaign act amendments of 1976; report to accompany H.R. 12406. Washington, U.S. Govt. Print. Off., 1976. 96 p. (94th Congress, 2d session. House. Report no. 94-917)

U.S. Congress. Senate. Committee on Rules and Administration. Federal election campaign act amendments of 1976; report to accompany S. 3065 together with minority views. Washington, U.S. Govt. Print. Off., 1976. 62 p. (94th Congress, 2d session. Senate. Report no. 94-677)

"To amend the Federal Election Campaign Act of 1971 to provide for its administration by a Federal Election Commission appointed in accordance with the requirements of the Constitution, and for other purposes."

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- Contribution limitations and independent expenditures. Hearings, 97th Congress, 2nd session. Washington, U.S. Govt. Print. Off., 1982. 437 p.
Hearings held June 10, and July 28, 1982. Washington, D.C.
- U.S. Congress. Senate. Committee on Rules and Administration. Application and administration of the federal election campaign act of 1971, as amended. Hearings, on S. 1550, S. 1766, and S. 1851, 97th Cong., 1st session. Washington, U.S. Govt. Print. Off., 1982. 369 p.
Hearings held Nov. 20 and 24, 1981, Washington, D.C.
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TRENDS AND STATISTICS ON PAC ACTIVITY BY ELECTION CYCLE

(Includes citations for books, articles, and monographs which provide data and assessments of PAC activity and spending as they applied to particular points in specific election cycles. Some assessments were based on provisional data, but all accounts provide a glimpse of overall trends during this period).

PRE-1970

- Alexander, Herbert E. Financing the 1960 election. Princeton, Citizens' Research Foundation, 1964. 108 p. (Citizens' Research Foundation. Study no. 5)
Statistical data and narrative on the financing of the 1960 national election, including details on interest group activity.

Alexander, Herbert E. Financing the 1964 election. Princeton, Citizens' Research Foundation, 1966. 137 p. (Citizens' Research Foundation. Study no. 9)

Statistical data and narrative on the financing of the 1964 national elections, including details on interest group activity.

----- Financing the 1968 election. Lexington, Mass. Heath Lexington Books, 1971. 355 p. JK1991.A683 1971

Statistical data and narrative on the financing of the 1968 national elections, including details on interest group activity.

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Alexander, Herbert E. Financing the 1972 election. Lexington, Mass., D.C. Heath, 1976. 771 p. JK1991.A684

Statistical data and narrative on the financing of the 1972 national elections, including details on interest group activity.

Common Cause. Campaign Finance Monitoring Project. 1972 Federal campaign finances, interest groups, and political parties. Washington, 1974. 3 v. JK1991.C655 1974

Statistics on interest group contributions to congressional candidates in 1972.

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Common Cause. Campaign finance monitoring project. 1974 congressional campaign finances. Volume 5: interest groups and political parties. (various paging)

Statistics on interest group contributions to congressional candidates in 1974.

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Alexander, Herbert E. Financing the 1976 election. Washington, Congressional Quarterly, 1979. 871p. JK1991.A6798

Statistical data and narrative on the financing of the 1976 national elections, including details on interest group activity.

Cohen, Richard E. There's a special interest in the congressional campaigns this year. National journal, v. 8, Oct. 23, 1976: 1514-1520.

JK.N28, v.8

Reports on the increasing role of special interest groups in the 1976 congressional elections due to the growth in the number of political action committees of business and trade associations, expanded activities of conservative PACs, wider dissemination of rating of Members' voting records.

Common Cause. Campaign Finance Monitoring Project. 1976 Federal campaign finances. Washington, 1977. 3v. JK1991.C655 1977
 Statistics on interest group contributions to congressional candidates in 1976.

Freed, Bruce F. Companies moving to set up political units. Congressional quarterly weekly report, v. 34. Jan. 10, 1976: 46-49. JK1.C15, v. 34
 Describes how, under a provision of the 1974 Federal election campaign act, corporations are establishing political action committees to solicit money from stockholders and employees for campaign contributions.

Malbin, Michael J. Corporate PAC-backers chart a trail through Congress. National journal, v. 8, Apr. 10, 1976: 470-475. JK1.N28, v. 8
 Reports on the proliferation of corporate political action committees under the Federal Election Campaign Act.

----- Labor, business and money--a post-election analysis. National journal, v. 9, Mar. 19, 1977: 412-417. JK1.N28, v. 9.
 "Organized labor clearly knew what it was doing when it supported efforts in 1974 and 1976 to revise the campaign finance law. The one sure result of the changes was to increase labor's relative influence on the electoral process, particularly in presidential races."

U.S. Federal Election Commission. Corporate-related political committees; receipts and expenditures, 1976 campaign. Washington, U.S. Govt. Print. Off., 1977. 82 p. (U.S. Federal Election Commission. Disclosure series, no. 8)
 Data on corporate PAC spending and receipts during the 1976 election.

----- Labor-related political committees; receipts and expenditures, 1976 campaign. Washington, U.S. Govt. Print. Off., 1976. 65 p. (U.S. Federal Election Commission. Disclosure series, no. 10)
 Data on labor PAC spending and receipts during the 1976 election.

----- 1976 House of Representatives campaigns; receipts and expenditures. Washington, 1977. 113 p. (U.S. Federal Election Commission. Disclosure series, no. 9)
 Data on House candidates spending and receipts during the 1976 election.

----- 1976 Senatorial campaigns; receipts and expenditures. Washington, 1977. 17 p. (U.S. Federal Election Commission. Disclosure series, no. 6)
 Data on Senate candidate spendings and receipts in the 1976 election.

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Cook, Rhodes. Political action committee spending soared in 1978. Congressional quarterly weekly report, v. 37, June 2, 1979: 1043-1045. JK1.C15, v. 37

Discusses the extent of financial contributions made to political campaigns by political action committees. "According to a recently completed report by the Federal Election Commission (FEC), PACs contributed \$35.1 million to federal candidates during the 1978 election cycle--the period between Jan. 1, 1977, and Dec. 31, 1978. That was nearly triple the \$12.5 million in PAC contributions in 1974 and more than 50 percent above the 1976 level of \$22.6 million."

Felton, John, and Charles E. Hucker. Business groups gave GOP a late windfall. Congressional quarterly weekly report, v. 36, Nov. 11, 1978: 3260-3262.

JK1.C15, v. 36

Asserts that "last-minute injections of cash by corporate and trade association political action committees (PACs) boosted the campaigns of Republican congressional candidates this fall. The business PACs--some participating in their first campaign--apparently set aside at least a third of their budgets for contributions to many Republicans and some moderate Democrats in the final weeks before the Nov. 7 elections. Labor unions, which have run PAC-type committees for years, followed tradition in giving almost all their money to Democrats."

