Policy Analysis

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The Failures of Taxpayer Financing of Presidential Campaigns

by John Samples

Executive Summary

In 1974 Congress amended the Federal Election Campaign Act to provide taxpayer financing for presidential campaigns. The presidential program had several goals: reducing corruption, reducing the appearance of corruption, and easing the rigors of fundraising for candidates while increasing electoral competition, public discussion, and public participation in financing presidential campaigns. Public financing also sought, for partisan reasons, to equalize spending between the major party candidates in the general presidential election.

Defenders and critics of presidential public funding agree that the program is now in trouble. By Election Day 2008, the presidential public financing system may be either insolvent or irrelevant, or both. Proponents of public financing argue for a major overhaul of the program, including large increases in taxpayer financing for the parties and their candidates.

Presidential public financing has failed to meet its goals. The presidential program has neither increased trust in government nor spurred electoral competition in the primaries or the general elections. By reducing the rigors of fundraising, the system has denied the electorate important information about presidential candidates and given the major political parties significant subsides at taxpayer expense. The American taxpayer has rejected the presidential program, as reflected by the lack of interest in the checkoff program. By 2008 about half as many Americans as currently give private donations to candidates or parties will participate in the presidential public financing system.

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Introduction

Almost 30 years have passed since Congress adopted the current system of taxpayer financing of presidential elections. By the end of the presidential election of 2004, taxpayers will have handed about $2 billion in subsidies to the major political parties and to candidates for the presidency.[1] For at least the last 10 years, the system has experienced serious problems of democratic legitimacy and financial solvency. Now several individuals and groups are calling for salvaging the presidential public funding system by increasing its funding (and thereby increasing everybody's taxes).[2] Before Congress rushes to the rescue, we ought to ask what the public has received for its money. The answer is not much.[3] The presidential public funding system has failed and should be killed by Congress.

How the System Works

The presidential public funding system subsidizes primary and general election campaigns for candidates and the presidential nomination conventions of the major parties. The system also limits the contributions and expenditures of candidates and requires them to submit to an audit by the Federal Election Commission and to repay any overpayments to the U.S. Treasury.

Candidates seeking a party's presidential nomination qualify for matching funds by raising more than $5,000 in each of 20 states. Only individual contributions count toward that qualifying sum, and only a maximum of $250 of any contribution counts toward the threshold. Once the threshold is met, the candidate is eligible to receive matching funds, including the $250 contributions that met the threshold. Those who seek matching funds agree in exchange for public funding to limit their overall national spending for all primaries and to constrain their spending in each state on the basis of its voting age population. Candidates also agree to limit spending of their personal funds for the campaign. Taxpayer financing in the primaries is a mixed public-private program.

The nominee of each major party is eligible for a grant of public money for the general election (in 2000, that grant equaled $67.5 million). To get the grant, candidates agree to limit their spending to the sum of the grant and to accept no private contributions for the campaign. Candidates may, however, spend up to $50,000 of their own money on their campaign. Minor parties may receive funding based on their performance in earlier general elections or after a general election if they receive more than 5 percent of the vote. The parties also receive a public grant to support their nominating conventions; in 2000 each major party received $13.5 million, and the Reform Party received $2.5 million. The general election part of the system relies solely on taxpayer financing.

Unlike most programs, the presidential public funding system does not come from an annual appropriation from Congress. Instead, the funding depends on taxpayers checking a box on their federal income tax form. Originally, a checkoff directed $1 to the presidential fund; later, that sum was increased to $3.[4]

The Purposes of Presidential Public Funding

The goals of any government program provide a starting point from which to assess its success or failure. The U.S. Supreme Court in their decision in *Buckley v. Valeo* (1976) said Congress created the presidential public funding system to attain four goals:

1. To reduce the deleterious influence of large contributions on our political process,
2. To facilitate and enlarge public discussion,
3. To broaden participation in the electoral process, and
4. To free candidates from the rigors of fundraising.[5]

Of course, those goals are hardly beyond criticism. However, the stated purposes of a program are a good basis for policy evaluation. After all, if a program cannot fulfill the purposes for which it was designed, why should it continue to spend taxpayers' money?

Reduction of Influence

The first goal, reducing the influence of large contributors, requires elaboration. Since 1976 all presidential candidates have been required to raise campaign funds under contribution limits established by federal law. Those limits, not the presidential funding mechanism, eliminated contributions larger than $1,000 by individuals.[6] The presidential public funding system matches only the first $250 of a contribution to a primary campaign, thereby discouraging at the margins presidential campaign contributions from $251 to $1,000. Such sums are hardly "large contributions" by any ordinary standard. The system and its contemporary defenders seem less concerned with corruption than with the size of donations.[7]

By offering incentives for matching funds, the system aimed at lowering the proportion of private contributions a presidential candidate would use for a primary campaign compared with a candidate running without the taxpayers' help.[8] In the general election, if a candidate accepts public funding, the system completely prohibits private contributions or spending. The creators of the system and its current guardians assumed that private money corrupts candidates for the presidency. Indeed, the moral superiority of public money over private informs most advocacy of taxpayer financing of campaigns.[9]

Private Money and Small Donations. Has the system limited private money in presidential campaigns? Federal law does not forbid running a presidential campaign funded by private contributions. The presidential public funding system could have failed if a large number of candidates had relied on private contributions. However, all major party candidates for the presidency in general elections since 1976 have used taxpayer financing and accepted limits on their spending. Only four candidates have forgone public funding: John Connolly in 1980, Ross Perot in 1992, Steve Forbes in 1996, and George W. Bush in 2000.[10] All except Perot did so during the preconvention primaries. If we assume that, absent the presidential funding mechanism, all candidates for the presidency in all elections since 1976 would have run with the support of private money, it is clear that public financing has reduced the proportion of private contributions in presidential campaigns from what it would have been under a purely private system.[11]

That conclusion requires qualification. Shortly after the presidential public funding system started, Congress and the Federal Election Commission decided that the political parties could raise funds without contribution limits for party-building activities. Such "soft money" grew over the years and had some effect on presidential campaigns. Since some—though hardly all—soft money contributions were well into six figures, we can conclude that taxpayer financing did not stop large contributions from being part of presidential elections.