Glen, Maxwell. At the wire, corporate PACs come through for the GOP.

National journal, v. 11, Feb. 3, 1979: 174-177. JK1.N28, v. 11

"With a month to go in last year's congressional election, the growing number of corporate political action committees were giving practically as much money to Democrats as Republicans. But in October, corporate PAC contributions went overwhelmingly to Republicans, with the result that GOP candidates received 61 percent of all corporate PAC funds through Oct. 23. That trend is likely to fuel efforts in the Democratic Congress to enact public financing of congressional election campaigns."

Hucker, Charles W. Corporate political action committees are less oriented to Republicans than expected. Congressional quarterly weekly report,

v. 36, Apr. 8, 1978: 849-854. JK1.C15, v. 36

Reviews the legal foundation, growth, fundraising methods, and giving patterns of corporate PACs.

----- Organized labor takes a hard look at whom it will support this fall. Congressional quarterly weekly report, v. 36, Jan. 28, 1978: 193-198.

JK1.C15, v. 36

Examines the status of organized labor as a political force in the 1978 elections.

Kirschten, Dick. Corporate PACs--the GOP's ace in the hole? National journal, v. 10, Nov. 25, 1978: 1899-1902. JK1.N28, v. 10

"This full picture won't be known until the final reports on 1978 campaign giving are in later this year, but the preliminary figures show corporate political action committees, formed for the purpose of making selective campaign gifts, are having a substantial impact on congressional politics. There are now 776 such corporate PACs--up from 450 only two years ago--and they donated \$14.2 million through Sept. 30, compared with \$6.8 million for all of 1976."

Perham, John C. Big year for company political action. Dunn's Review, v. 111, Mar. 1978: 100-102, 105. HF1.D8, v. 111

"Corporate political action committees are growing in numbers and know how as they gear up for the 1978 races."

Ulman, Neil. Companies organize employees and holders into a political force. Wall Street journal, Aug. 15, 1978: 1, 18. HG1.W26

Discusses the then-burgeoning development of corporate PACs as a political force.

U.S. Federal Election Commission. FEC reports on financial activity, 1977-1978; final report: party and non-party political committees. Washington, 1980. 4 v.

Final data on PAC (and party) contributions, spending, and receipts during the 1977-78 election cycle.

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Alexander, Herbert E. Financing the 1980 election. Lexington, Mass., Lexington Books, 1983. 524 p.

Chapter 8--"Sources of funds: groups and individuals"--reviews PAC activity and issues in 1980.

Cohen, Richard E. Congressional democrats beware--here come the corporate PACs. National journal, v. 12, Aug. 9, 1980: 1304-1308. JK1.N28, v. 12

"Corporate political action committees have raised more money than labor PACs and are gunning for Democratic incumbents who face strong GOP challengers."

Corporate PACs: a major break with traditional policy. Dunn's review, v. 115, Feb. 1980: 23, 26. HF1.D8, v. 115

"While corporate political action committees (PACs) are expected to exert considerable clout in the 1980 elections through their contributions to candidates, it is only very recently that the election laws have allowed U.S. companies to give money to political campaigns at all. . . A new era began in 1974 when Congress finally decided to allow corporations, as well as unions, to create PACs and established the Federal Election Commission to oversee the activities of all PACs. The status of the PACs was further clarified by changes in the election laws in 1976."

Glen, Maxwell. The PACs are back, richer and wiser, to finance the 1980 elections. National journal, v. 11, Nov. 2, 1979: 1982-1984

JK1.N28, v. 11

"A year before the 1980 elections, political action committees (PACs) are already busy selecting the candidates who will receive their financial contributions--and the candidates are looking for friendly PACs. But the PACs are choosy: they like to contribute only to candidates who agree with them and face clearly less desirable opponents. They also try to support winners."

Landauer, Jerry. Hedging political bets, firms give to liberals in positions of power. Wall Street journal, Oct. 13, 1980: 1, 12. HG1.W26

Discusses the tendency of corporate PACs to contribute to congressional candidates more on the basis of their incumbency status than on their political philosophies.

Lanouette, William J. PAC gifts to Presidential candidates include some political surprises. National journal, v. 12, Aug. 9, 1980: 1309-1311.

JK1.N28, v. 12

Examines the impact of political action committee campaign contributions on the outcome of the 1980 Presidential primaries.

Light, Larry. Democrats may lose edge in contributions from PACs. Congressional quarterly weekly report, v. 38, Nov. 22, 1980: 3405-3409.

JK1.C15, v. 38

"Democratic congressional candidates traditionally have received the lion's share of the campaign funds doled out by political action committees (PACs). But this year may be different. A Congressional Quarterly study of the financial reports of 10 large PACs shows that committees representing businesses have stepped up their giving to Republican candidates."

Perham, John C. PACs: the new zest of the corporate. Dun's Review, v. 115, Feb. 1980: 50-52. HF1.D8, v. 115

Asserts that "business-sponsored political action committees should rack up their greatest impact to date in this year's primaries and general elections" because of their increased wealth and numbers.

Tarrance, V. Lance, Jr. Negative campaigns and negative votes: the 1980 elections. Washington, Free Congress Research and Education Foundation, 1982. 36 p.

"Utilized only in the smallest of scales previous to 1980, it is likely that future elections at the congressional and U.S. Senate levels will witness a greater usage of negative theme campaigns as a result of a strong increase in the numbers and abilities of single interest groups and their access to campaign-related technology. The emergence of this form of campaigning on a large scale represents a new chapter in political campaigns."

U.S. Federal Election Commission. FEC releases final PAC report for 1979-80 election cycle (press release): Feb. 21, 1982. 10 p.

Press release gives final summary data on PAC receipts, expenditures and contributions in the 1980 elections.

----- FEC releases final statistics on 1979-80 congressional races (press release): Mar. 7, 1982. 7 p.

Press release gives final summary data on House and Senate candidate spending and sources of funding in the 1980 elections.

----- FEC reports on financial activity, 1979-80; final report: party and non-party political committees. Washington, 1982. 4 v.

Final data on PAC and party contributions, spending, and receipts in the 1979-80 election cycle.

----- FEC reports on financial activity, 1979-80; final report: U.S. Senate and House campaigns. Washington, 1982. 472 p.

Final data on House and Senate candidate receipts and expenditures during the 1979-80 election cycle.