The soft money story suggests a larger lesson about campaign finance restrictions: such limits are unlikely to effectively restrain candidates and parties involved in competitive elections for high stakes. The two parties and their candidates do not compete for the presidency to play fair; they run to win. To accomplish that, they will do whatever they can within the law. That truth, not policy arguments or empty moralizing, will have the greatest influence on the fate of presidential public funding.

Soft money notwithstanding, the presidential public funding system probably reduced the relative amounts of private donations to presidential campaigns. The real question is not the effectiveness of the system on this score but the propriety of the goal. Do private donations harm presidential campaigns?

Advocates often argue that private donations should be restricted or prohibited to prevent corruption or the appearance of corruption. Indeed, the *Buckley* court wrote,

If a program cannot fulfill the purposes for which it was designed, why should it continue to spend taxpayers' money?

> The primary interest served by the limitations and, indeed, by the Act as a whole, is the prevention of corruption and the appearance of corruption spawned by the real or imagined coercive influence of large financial contributions on candidates' positions and on their actions if elected to office.[12]

Most claims of corruption in the executive branch take the following form: X received benefit B from an executive branch decision; X contributed sum A to the president's election campaign; person or company X bought B with A. Such claims rarely offer any concrete evidence that A procured B. Absent such evidence, it is possible that X contributed money to a presidential campaign for reasons of partisanship or ideology or friendship. The executive branch decision that led to B may have followed a shared ideology or partisan identification rather than a contribution. Moreover, even if the contribution bought the benefit, one case does not prove that money corrupts policy generally. Indeed, any one case may not be representative of the population of cases involving campaign contributions. The intriguing anecdote often obscures the more numerous and less interesting cases in which contributions have little effect on policy.

The most famous campaign finance scandals following Watergate undoubtedly took place during the Clinton administration. The names of John Huang, Charlie Trie, and Roger Tamraz may be recalled even today. Congressional investigations of Huang and Trie suggested violations of the law but little in the way of a quid pro quo for donations they made on behalf of foreign companies or individuals. Tamraz was an international oil financier who hoped to talk to President Clinton about his proposal to build an oil pipeline across the Caspian Sea. His contributions to the Democratic Party may have led to a meeting with the president, but Tamraz did not get the Clinton administration's approval for his pipeline.[13] The evidence that private donations, even if they are not to the president's campaign and involve large soft money donations, buy actual influence or policy favors seems remarkably skimpy.

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Beyond these particular cases, we lack systematic studies of the influence of money on presidential policymaking. By "systematic studies," I mean studies of sizable datasets analyzed in ways that meet normal standards of social scientific inquiry. In particular, such studies meet conventional standards of statistical significance and internal validity.

There are, however, systematic studies of the influence of contributions by interest groups on legislators. Three MIT professors recently surveyed research on the link between contributions and voting by legislators and added their own research that addressed the shortcomings of earlier studies. Their conclusions are worth quoting at length.

> The evidence that campaign contributions lead to a substantial influence on votes is rather thin. Legislators' votes depend almost entirely on their own beliefs and the preferences of their voters and their party. Contributions explain a miniscule fraction of the variation in voting behavior in the U.S. Congress. Members of Congress care foremost about winning re-election. They must attend to the constituency that elects them, voters in a district or state and the constituency that nominates them, the party.[14]

Of course, those studies concern Congress, not the executive branch. Nonetheless, we should wonder why political action committees (PACs), the most "interested" of all contributors, give only 1 percent of their donations to presidential campaigns.[15] The findings from Congress and PAC data should shift the burden of proof to defenders of taxpayer financing; given that contributions have so little effect on legislators and PACs devote such small sums to presidential campaigns, those who decry private contributions should have to prove such donations affect the executive branch.

The Appearance of Corruption. The rationale for campaign finance regulation goes beyond a desire to eliminate real corruption marked by an exchange of favors for cash. The Supreme Court has said that preventing even the "appearance of corruption" can justify restrictions on money in politics.[16] The appearance of corruption rationale concerns trust in government, not corruption per se. If citizens believe campaign contributions buy policy favors, they will no longer trust the political system, a putatively bad outcome. Supporters of public financing expected that, by removing private contributions from presidential elections, they would reduce the appearance of corruption in contests for the highest office and thus increase the trust Americans have in government. Have those expectations been met? Has the presidential public financing system raised the level of trust compared with the system it replaced?

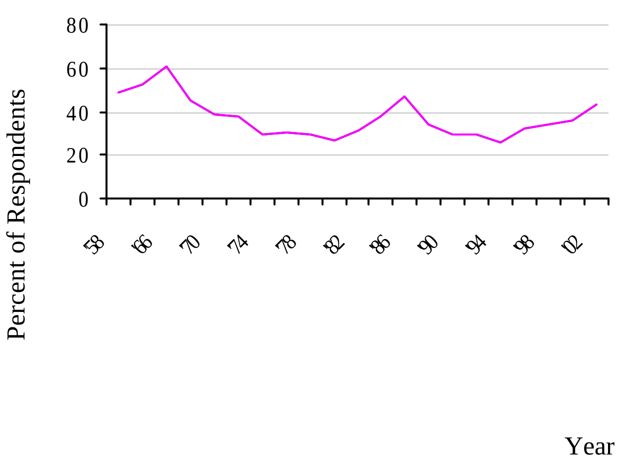
For some 40 years the National Election Studies project has inquired about the public's trust in government. Figure 1 shows public trust in government since 1958; higher scores reflect higher trust among those surveyed.[17] Trust in government was declining in the decade prior to the creation of the presidential public funding system. However, public financing for the elections of 1976 and 1980 apparently did not increase public trust. Trust did go up after the 1980 and 1984 contests, but it declined after the 1988 and 1992 presidential elections, to rise again only after 1996. (The events of September 11, 2001, may account for the rise from 2000 to 2002.) Since public financing of presidential campaigns began, public trust has twice (1980, 1994) been lower than it was in the Watergate year of 1974; on three separate occasions since 1976 (1978, 1990, 1992) public trust has been as low as it was in the depths of the Watergate crisis. More than one-third of the surveys since 1976 have reported public trust lower than, or equal to, that reported in the 1974 survey. Presidential public financing can hardly be called a success on the trust question.

The idea of an "appearance of corruption" can be tested directly. Since 1958 surveys by the National Election Studies project have also asked, "Do you think that quite a few of the people running the government are a little crooked, not very many are, or do you think hardly any of them are crooked?" The results are displayed in Figure 2.

After the inception of public financing, we see a haphazard pattern of rising and falling views of the criminality of public officials. More Americans believed that "quite a few"

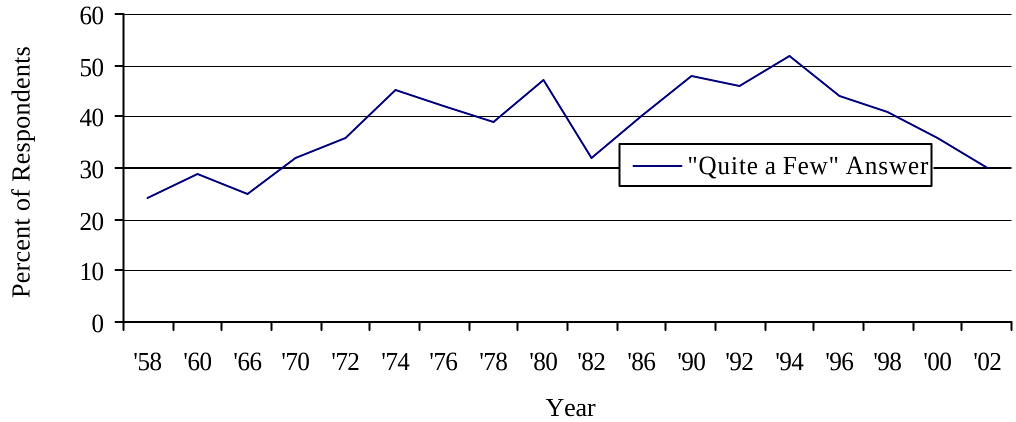
Since public financing of presidential campaigns began, public trust has twice been lower than it was in the Watergate year of 1974.

Figure 1
Trust in Government Index



Source: University of Michigan, Center for Political Studies, National Election Studies, *Trust in Government Index*, 1958–2002, www.umich.edu/~nes/nesguide/nesguide.htm.

Figure 2
Are Government Officials Crooked?



Source: University of Michigan, Center for Political Studies, National Election Studies, *The NES Guide to Public Opinion and Electoral Behavior*, 1958–2002, www.umich.edu/~nes/nesguide/nesguide.htm.

The public financing era has seen four years when more Americans believed "quite a few" government officials were crooked than did in 1974, the peak year of the Watergate crisis.

government officials were crooked after the elections of 1984, 1988, and 1992. In fact the numbers rose continuously from 1984 to 1994, a period that saw three presidential elections funded by taxpayers. Moreover, the public financing era has seen four years (1980, 1990, 1992, 1994) when more Americans believed "quite a few" government officials were crooked than did in 1974, the peak year of the Watergate crisis. As is the case with the general public trust index, the worst years recorded come after the inception of the presidential public funding system.

In general, public financing of presidential contests has not convinced Americans to trust their government or that government officials obey the law. Insofar as taxpayer financing aimed at dispelling an "appearance of corruption" in Washington, it has failed.

Public Discussion and Competition

In *Buckley v. Valeo*, the Supreme Court's per curiam opinion argued that the presidential public funding system of taxpayer financing supported "First Amendment values":

> Subtitle H [the portion of the IRS code creating the checkoff system] is a congressional effort, not to abridge, restrict, or censor speech, but rather to use public money to facilitate and enlarge public discussion and participation in the electoral process, goals vital to a self-governing people. Thus, Subtitle H furthers, not abridges, pertinent First Amendment values.[18]

Taxpayers fund candidates, and thereby public discussion. Money can enlarge public discussion by increasing the number of candidates who make a serious run for the presidency. When new candidates enter the fray, they may well raise new issues and provoke public debates. The public discussion criterion is thus quite similar to a competition criterion.[19] The same could be said of political parties.

Before turning to the data, we should be clear about how to evaluate the performance of the presidential public funding system. Recently, a task force sponsored by the Campaign Finance Institute argued that public financing has enhanced competition. Their report cites several prominent liberal and conservative candidates from both parties as evidence that public funding "has played a role in enhancing competition in presidential primary campaigns."[20] That claim is unsupported. To see why, imagine the presidential funding system did not exist. Would Gary Hart, Pat Robertson, and the other candidates mentioned in the report have forgone a race without public money? We do not know, and the task force report offers no evidence that they would have. In itself, the fact that a number of candidates accepted public money and ran in primaries proves nothing about the effects of public financing on competition.

To ascertain the effects of the presidential public funding system, we should systematically compare it with an alternative system. In this study, the comparison is with the privately funded system the current system replaced. At a minimum we should want to know whether the current system has improved on the performance of the old system. Accordingly, this study uses data on candidates in the presidential general elections and primaries for seven elections before and after the inception of taxpayer financing. I use those data to test the hypothesis that the presidential public funding system had no effect on candidate entry in the primaries or the general election. As we shall see, the evidence does not allow us to reject that hypothesis.