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Bonafede, Dom. Some things don't change--cost of 1982 congressional races higher than ever. National journal, v. 14, Oct. 30, 1982: 1832-1836.

Reviews the campaign finance aspect of the 1982 elections, focusing on overall campaign costs and PAC activity.

Clymer, Adam. Labor intensifies 1982 campaigning. New York times, Sept. 7, 1982: A1, 17.

Monitors increased political activities by large labor unions in 1982, as measured by their financial activity.

Cohen, Richard E. Giving till it hurts: 1982 campaign prompts new look at financing races. National journal, v. 14, Dec. 18, 1982: 2144-2153.

"As congressional campaign spending mounts, so does debate over reforms to cut back the influence of special interests. Our analysis is supplemented by the latest data on contributions in all 1982 Senate races and 39 high-cost House races."

----- Business, conservative PACs--bigger yet, but their influence may be waning. National journal, v. 14, Aug. 7, 1982: 1368-1373.

"With GOP-leaning PACs leading the way, political action committees will provide perhaps a fourth of all funds spent by congressional candidates this year."

Glen, Maxwell. Labor trying to bring its rebellious members back to the Democratic fold. National journal, v. 14, Oct. 30, 1982: 1837-1840.

Organized labor's major effort in the congressional elections is identifying and bringing out what it is confident will be a strong Democratic vote on Nov. 2."

Glen, Maxwell and James K. Popkin. Liberal PACs learning it won't be easy to stem the conservative tide. National Journal, v. 14, Mar. 20, 1982: 500-501.

"By most predictions, the liberal political action committees will be outspent to a large degree in 1982 by the conservative PACs. By 1984, they may do better."

Keller, Bill. Organized labor's vital signs show waning political clout; but numbers don't tell all. Congressional quarterly weekly report, v. 40, Aug. 28, 1982: 2111-2118.

A review of the political strengths and weaknesses of organized labor in 1982.

Rothenberg, Stuart, and Richard R. Roldan. Business PACs and ideology: a study of contributions in the 1982 elections. Washington, Free Congress Research and Education Foundation, 1983. 49 p.

"Our data indicate that it is a mistake to assume automatically that conservative candidates benefit from contributions by business-related political action committees . . . (and) that there are significant differences in PAC contribution patterns among corporate and trade association PACs, even among those PACs in the same industrial sector."

Sabato, Larry. Parties, PACs, and independent groups. In Mann, Thomas E., and Norman J. Ornstein. The American elections of 1982. Washington, American Enterprise Institute, 1983. p. 72-110.

A review of the role played by PACs and political parties in the 1982 elections, with emphasis on ideological PACs and the strategies of the various groups.

Taylor, Paul. For business PACs this year, suitable targets are in short supply. Washington post, July 27, 1982: A6.

A review of business PAC activity in the 1982 elections, in the aggregate and by specific industries.

U.S. Federal Election Commission. FEC publishes final 1981-82 PAC study (press release): Nov. 29, 1983. 10 p.

Final summary data on PAC financial activity in the 1982 elections.

----- FEC releases final report on 1981-82 congressional elections (press release): Dec. 2, 1983. 6 p.

Final summary on House and Senate candidates' financial activity in the 1982 elections.

----- FEC reports on financial activity, 1981-82; final report: party and non-party political committees. Washington, 1983. 4 v.

Final data on PAC and party contributions, spending and receipts during the 1981-82 election cycle.

----- FEC reports on financial activity, 1981-82; final report: U.S. Senate and House campaigns. Washington, 1983. 348 p.

Final FEC data on House and Senate candidate receipts and expenditures during the 1981-82 election cycle.

PROFILES ON SPECIFIC PACs OR GROUPINGS OF PACs

(These citations are for accounts of individuals PACs or categories thereof, at a given point in time)

AGC PAC's political voice for the construction industry. Constructor, v. 62, July 1980: 42-53.

Describes the bipartisan political action committee affiliated with Associated General Contractors of America whose goals are "to elect a Congress that will be responsive to the needs of the construction industry." Includes a section on "The Role of PACs in Elections Today," by Robbi Kimball, a message from AGC PAC chairman Ben Hogan, and a list of contributions made to House and Senate candidates from June 14, 1978-June 13, 1980.

Anson, Robert Sam. The American Petroleum Institute: it's both stronger and weaker than it seems. Common cause, v. 6, Oct. 1980: 24-29.

Examines the manner in which the petroleum industry's lobby has operated since the onset of the energy crisis. "It is a far cry from the days when the industry could dismiss its critics with the wave of a hand, or the signing of a campaign check."

Bankers' political action committee: one honest and effective way to participate. ABA banking journal, v. 72, Apr. 1980: 76-79.

HG1501.B6, v. 72

Discusses the Bank PAC and its 1980 fund-raising drive. The purpose of this political action committee "under the federal election laws, is to enable bankers at the grass-roots level to make financial contributions at the national level, legally, effectively, and conveniently, to those candidates who are most likely to affect the banking community."

Bannon, Brad. NCPAC in the 80s: action v. reaction. Campaigns & elections, v. 3, winter 1983: 36-43.

Finds that for the 1982 congressional elections, the National Conservative Political Action Committee "employed the same high profile and long-term tactics that it used in most states in 1980 and, by going this route, incurred the same kind of backlash. High visibility negative campaigns may help NCPAC raise money, but they do not constitute effective political strategy."

----- NCPAC's role in the 1980 Senate elections. Campaigns and elections, v. 3, spring 1982: 43-46.

Maintains that the initial negative media campaigns against incumbent Senate Democrats by the National Conservative Political Action Committee made a strong impact because of the ads' timeliness, but that "as NCPAC continued its attacks into 1980, the ongoing assaults nullified earlier gains. . . . A look at NCPAC's 1981 activities suggests that it may be running into the same difficulties that it encountered in the 1980 campaign."

Berlow, Alan, and Laura B. Weiss. Energy PACs: potential power in elections. Congressional quarterly weekly report, v. 37, Nov. 3, 1979: 2455-2461.

JK1.C15, v. 37

Examines the diversity and rapid growth of 133 political action committees that are affiliated with corporations, trade associations or private investors having substantial oil and gas interests and evaluates their role in future elections. Includes a chart on PAC contributions in 1978 Senate contests and a listing of these PACs with their corporate affiliation, date organized, energy interest, and total contributions to Senate and House campaigns from 1977 through September 1979.

Clymer, Adam. Conservative political committee evokes both fear and adoration. New York times, May 31, 1981: 1, 26. Newspaper.