General Elections. We would expect that the availability of public money would increase the absolute number of candidates for the presidency compared with elections prior to 1976. By subsidizing the cost of running for president, taxpayer financing makes it easier to mount a campaign. Has public financing led to more candidates for the presidency?

We can set aside the major party candidates in the general elections for the presidency. They have all taken taxpayer financing. However, prior to 1976, the two parties found the means to finance the campaigns of their candidates. In that sense, the presidential funding system did not change whether the major parties had a presidential candidate. No doubt the system did make it easier for the parties and their candidates to raise the money necessary for campaigns. But making life easier for major party presidential candidates was not a goal of taxpayer financing.

Apart from the major party candidates, nine presidential candidates in the general elections since 1948 have received more than 1 percent of the total vote in an election. Five of those candidates ran after the presidential public funding system was created in 1976. Not all five accepted public financing. Ross Perot did not accept taxpayer financing in 1992, preferring to spend $65 million of his own money on his candidacy.[21] Ed Clark, the Libertarian candidate in 1980, also did not take taxpayer financing. In all, six of the nine non-major-party candidates who made a mark in presidential elections after 1948 ran their campaigns without the help of the taxpayer. Moreover, the two top vote getters during the period—George Wallace in 1968 and Ross Perot in 1992—brought their campaigns before the electorate without subsidies.[22] Public presidential funding might be credited with three additional presidential campaigns in seven general elections (Ralph Nader in 2000, Ross Perot in 1996, and John Anderson in 1980). The private system in place prior to 1976 produced four serious candidates apart from the major party candidates in the previous seven general elections. In other words, the taxpayer has spent $153 million to support general election campaigns, an investment that has yielded one candidate less than the private system of financing it replaced.

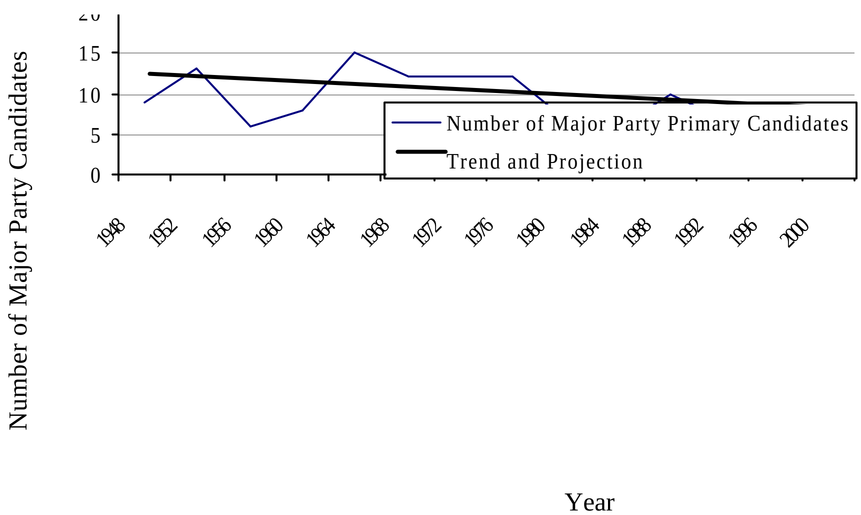
Candidates in Primaries. What about the party nominations? Surely the availability of taxpayer money has increased the number of candidates contending for each major party's nomination. Most of the money paid out by the presidential public funding system has gone to fund the conventions of the two major political parties (10 percent of all funding) and their candidates in the general election (61 percent of all funding). Candidates running in the primaries have received a little more than $506 million, or about 29 percent of all outlays by the system. That money has funded 83 candidates in the primaries.[23] Of those, 71 were candidates for the nominations of the two major political parties. Of those 71 candidates, 55 received more than 1 percent of the total number of votes cast in a party's presidential primaries for a given year, an average of 7.8 candidates each presidential election.[24]

The two top non-major-party vote getters since 1948—George Wallace in 1968 and Ross Perot in 1992—brought their campaigns before the electorate without subsidies.

Introducing the presidential public funding system did not increase the number of primary candidates.

How does that compare with the number of primary candidates prior to the presidential funding system? The seven elections prior to 1976 had an average of 10.7 candidates in the party primaries. Figure 3 shows the number of primary candidates who got more than 1 percent of the total party vote for the period 1948 to 2000, along with a trend line for the period. Clearly, introducing the presidential public funding system did not increase the number of primary candidates. The trend line in Figure 3 indicates that the decline in primary candidates was especially steep after 1964.

Figure 3
Major Party Presidential Primary Candidates, 1948–2000

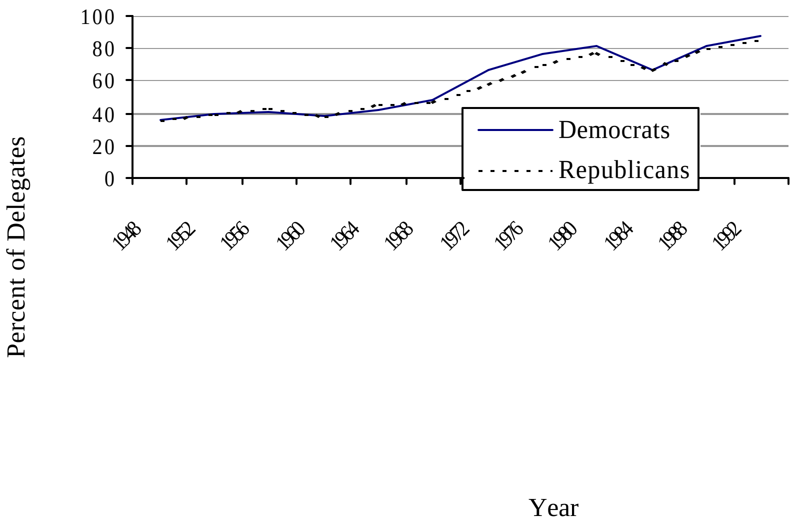


Source: John L. Moore, Jon P. Preimesberger, and David R. Tarr, eds., *Congressional Quarterly's Guide to U.S. Elections* (Washington: Congressional Quarterly, 2001), pp. 339–410.

It might be argued that we are comparing apples and oranges in comparing the pre-1976 era with the era of presidential funding. Up until 1968 party leaders for the most part controlled the nomination of each party's presidential candidate. After 1968 the total number of presidential primaries began to rise. Starting in 1968 primaries became increasingly important in selecting delegates to the national party conventions that in turn chose the parties' presidential nominees. In 1968 primary voters selected 48.7 percent of the delegates to the Democratic nominating convention and 47 percent of the delegates to the Republican counterpart. In 1976 the numbers were 76.1 and 70.4, respectively. The overall trend in both parties confirms the growing importance of primaries (see Figure 4).[25] It makes little sense, so the argument might go, to compare elections in which the primaries did not matter with those in which the primaries mattered most.

For purposes of argument, we might ignore the data on primary candidates from the party-centric era and look only at the years when primaries dominated the selection of presidential nominees. Indeed, the importance of the primary might itself be an incentive for candidates to enter the race. How can we tell whether the primary or public funding had a greater effect on the number of primary candidates? In 1972 party primaries had a strong influence on the nomination of each party's candidate for the presidency. Democratic primary voters directly selected 66.5 percent of the delegates to their presidential nominating convention; Republican primary voters picked 58.2 percent

Figure 4
Percentage of Delegates Selected by Presidential Primaries, 1948–92



Source: Lyn Ragsdale, *Vital Statistics on the Presidency: Washington to Clinton* (Washington: Congressional Quarterly, 1996), p. 40, table 2-3.

of the delegates. The presidential funding system did not yet exist. The 1972 election should indicate the influence of the incentives connected to primaries (apart from the money provided by public financing) on the number of primary candidates for the presidency.

In 1972 a total of 12 primary candidates got more than 1 percent of the overall vote in the respective party primaries. That total equals the number in 1976 and is greater than the number in all subsequent years. In fact, the number of primary candidates is almost double the post-1976 average. The data suggest that introducing public financing might have led to a decline in the number of primary candidates after 1976. My colleague Peter Van Doren has done a more complex analysis that yields results consistent with this conjecture.[26]

A final point: Many more primary candidates received public funding (75) after 1976 than received more than 1 percent of the their party's vote (55). The number of funded candidates after 1976 equals the number of candidates getting more than 1 percent of the vote prior to 1976 (75 candidates). The marginal effect of taxpayer financing seems to have been to subsidize abject failure (or an ego trip) for 20 candidates. What the system has not done is produce more presidential primary candidates than the older system it replaced. From the taxpayer's point of view, that result hardly seems worth $500 million.

Third Parties. The two major political parties have dominated general elections for president for more than a century. The presidential public funding system has done little to promote competition to the two-party system. The Greens and the Reform Party must be counted as the only two third parties with sizable followings to receive funding from the taxpayer. Ross Perot, the publicly funded Reform candidate in the general election of 1996, received a little more than 8 percent of the total vote. By 2000 the Reform Party candidate, Patrick Buchanan, received less than half of 1 percent of the popular vote despite spending more than $13 million in public funding on the effort. Ralph Nader, the Green Party candidate in 2000, received 2.7 percent of the national vote. The availability of taxpayer financing has not enabled any

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Public financing has not so much changed what happens as who pays for what happens.

new parties to challenge the two-party duopoly in presidential elections. To the contrary, the presidential public funding system has subsidized the two major parties and their general election candidates to the tune of $1.27 billion.

Finally, the taxpayer has also funded a few fringe candidates over the years. Lyndon LaRouche, a perennial candidate in Democratic presidential primaries, initially ran for president in 1976 and has been a candidate in every election since, including a 1992 effort from prison. He was serving 5 years of a 15-year sentence for mail fraud and defaulting on more than $30 million in loans from campaign supporters.[27] LaRouche recently denounced "leading members of the Synarchist banking crowd, which . . . is currently involved in a criminal conspiracy to bring down the world financial system, in what might be called a 'Financial 9-11,' and use the collapse to impose a dictatorship."[28] LaRouche has received more than $5.5 million from the public to underwrite his five attempts at gaining the Democratic nomination for the presidency.[29] Lenora Fulani of the New Alliance Party once headed a political group deemed "armed and dangerous" by the Federal Bureau of Investigation. She received almost $4 million in her two runs for the presidency.[30] John Hagelin, the head of the Natural Law Party, might thank the taxpayer for the $1.75 million he has obtained from the presidential public funding system. Hagelin foresees an ideal government that combines "modern science and ancient Vedic Science."[31] Hagelin proposed in 1999 to end violence in Kosovo by sending there an elite group of "Yogic flyers," who would levitate themselves through meditation thereby spreading peace "with a quantum-mechanical consciousness field."[32] Whether propagating the views of LaRouche, Fulani, and Hagelin at a cost of more than $11 million to the taxpayer improved American democracy might be debated in the abstract. It is fair to say that average Americans would be enraged to learn that they are subsidizing such efforts.[33]

Compared with the system it replaced, the presidential public funding system has failed to generate more public discussion or competition by increasing the number of general election candidates, primary election candidates, or challenges to the two-party system. The average citizen might be tempted to think that almost $2 billion in subsidies should have more to show in fostering presidential candidates and electoral competition. As far as candidates go, much of what has happened in presidential elections since 1976 would have happened anyway. The two parties would have funded their presidential candidates, as many or perhaps more primary contenders would have run, party conventions would have been funded, and Ross Perot would have run in 1992. Public financing has not so much changed what happens as who pays for what happens. Taxpayers will win no prizes for guessing who that might be.