A profile on the most controversial ideological PAC during the 1980 elections--NCPAC--one which continues to serve as a precedent-setter for other such groups.

Conservative evangelical Christians in politics. New York times, Aug. 17, 1980, p. 1, 52; Aug. 18, p. B7; Aug. 19, p. D17; Aug. 20, p. B22.

Newsp.

Describes the growing network of conservative evangelical Christian leaders who are "organizing to arouse a particular electorate, to shape the ways it views issues, to register its members to vote, to give it a common language and means of communication, to use it to influence law and policy at state and national levels, to raise funds to support certain candidates and to select and train other candidates for public office."

Cook, Rhodes. Presidential hopefuls funnel contributions to safe races. Congressional quarterly weekly report, v. 40, Aug. 21, 1982: 2074-2075.

A profile of two prospective Presidential candidates' PACs (Kennedy's and Mondale's).

Cottin, Jonathan. Washington pressures: BIPAC seeks to elect pro-business members to Congress. National journal, v. 2, July 18, 1970: 1525-1531.

JK1.N28, v. 2

An in-depth look at one of the earliest business-oriented PACs, describing its organization, its methods and its goals. Provides a useful background on a major forerunner of today's PACs.

Dalton, James G. Political action committees: reshaping the U.S. electoral/legislative scene. Professional engineer, v. 50, Sept. 1980: 10-13.

Reviews the efforts of the National Society of Professional Engineers' PAC in the 1980 congressional elections.

Davis, L. J. Conservatism in America. Harper's magazine, v. 231, Oct. 1980: 21-26. AP2.H3, v. 231

Examines the beliefs and activities of conservative activists Paul Weyrich, Howard Phillips, Terry Dolan, and Richard Viguerie and the organizations they lead. "Like the Old Right, the New Right consists of a small, tight-knit group of true believers."

Demkovich, Linda E. AMA--reports of its death have been greatly exaggerated. National journal, v. 11, Dec. 1, 1979: 2017-2022. JK1.N28, v. 11

"Despite some evidence that its influence has diminished in recent years, the American Medical Association remains a power on the Washington scene. It played a key role in the defeat of President Carter's hospital cost containment bill and--in part because of the campaign contributions by its political arm, the American Medical Political Action Committee (AMPAC)--is respected on Capitol Hill. Its influence may be primarily negative, but that's fine with the AMA."

Energy PACs--a quiet explosion. In common, v. 10, summer 1979: 22-26. JK1.I63, v. 10

"Large campaign contributions from oil and gas industry executives have been a long-standing tradition in the U.S. political process. Now these energy interests are moving into a new influence game, that of political action committees (PACs). The explosion in the number of energy PACs has been a quiet one, unnoticed by most observers. But its potential impact on U.S. energy policy is enormous."

Epstein, Edwin M. PACs and the modern political process. Prepared for delivery at a conference on the impact of the modern corporation, sponsored by the center for law and economic studies, Columbia University School of Law, The Henry Chauncey Conference Center, Princeton, Nov. 12-13, 1982. 131 p.

". . . an examination of the role and impact of corporate political action committees on electoral politics, particularly at the federal level."

Erickson, Jack. The Democrats: rebuilding with support groups. Campaigns and elections, v. 3, spring 1982: 4-14.

"Reviews the Big Ten of the new PACs, think-tanks and public interest groups that Democrats have formed to counterbalance those of the Republicans and The New Right. They support and help liberal candidates right down to the mayoral level."

Feldstein, Paul J., and Glenn A. Melnick. Political contributions by health PACs to the 96th Congress. Inquiry (Chicago), v. 19, winter 1982: 283-294.

Concludes "that health PACs, regardless of size, support candidates having ideologies similar to the health PAC members' interests. Another finding is that a congressman on a House committee or subcommittee with jurisdiction over health issues is more likely to be supported. Support for incumbents in the House is also related to the incumbents's ideology. Ideology also appears to be a good predictor of a congressman's votes on health issues."

Fialka, John J. Jewish groups increase campaign donations, target them precisely. Wall Street journal, Aug. 3, 1983: 1, 13.

"During the last congressional election, Jews used over 30 separate political-action committees to give favored candidates \$1.67 million, more than in any prior election."

----- and Tim Carrington. Walls Street's firms broaden gift lists for Congress members. Wall Street journal, Oct. 17, 1983: 1, 27.

Reviews political contribution activities by Wall Street executives and their firms' PACs in the 1982 elections.

Glen, Maxwell. Liberal political action committees borrow a page from the conservatives. National journal, v. 13, July 4, 1981: 1197-1200.

JK1.N28, v. 13

"Last year, conservative political action committees (PACs) helped swing the White House and the Senate into the Republican column. Now liberals are adopting some of the conservatives' own tactics."

Graves, Florence. The power brokers. Common Cause, v. 7, Feb. 1981: 13-20.

Discusses the National Association of Realtors political action committee and examines that association's political goals in California.

Handler, Edward, and John R. Mulkern. Business in politics: campaign strategies of corporate political action committees. Lexington, Mass., Lexington Books, 1982. 128 p.

Hogan, Bill, and Diane Kiesel. Southern PACs: "Interested" money. Atlanta magazine, v. 22, Feb. 1983: 46-49, 63-67.

"The list of political action committees in the Southeast reads like a corporate 'who's who'. More than three-quarters of the region's Fortune 500 companies have dealt themselves into the game."

Holley, Joe, and Geoffrey Rips. Tracking the chemical lobby. Texas observer, v. 75, May 6, 1983: 1, 4-9.

Describes the Texas Chemical Council as a "rough beast plodding through the Capitol, leaving in its wake angry environmentalists and labor advocates, thwarted lawmakers and public interest groups."

Holloway, Harry. Interest groups in the post partisan era: the political machine of the AFL-CIO. Political science quarterly, v. 94, spring 1979: 117-133.

H1.P8, v. 94

Describes the tools used by COPE in its electoral activities and examines the connection between these and the AFL-CIO's lobbying arm.

Hunter, William A. The new right: a growing force in state politics. Washington, Conference on Alternative state and local policies, 1980. 106 p.

Partial contents--The New Right's action strategy--The issues of the New Right--A look at the New Right organizations in state politics: National Conservative Political Action Committee (NCPAC); National Right to Work Committee (RTWC); American Legislative Exchange Council (ALEC)--New Right in state politics: ten case studies.

Jubak, Jim. Stumping for the environment: the "green vote" has clout this year as never before. Environmental action, v. 14, Oct./Nov. 1982: 9-13.

Describes a "wave of environmental activism . . . up against tremendous odds in an election awash in special interest money." Gives specific examples of environmentalist support of political candidates.

Kalin, Alan B. The right of ideological nonassociation. California law review, v. 66, July 1978: 767-808. LAW

Comment reviews case law dealing with compelled support of political activity and sets forth the contrasting approaches of two recent Supreme Court decisions. Argues for broad construction of a right of ideological nonassociation. Considers government interests which might justify infringement of such a right and outlines application of such a right to government financing of elections.

Kamber, Victor S. PAC counsel. Campaigns and elections, v. 2, fall 1981: 46-48.

"Discusses the importance of organized labor's political action committees, and suggests ways for the political candidate to approach them."

Katskee, Melvin R. Political action committees: should national banks stay away? Banking law journal, v. 96, Sept. 1979. 738-745.

LAW

"Federal law prohibits national bank contributions and expenditures in connection with federal elections and state general elections. But to what extent are national banks prohibited from setting up political action committees, funded by individual voluntary contributions, to support candidates for federal and state offices? Does the law permit bank loans to political parties, committees, or candidates? May bank PACs solicit contributions from bank employees? The author answers these and many other questions by placing the 1976 Amendments to the Federal Election Campaign Act against wide variety of political activity that national banks may be presently engaged in or contemplating."

Keller, Bill. In a bull market for arms, weapons industry lobbyists push products, not policy. Congressional quarterly weekly report, v. 38, Oct. 25, 1980: 3201-3206. JK1.C15, v. 38

Examines the lobbying activities and influence of defense contractors. "The consensus among those who handle defense legislation is that the industry's influence is probably marginal compared to other factors that shape defense spending." Includes a separate discussion (p. 3204) of the spending practices of defense company political action committees.

----- "New Right" wants credit for Democrats' Nov. 4 losses but GOP, others don't agree. Congressional quarterly weekly report, v. 38, Nov. 15, 1980: 3372-3373. JK1.C15, v. 38

A post-election analysis of the role of the New Right PACs in the 1980 election outcomes.

La Mere, Joanne. PACs: channel for corporate action. Industrial development, v. 148, July-Aug. 1979: 22-26. HC107.A13I32, v. 148

In the first of two articles, a corporate government affairs manager asserts that "companies can employ the same product marketing and research techniques to elect a reasonable and intelligent Congress." Describes the growth and operation of corporate political action committees (PACs) and discusses some employee and corporate skepticism about PACs. In the second article, executive director of the business round table states that "grassroots and political action programs play an integral part in determining legislative action while encouraging active individual participation in the electoral process."

Larson, Reed. Right to work battles big labor's \$3-billion kitty. Human events, v. 40, Sept. 13, 1980: 14-15, 17, 19, 21, 23-25. D45.H8, v. 40

Interview with "Reed Larson, head of the National Right to Work Committee and arch-foe of forced unionism and compulsory union dues used for political purposes, who looks back on R-T-W's past activities and foresees a major blow to Big Labor's clout if the Helms-Dickinson bill curbing the use of union funds for political campaigns is passed by Congress."

Light, Larry. New liberal money groups compete for campaign funds. Congressional quarterly weekly report, v. 39, Oct. 3, 1981: 1905-1908

Reports on the five newly established liberal or democratic political action committees--the Progressive Political Action Committee, Independent Action, Democrats for the '80s, Fund for a Democratic Majority, and Committee for the Future of America--which are "hoping to raise money by frightening liberal givers with the specter of New Right domination."

- MacWilliams, Matthew. Introducing the new filthy five. Environmental action, v. 12, May 1981: 10-16. HC110.E5E496, v. 12
 "After months of investigative research into 1980 congressional campaign contributions by some of the nation's worst polluters, Environmental Action has released the names of the new Filthy Five. The five corporations--the Weyerhaeuser Co., Dow Chemical. Occidental Petroleum, Amoco Oil and Republic Steel--spent a total of \$1,031,190 to elect their friends to office. These corporations are the target of Environmental Action's campaign to clean up Congress."
- NCPAC, New York, WNET/Thirteen, 1981. 10 p.
 The MacNeil-Lehrer Report, Aug. 6, 1981.
 Rep. Thomas Downey, GOP chairman Richard Richards, Theodore Sorensen, and NCPAC Chairman Terry Dolan discuss NCPAC's operations, particularly its use of negative independent expenditures.
- Nelson, Nels E. Union dues and political spending. Labor law journal, v. 28, Feb. 1977: 109-119. K12.A2, v.28
 Article examines the legal context of labor union political spending and recent case law on labor union dues rebates to those members who object to the political activities of their union.
- O'Reilly, Jane. No thunder from the right. Time, v. 120, Nov. 15, 1982: 36.
 Assesses the relative failure of the New Right's political agenda in 1982, in contrast with its heralded successes in 1980.
- Pressman, Steven. Physicians' lobbying machine showing some signs of wear. Congressional quarterly weekly report, v. 42, Jan. 7, 1984: 15-19.
 Assesses the influence of the AMA on Capitol Hill, with attention given to its political action arm--AMPAC.
- The Regulation of union political activity: majority and minority rights and remedies. University of Pennsylvania law review, v. 126, Dec. 1977: 386-424. K25.N69, v. 126
 Comment analyzes section 112 of the Federal Election Campaign Act amendments of 1976, regulating union political activity and Federal elections. The discussion considers the history of union political activity, constitutional questions in the regulation of union activity, the dilemma of dissidents, and remedies for statutory violations by unions.
- Republican National Political Action Committee. Financial support by organized labor to House and Senate candidates in 1976. PAC brief, v. 1, Dec. 1977: whole issue.
- Shaw, Robert D., Jr. Direct-mail pleas raise thousands for fundraisers, little for cause. Miami herald, Mar. 30, 1981: 1A, 4A. Newsp.
 Discusses the role of direct-mail in the fundraising operations of New Right PACs, arguing that this activity consumed the great bulk of the money spent by these groups in the 1980 elections.
- New Right gave candidates little. Miami herald, Mar. 29, 1981: 1A, 20A.
 An examination of the financial activities by the New Right PACs in the 1980 elections.

Timberg, Robert. The PAC business. Baltimore Sun, July 11, 1982: A6-A7; July 12: 1, A6; July 13: 1, A4; July 14: 1, A11, July 15: 1, A12; July 16 16: 1, A8-A9; July 17, 1, A4-A5; July 25: 1, A5.