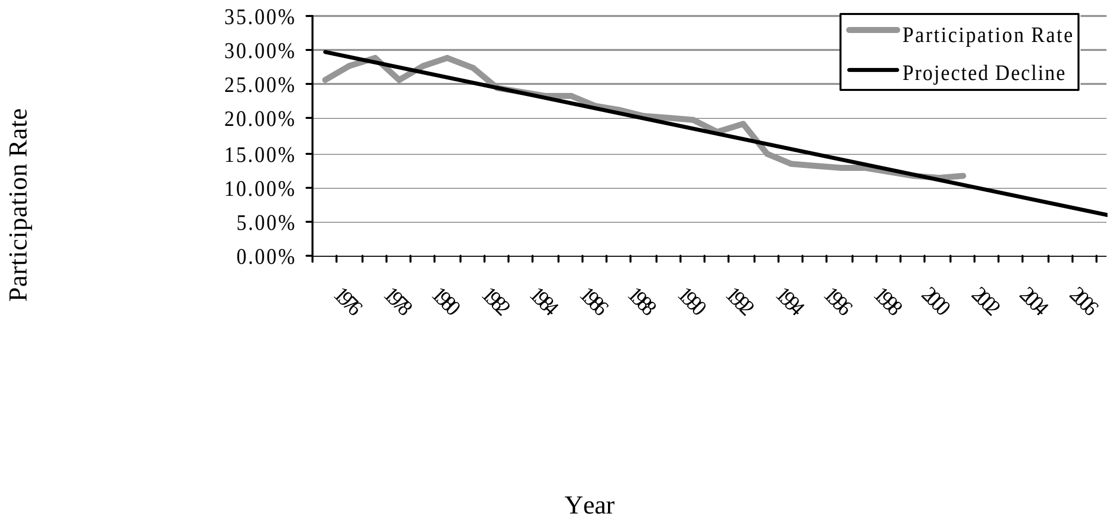
Participation

The presidential public funding system also aimed at increasing public participation in elections by allowing individuals to easily give a small contribution to presidential campaigns by checking a box on their federal income tax form. One might assume that taxpayer financing would easily foster more participation through contributions. After all, taxpayers need only check a box on their tax form, and their contribution to the presidential fund does not increase their tax burden. Here again experience contravenes that expectation.

The participation rate in the presidential public funding system has declined steadily since its inception (Figure 5). The highest participation rate came in the early years of the fund when as many as 28 percent of taxpayers diverted money to the system. Recently, the rate has been slightly higher than 10 percent. Survey research indicates that in 2000 about 12 percent of Americans over the age of 18 gave to political candidates, party committees, or political organizations.[34] Compared with the private system, public financing does not broaden participation in donating to campaigns.

Moreover, participation in the presidential public funding system continues to steadily fall. If the current trend continues (and it has

Figure 5
Participation Rate in Presidential Tax Checkoff, 1976–2002, with Projected Decline



Source: Federal Election Commission Press Office, "Presidential Matching Fund Income Tax Check-Off Status," March 2003, www.opensecrets.org/2000elect/other/presfund/checkoff.htm.

already continued for about 20 years), the system will have a participation rate of 5 percent by 2008 (see trend line on Figure 5).

Defenders of taxpayer financing have often argued (and argue still) that, if the checkoff had more publicity, it would attract higher participation.[35] As far back as 1989, the Federal Election Commission became concerned about falling participation rates and supported publicity campaigns in 1991 and 1992 to inform citizens about the program. The FEC claims those campaigns reached 90 million Americans in 1991 and 203 million in 1992.[36] Those efforts had little effect. The FEC's efforts began in March 1991. In April 1991 the participation rate for the program was 19.5 percent. In 1992, after a year of publicity, the participation rate *fell* to 17.7 percent, a 12 percent decline! In 1993, after a year of even more publicity, the participation rate rose to 18.9 percent, which was higher than that in 1992 but still below the starting point of the publicity campaign in 1991. In other words, the FEC did what the defenders of the system wanted and publicized the program. Those efforts resulted in the participation rate declining further. In 1994 the rate dropped again (to 14.5 percent), which meant it had declined 25 percent in three years, the period of steepest decline in participation in the history of the program.

Some people now argue for additional efforts to persuade taxpayers to check off their returns in support of public financing. Such an effort would be no more likely to succeed than the earlier one in the 1990s. Apparently, the more Americans learned about the presidential public funding system, the less inclined they were to check the box on their tax form. Why should taxpayers be taxed to support a publicity campaign for a program they have already rejected?

The lack of participation is not an aberration caused by the public's lack of knowledge of the presidential program. The public's rejection of public financing is not limited to federal schemes. The 13 states that had checkoff schemes for taxpayer financing saw a steady decline in participation from 1975 to 1994. The typical checkoff program dropped from 20 percent participation to 11 percent during that period.[37]

The system will have a participation rate of 5 percent by 2008.

Supporters of the system are trying to obscure its central failing: it lacks popular support.

None of that should be surprising. Public financing of campaigns is not popular with the public. Over the past decade, CBS News has asked six times about support for public financing of campaigns; *U.S. News and World Report* sponsored one question in 1995. The results are summarized in Table 1.