Series contains profiles on the inner workings of several ideological, nonconnected PACs. Titles include:

- "The Political Money Machines: Fat, Fancy, Free of Curbs"
- "NCPAC Means Business for Friends on the Right"
- "Insiders in NCPAC Operate Group Like a Family Business"
- "Liberal PROPAC Set Up to Counteract Groups on Right"
- "Anti-Abortion PAC Sticks to Fund-Raising"
- "PACs, Principles and Profits: This Activist is a One-Man Band"
- "Anti-Abortion PAC Gives Aid Where it Isn't Wanted"
- "New Liberal PAC Follows Old Financial Game Rules"

Trost, Cathy. Occidental Petroleum flexes its political muscles. Business and society review, no. 43, fall 1982: 46-49.

"The combination of Occidental's PAC donations with corporate contributions on a private level only serve to strengthen Occidental's already-strong power base in Washington, where the company's influential lobbyists . . . complement the social and business diplomacy of eighty-three-year-old Chairman of the Board Armand Hammer."

Tumin, Jonathan. How to bury liberals. New republic, v. 182, May 24, 1980: 13-15. AP2.N624, v. 182

"The enormous increase in the number of corporate and trade PACs represents two major threats to liberal policies and politicians: first, through sheer numbers, conservative PACs are now greatly outspending labor union PACs, often endangering liberal Democrats in Congress; and second, these donations are jeopardizing pro-consumer legislation across a whole range of issues."

Wagner, Susan. The political action committee: a new way for publishers to make their voices heard. Publishers weekly, v. 209, Mar. 8, 1976: 36-38. Z1219.P28, v. 209

Outlines concerns facing publishers, such as copyright, postal rates and freedom of information and describes the lobbying activities of the Committee set up for publishers to support candidates and to make their feelings known on the Hill.

HOW PACs WORK

(Primarily, these citations are to guides on setting up a PAC or which offer some description of how PACs operate; some are articles which explore the inner workings of PAC operations)

American Institute of Certified Public Accountants. Federal election campaign guide task force. Compliance with Federal election campaign requirements: a guide for candidates. New York, 1980. 192 p. KF4920.A95 1980

Appendix 5 summarizes laws on PACs and chapter 5 describes tax considerations for PACs and others.

Anderson, Gary. Political action committees: attaining technical sophistication. Campaigns and elections, v. 4, summer 1983: 28-34.

Executive director of the Texas Medical Political Action Committee (TEXPAC) describes that organization as a model for professional association PAC development.

Chamber of Commerce of the United States of America. Public Affairs Dept. Corporate political action committee guidelines. Washington, 1982. 1 v. (various pagings) KF4886.G84

"This document is designed to provide corporations, trade and professional associations, and chambers of commerce with a reference source for organizing, operating, and conducting the activities of a political action committee in accordance with both the Federal election laws and regulations and the Federal tax laws, regulations, and rulings."

Hamburger, Tom. How to fleece the PACs. Washington Monthly, v. 15, July-Aug. 1983: 27-31.

Finds that most political action committees "were paying less attention to philosophy. Some regularly contributed to members of certain congressional committees. Some focused on candidates in close races. But the most common criterion, particularly for corporate and industry PACs, was what (David) Strauss calls 'winnability.'" In fact, "the most infallible trick is to wait to fork over the money until the workings of chance have finished, and one candidate or another has actually won."

Handler, Edward, and John Mulkern. The governance of corporate PACs. Prepared for delivery at the 1982 annual meeting of the American political science association, Denver, Sept. 2-5, 1982.

This paper represents an effort to bring empirical knowledge to bear on the controversy about the organizational character of corporate PACs and their relationship to corporate leadership. It examines the composition and structure of the committees that run the organizations, and their decision-making. It then explores the extent of participation and influence of CEOs and of contributor constituencies in the affairs of PACs.

Herndon, James F. Access, record, and competition as influences on interest group contributions to congressional campaigns. Journal of Politics, v. 44, Nov. 1982: 996-1019.

Concludes from interviews with representatives of four business political action committees and four labor PACs that the business groups emphasize support for incumbents (which suggests a strategy of seeking access), while the labor groups emphasize party affiliation (a strategy of record-stressing). "Business groups, satisfied (at least not terribly dissatisfied) with the makeup of Congress, could be expected to emphasize legislative activity, whereas labor, somewhat unhappy with the membership of Congress, could be expected to place more emphasis on electoral activity."

Hershey, Robert D., Jr. \$22,000 divided by four dozen races equals a busy day for one committee. New York times, Oct. 13, 1982: B5.

An inside look at the decision-making process on candidate selection in one corporate PAC.

Hunt, Albert R. An inside look at politicians hustling PACs. Wall Street journal, Oct. 1, 1982: 33, 37.

"What emerges are some shameless campaign solicitations, underscoring the need of politicians of both parties to rely more and more on special-interest money."

Kendall, Don R. Corporate PACs: step-by-step formation and troublefree operation. Campaigns and elections, v. 1, spring 1980: 14-20.

JK1976.C33, v. 1

An overview of what PACs are and how they are formed, focusing on the corporate sector.

Light, Larry. The game of PAC targeting: friends, foes and guesswork. Congressional quarterly weekly report, v. 39, Nov. 21, 1981: 2267-2270.

Examines how political action committees target their funds for Congressional candidates.

The PAC handbook: political action for business. Washington, Fraser Associates, 1981. 363 p. JK467.P33 1981

A "how-to" Guide for those interested in establishing a PAC, including case studies, legal guidelines, and strategies for the future. It emphasizes corporate and trade PACs.

PACs: how to back the 'right' candidates. Engineering news-record, v. 201, Nov. 2, 1978: 24-25, 27. TAL.E6, v. 201

"Whether it was situs picketing or labor law reform or higher taxes on foreign-earned income--or maybe just closer look at recent changes in the federal election law--the result is this: construction, like business in general, is getting into politics. A growing number of construction companies and trade associations are following labor's lead--they've stopped talking about political action and started taking it through political action committees (PACs)." Includes a list of construction corporate political action committees.

Sansweet, Stephen J. Political-action units at firms are assailed by some over tactics. Wall Street journal, July 24, 1980: 1, 12.

HG1.W26

Discusses the issue of alleged coercion of corporate employees for PAC contributions, based on interviews with managers, employees, and outside observers.

Schwartz, Thomas J., and Vigo G. Nielsen, Jr. The corporation in politics 1982: PACs, lobbying laws, and public officials. New York, Practising Law Institute, 1982. 529 p. (corporate law and practice course handbook series no. 385)

Partial contents--Contribution and expenditure limitations under the Federal Election Campaign Act of 1981, as amended, by V. Nielsen, Jr.--Contributions and expenditures by national, state, and local political party committees, by C. Darr--Restrictions on political contributions and expenditures by business corporations, by B. Vandegrift--House and Senate rules relating to gifts and honoraria, by G. Frampton, Jr.--Political activity by national banks and Federal contractors, by T. Schwarz and A. Straus.--Corporate political action committees and trustee plans, by J. Baran--Active corporate participation in elections, by C. Darr--Registration and reporting for a political action committee and other non-candidate committees, by V. Nielsen, Jr.--Political activity by trade associations under the Federal Election Campaign Act, by T. Schwarz and A. Straus--Solicitation of voluntary contributions by membership organizations, cooperatives, and corporations without capital stock, by T. Schwarz and A. Straus--Federal regulation of lobbying and ethics in government acts, by K. Guido, Jr.--Federal taxation of corporate political activity; by L. Ator, Jr.--FEC compliance and enforcement, by C. Steele and N. Litchfield.

Sorauf, Frank J. Accountability in political action committees: who's in charge? Prepared for delivery at the 1982 annual meeting of the American Political Science Association, Denver, Sept. 2-5, 1982. 38 p.

Explores the questions: "Who runs the PACs, to whom do they answer, and what ultimate political accounting must they make? If not by legislation, then by what other mechanisms of control are they held to our standards of political ethics and accountability."

Timberg, Robert, and Grant Williams. PACs could allow foreign role in elections. Baltimore sun, Aug. 29, 1982: 1, A14.

"Foreign corporations, including some in which foreign governments control large portions of stock, have direct links to numerous political action committees in the United States through American subsidiaries they own wholly or in part.

These PACs exist despite a federal law that prohibits foreign involvement in the American political process at all levels--local, state or federal."

U.S. Federal Election Commission. Campaign guide for corporations and labor organizations. Washington, U.S. Govt. Print. Off., 1982. 56 p.

A layman's guide to the FECA's rules for setting up and operating a corporate or labor (or other affiliated) PAC, in full compliance with the law's reporting and disclosure requirements.

U.S. Federal Election Commission. Campaign guide for nonconnected committees. Washington, U.S. Govt. Print. Off., 1983. 52 p.

A layman's guide to the FECA's rules for setting up and operating an unaffiliated PAC, in full compliance with the law's reporting and disclosure requirements.

----- Regulations. Washington, 1983. 278 p. KF4885.A33 1983
Regulations for compliance with the Federal Election Campaign Act of 1971, as amended.

THE IMPACT OF PAC CONTRIBUTIONS

(These citations offer various perspectives on the connection between PAC contributions and outcome of policy decisions; these mostly focus on particular PACs or issues)

Are Congressmen for sale to business? Business and society review, summer 1980: 10-14. HD60.5.U5B855

"It is widely estimated that business and trade associations, through lawful political action committees (PACs), will give approximately \$30 million to congressional and presidential candidates this year. And this figure does not include donations by wealthy individuals, nor the huge sums given to state and local candidates."

Cargogate. Ripon forum, v. 13, Aug. 15, 1977: 1-18. JK2351.R55, v. 13

Charges that the Carter administration's proposed cargo preference legislation is a return favor for merchant marine support and that this link is being kept from public scrutiny. Includes copies of memos to the President on options concerning cargo preference legislation.

Cash politics. Wall Street journal, July 26, 1982: 1, 13; July 29: 1, 10; Aug. 2: 1, 13.

Three part series examines the influence of political action committee funds on congressional decisions. Titles include:

- "Special Interest Money Increasingly Influences What Congress Enacts,"
- "How Realtors PAC Rewards Office Seekers Helpful to the Industry," and
- "A Liberal Congressman Turns Conservative; Did PAC Gifts Do It?"

Chappell, Henry W., Jr. Campaign contributions and voting on the cargo preference bill: a comparison of simultaneous models. Public choice, v. 36, 1981: 301-312. JA1.P77, v. 36

Correlates congressional voting on the Energy Transportation Security Act, a 1977 House bill which would have required that 9.5% of America's oil imports be carried on U.S. built and operated ships, with campaign contributions from three maritime union political action committees--the National Maritime Union, the Marine Engineers, and the Seafarers. The author finds "unavoidably ambiguous" results for his hypothesis that interest group contributions influence legislative voting.

Common Cause. A Common Cause guide to money, power, and politics in the 97th Congress. Washington, 1981. 239 p.

"Lists all campaign contributions from PACs to some of the most important and powerful government decisionmakers in Washington--the Democratic and Republican leadership in Congress and House and Senate Committee Chairmen."

----- House Agriculture Committee members facing key vote to limit dairy price supports received more than \$350,000 from dairy industry PACs in last two elections. Washington, 1981. 5, 1 p.

Presents statistics on campaign contributions received by House Agriculture Committee members from the three major dairy political action committees. The committee is considering a measure to freeze automatic dairy price support increases.

----- How money talks in Congress: a Common Cause study of the impact of money on congressional decision-making. Washington, 1978. 111 p.

JK1991.C655 1978

This study is "intended to demonstrate the various ways in which political contributions, financial holdings, honoraria, outside earnings and lobbying expenditures affect congressional decisions that have an impact on the lives of all Americans."

----- More than \$1 million in political contributions pays off in key legislative victory. Washington, 1979. 5, 10 p.

Argues that the \$1.1 million contributed to 1978 congressional candidates by the National Association of Realtors' political action committee was a factor in the June 7 House vote eliminating from the 1979 Housing and Community Development Act the power of the Department of Housing and Urban Development to issue cease-and-desist orders where there was reasonable cause to believe that fraudulent sales techniques had been used, in violation of the Interstate Land Sales Full Disclosure Act.

Green, Mark. Political Pac-Man. New republic, v. 187, Dec. 13, 1982: 18-21, 24-25.

Expresses alarm at the link between political action committee contributions to candidates and PAC lobbying of Members of Congress. "According to studies by Public Citizen's Congress Watch and Common Cause, PAC contributions invariably correlate with legislative results. When specific economic interests invest substantial amounts in many members before key votes, the dividends roll in."

Green, Mark, and Jack Newfield. Who owns Congress. Washington post magazine, June 8, 1980: 10-19, 21. Newspaper.

From examination of political action committee contributions, alleges that many Members of Congress are under the influence of particular business interests--the oil, banking, defense, nuclear power, tobacco, insurance, shipping, trucking, airline, and automobile industries, and the medical, gun, and anti-FTC lobbies. Includes a discussion (p. 16) of spending by union PACs, by Spencer Rich.