The responses are affected by the wording of the question. When respondents are simply asked if they wish to use only tax money to finance campaigns, about three in four oppose it. When the wording of the question includes some mention of public financing as the solution to the problem of "special interests," taxpayer financing does better, but not that much better considering how loaded the question is. Even when presented as a way to reduce the influence of special interests, public financing is still opposed by a majority in two of three polls, and those favoring public financing do not outnumber those opposed in the third poll. All in all, the public strongly opposes public financing of campaigns, a disposition confirmed by another study of the relevant surveys.[38]

Such public opposition to public financing bears on current policy debates. Two members of the FEC as well as a separate task force have proposed increasing both spending by the presidential fund and the amount of the checkoff.[39] They propose to spend more on campaigns through public financing, even though Americans suspect that such programs "would cost taxpayers too much money."[40] The FEC commissioners are concerned about a funding shortfall in 2008. Yet this continual crisis of the presidential financing system comes directly from its lack of popular support. If even as few as 20 percent of Americans supported the current checkoff, funding would not be a problem. Supporters of the system say inflation has eaten away at the value of the checkoff. If the original checkoff sum of $1 had kept up with inflation, it would have been worth $3.22 in 2002. That would improve the system's finances slightly, but it would hardly make much difference at current participation rates. Some people now urge the checkoff sum be increased to $5, a real increase of 50 percent.[41] Supporters of the system are trying to obscure its central failing: it lacks popular support. A lack of democratic legitimacy cannot be set right by technical fixes or by extracting ever more wealth from taxpayers.

The presidential public funding system is a remarkable example of minority rule. It allows about 10 percent of taxpayers to spend taxes

Table 1
Polling on Public Financing 1994–2000

Year	Favor	Oppose	Don't Know	Feature of Question	Sponsor
1997	18	78	4	Tax money involved	CBS News
1995	18	77	5	Tax money involved	U.S. News
2000	20	75	5	Tax money involved	CBS News, New York Times
2000	31	65	4	Government funds used	CBS News, New York Times
1999	37	58	5	Special interests mentioned	CBS News
1994	38	54	8	Special interests mentioned	CBS News
1997	43	46	11	Special interests mentioned	CBS News

Source: These polls were downloaded from the online survey research archive at the Roper Center at the University of Connecticut. These poll results may be obtained online at the Roper Center by entering the keyword "public financing" and the following accession numbers for each poll as listed in the table: 1997:0276551; 1995:0237790; 2000:0352427; 2000:0352428; 1999:0339778; 1994:0221203; 1997:0274653.

paid by everyone on presidential campaigns by the major political parties. If the system did not exist, its funding could be returned to current or future taxpayers. In other words, the presidential public funding system allows a small percentage of taxpayers (10 percent and dropping) to tax either the other 90 percent of current taxpayers or all future taxpayers. The system allows a small number of citizens with strong antipathy to private funding of presidential campaigns to compel the overwhelming majority to pay the costs associated with their antipathy. That can hardly be democratic or efficient.

Michael Toner, a commissioner on the FEC, summarized the democracy deficit of the presidential fund:

> Any system of public financing must have popular support to succeed. Today's low taxpayer checkoff rates cast serious doubt on whether the public financing system has this support. . . . When only one in nine taxpayers are [*sic*] participating, it is very difficult to conclude that the public financing system has broad popular support.[42]

Why continue at taxpayer expense a program that reflects nothing more than the preferences of a small minority?

The Rigors of Fundraising

In *Buckley v. Valeo* the Supreme Court said the government had a vital interest "in relieving major-party candidates from the rigors of soliciting private contributions." No doubt fundraising is a problem for candidates. Many of them have testified that they do not enjoy the task. But that is a private burden and a private problem. Why are the rigors of fundraising a public problem that justifies public subsidies?

We might pause to reflect on the asymmetry here. Americans have to work to make a living and to pay the taxes that support the government. In contrast, taxpayer financing assumes that candidates for office cannot be expected to work to fully fund their campaigns for office. Public financing thus offers "welfare for politicians" funded by Americans who work for a living and consumed by politicians who are not willing to support themselves. That difference may go a way toward explaining public antipathy to public financing in general and the apathy toward the presidential system in particular.

Of course, defenders of the program see things differently. They argue that Congress might have assumed that candidates for the presidency would better use their time on some task other than raising campaign funds. Two analysts of campaign finance observe:

> The pursuit of money has become a campaign in and of itself. This comes with a price for democracy. Candidates could better spend their time meeting with voters, and incumbents could better use their time to perform their official duties.[43]

Moreover, critics say, absent public funding, the costs of fundraising would be astronomical. Without the system, a leading defender of public financing argues, "presidential candidates would have to devote most of their time to the burdensome task of raising money," especially for general elections. Writing in 1993, Anthony Corrado speculated that, absent taxpayer financing, presidential candidates would rely more on PAC donations and soft money to fund their campaigns.[44]

In economic life, government regulations often lead to problems that prompt calls for more regulation. So it is with the rigors of fundraising. Under current law, candidates must raise money within specific and aggregate contribution limits. Until 2002 the limit for individuals was $1,000. Compared with a system of higher or no limits, the current system inevitably requires more time and resources to raise the funds necessary to run for office. The costs (including the candidate's time) of finding and persuading a donor are fixed while the returns from that investment are limited. If the returns were higher or unlimited, the "rigors" of raising necessary

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funding (including the candidate's time and effort) would be lower. Federal election law itself (though not public financing per se) causes much of the problem the presidential system purports to solve.

Absent taxpayer financing, would presidential candidates have to spend "most of their time" raising money? During the primary contests of 2000, George W. Bush declined public funding. His primary and general election campaigns spent more than $100 million, a sum entirely adequate to his task.[45] Bush did not spend all his time fundraising. Throughout his public and private career, President Bush has delegated tasks with clear goals and constraints.[46] Bush and his team put together an organization of fundraisers called "Pioneers," each of whom pledged to raise $100,000 for the Bush campaign. Doing that within the contribution limits set by federal law required the organization to develop an extensive network of contributors and fundraisers. In other words, the candidate had to build a fundraising organization by recruiting talented individuals with fresh ideas about fundraising who in turn brought in other fundraisers and contributors. Bush had more than enough money for the primaries, and we have no evidence that the candidate felt pressured by his oversight of, and contribution to, fundraising.