Handel, Ted. What PACs do. Public power, v. 41, Mar.-Apr. 1983: 40-42, 44, 46.

Defends political action committees from the charge that they exert an unhealthy influence on the legislative process. "The fact that candidates receive PAC money and when elected support these legislative interests does not necessarily mean they are tainted. They also may be voting for their own belief and constituents' interests. If PACs do not have the sinister influence ascribed to them, what does a group gain by having one? Access."

Huck, Susan L. M. Buying Congress. American opinion, v. 21, July-Aug. 1978: 7, 9-16, 129, 131-132. AP2.04732, v. 21

Charges that labor unions and "various Leftist political organizations" in effect "buy" sympathetic Members of Congress with huge campaign contributions.

Kosterlitz, Julie. At the mercy of the highest bidder. Common Cause, v. 8, Aug. 1982: 8-20.

Warns of the growing influence in congressional elections and deliberations of political action committees, which "have gotten to be big business in the nation's Capital. And, since the bulk of PAC dollars go to incumbents, PACs have a powerful built-in constituency against reform--Members of Congress themselves. PACs' growth and apparent success is sending a message to the nation that, increasingly, ours is a government of, by and for the special interests."

McMenamin, Michael, and Walter McNamara. Milking the public; how the dairy lobby buys friends and favors in Carter's Washington. Inquiry (San Francisco), v. 1, Nov. 13, 1978: 9-13. E839.5.I5, v. 1

Authors discuss the operation of the dairy lobby in Washington asserting that "you don't find the dairy lobby driving tractors or herding animals through the streets of Washington. When dairy farmers want another subsidy from the federal government, they go to Capitol Hill quietly and smoothly, with well-paid lobbyists and lawyers carrying briefcases full of money. Next to the American Medical Association, the dairy lobby gave more campaign contributions to House and Senate candidates in 1976 than any other interest group--over 1.3 million dollars."

Public Citizen, inc. Congress watch. Nader study links oil contributions to pro-oil House vote. Washington, 1979. 2, 10, 2 p.

"95% of U.S. Representatives who received more than \$2500 from oil industry 'political action committees' voted on June 28, 1979, for an industry-favored version of the windfall profits tax, according to a study done by Public Citizen's Congress Watch, a consumer advocacy group affiliated with Ralph Nader."

----- The power of the PACs: campaign contributions from car dealers to congressional co-sponsors of resolutions to veto the FTC's used car rule. Washington, 1981. 6, 6 p.

Presents statistics on campaign contributions given by the National Automobile Dealers Association's PAC to senators and members of Congress cosponsoring the congressional veto resolution to disapprove the proposed Federal Trade Commission rule requiring used car dealers to list all warranties and known defects.

Robinson, Gail. Many happy returns. Environmental action, v. 12, Dec. 1980: 28-32. HC110.B5E496, v. 12

Expresses skepticism that the Reagan administration will promote environmental protection and analyzes the impact of the 1980 congressional elections on environmental causes in the 97th Congress. Includes separate discussions on the outcome of antinuclear referenda in western states (p. 29) and on the effort to have congressional candidates reject contributions from the political action committees of the "Filthy Five"--corporations which are allegedly major polluters (p. 31).

Roeder, Edward. Catalyzing favorable reactions: a look at chemical industry PACs. Sierra, v. 66, Mar.-Apr. 1981: 23-26. F868.S5S476, v. 66

Discusses the impact of chemical industry political action committee funds on legislation and elections.

----- Lubricating Congress. Sierra, v. 65, Mar.-Apr. 1980: 6-8, 10-11. F868.S5S476, v. 65

"A shocking analysis of how Big Oil buys votes--and influence. How can we have independent legislators when so many are on the payroll?"

Running with the PACs: how political action committees win friends and influence elections. Time, Oct. 25, 1982: 20-26.

"Today the power of PACs threatens to undermine America's system of representative democracy."

Sedacca, Sandra. Dirty money . . . dirty air? A Common Cause study of political action committee contributions to House and Senate Committees reviewing the clean air act. Washington, 1981. 14 p.

Finds that members of the Senate Environment and Public Works Committee and the House Energy and Commerce Subcommittee on Health and Environment, with jurisdiction over the reauthorization of the expiring Clean Air Act, received almost \$1.15 million in 1980 campaign contributions from the political action committees of seven industries--automobiles, chemicals, forest products, metals and mining, oil and gas, steel, and electric utilities--affected by provisions of the law.

Take \$2,000 and call me in the morning: A Common Cause Study of American Medical Association political action committee contributions. Washington, Common Cause, 1983. 1 v. (various pagings).

"Examines AMA PAC giving for the past three congressional election cycles--from January 1, 1977 through November 22, 1982--in order to provide a picture of the cumulative impact PAC contributions can have in creating obligations for Members of Congress."

INDEPENDENT EXPENDITURES

(Citations to some of the discussions of this form of campaign spending and how it overlaps with PAC activity)

Glen, Maxwell. Free spenders--the 'other' campaign for Reagan chooses its targets. National journal, v. 12, Sept. 13, 1980: 1512-1515.
JK1.N28, v. 12

Describes the independent expenditure plans and activities of conservative groups seeking to advance Ronald Reagan's candidacy for President in 1980.

----- How to get around the campaign spending limits. National journal, v. 11, June 23, 1979: 1044-1046. JK1.N28, v. 11

Anticipates the increasing incidence of independent spending, particularly by PACs, as a means of influencing elections.

----- Independent spenders are gearing up, and Reagan and GOP stand to benefit. Congressional quarterly weekly report, v. 15, Dec. 17, 1983: 2627-2631.

"More money than ever is expected to be spent independently of candidates in 1984, and Democratic and liberal groups lag well behind Republicans in their plans."

Independent political committees and the Federal election laws. University of Pennsylvania law review, v. 129. Apr. 1981: 955--993.

"Comment examines, in the context of presidential general election campaigns, the issues arising from" the Supreme Court's holding in Buckley v. Valeo, that limits imposed on independent campaign expenditures by the Federal Election Campaign Act were illegal, while upholding "the limitations on contributions." Considers implications of this revised treatment of independent expenditures.

Kayden, Xandra. Campaign under siege: reflections on one senator's defeat. New York University review of law and social change, v. 10, no. 1, 1980-1981: 67-79.

Political scientist reviews the response to the advertising of the independent National Conservative Political Action Committee presented by a losing incumbent in the 1980 election, as an illustration of "the counter-strategies candidates are forced to develop in response to the negative spending tactics of special interest groups."

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