Indeed, the fundraising challenge, though partially created by perverse regulations, serves the public by providing valuable information about a presidential candidate. Presidents must persuade people to do their will and organize an effective executive branch.[47] Meeting the fundraising challenge (or failing to do so) tells Americans a lot about a candidate's ability to persuade others, to organize an undertaking, and to exert leadership. Moreover, fundraising shows that the candidate has persuaded some individuals to actually spend money supporting his campaign. Such support is far more serious and real than the backing revealed in a public opinion poll. The fundraising challenge is so large that a candidate cannot do it by himself. He has to persuade talented individuals to join his campaign and to help him raise money. They in turn must create and administer an organization that meets the candidate's goals. Far from being a waste of time, the rigors of fundraising are a good test for anyone who wants to be president, and the public benefits by knowing that a candidate can meet that challenge. Given the relevance of fundraising to presidential performance, the time spent by candidates on that task is well worth less time spent with voters or on enhancing the advantages of incumbency.

By making it easier to run for the highest office, the presidential funding system deprives the electorate of important information about a candidate. Absent the system, would a candidate have evinced the persuasiveness and organizational ability to meet the fundraising challenge? The voters will never know because the taxpayer provided much of the candidate's funding.

Measured by its own standards, the presidential campaign finance system has come a cropper. It has not led to more candidates or electoral competition or new parties vying for the presidency. Most important, the American taxpayer has rejected the system as fewer and fewer citizens check off the tax form to contribute to the system. By the election of 2008, the system may be supported by half as many Americans as make private campaign contributions. The system lacks democratic legitimacy, a failure that cannot be overcome by adjusting this or that technical requirement. Why should a system without any popular support impose costs on current and future taxpayers?

By the election of 2008, the system may be supported by half as many Americans as make private campaign contributions.

Political Purposes

To this point I have assumed that Congress created the presidential public funding system to attain common goals like preventing corruption or increasing electoral competition. That assumption is false. The Democratic majority in Congress in 1976 created taxpayer financing of presidential campaigns to advance its narrow partisan interests. Does public financing still support that partisan agenda?

We must first establish the partisan purpose of the presidential funding program. The first serious proposals to publicly fund presidential campaigns date from the mid-1960s, though the current system was not enacted until 1974. Supporters said spending limits served the public interest by controlling rapidly growing spending on campaigns.[48] In constant dollars, spending on presidential campaigns did rise in the 1960s, but expenditures did not exceed earlier peaks until the election of 1972. The record did not show a sustained growth in spending on presidential campaigns. The data contravene the public interest rationale for spending limits.[49]

From 1960 to 1976 the national Democratic Party had enjoyed great success. Lyndon Baines Johnson had won the presidency in 1964 in a landslide. The party dominated Congress throughout the 1960s. Its members held 61 percent of all seats in the House of Representatives from 1959 to 1971; its majorities ranged from 68 percent in the House in 1965–67 to 56 percent in 1969–71.[50] The party enjoyed similar success in the U.S. Senate. The average Democratic share of Senate seats from 1959 to 1971 was 64 percent with a range from 57 percent (1969–71) to 68 percent (1965–67).[51]

Yet all was not well for the party starting about 1965. Public support for expanding the federal government began to decline. Trust in the federal government began to drop about the time of John F. Kennedy's death and would continue to decline until 1980.[52] Moreover, public support for more government spending began declining in 1961, fell until 1965, rose slightly, and then fell in 1969 to its lowest point in the decade. The public mood in the 1970s would be worse for big government. Support for more spending and larger government dropped steadily throughout the decade.[53]

Politicians are skilled at sensing shifts in the public mood and public opinion. By the late 1960s—especially after the Nixon victory in 1968—professional politicians knew support for larger government, and hence for the Democratic Party, was waning. They also might have guessed that the shifts in public support would translate sooner or later into policy moves away from an activist state.[54] While the party firmly held Congress, its presidential efforts were more troubled. During most presidential elections in the 20th century, the Republicans had more funding than the Democrats. In 1948 the Democrats enjoyed a substantial advantage. However, in the six presidential elections prior to the creation of the presidential funding mechanism, the Republicans enjoyed a consistent fundraising advantage. From 1960 onward the Republican advantage grew rapidly (Figure 6).

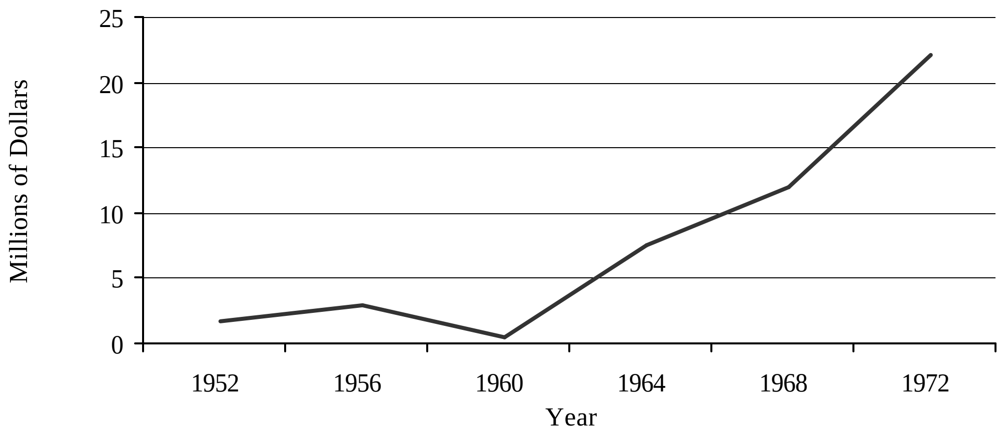
If we assume that fundraising advantages translate into relative gains in votes, by 1972 the Democrats were looking at upcoming electoral disasters. The Federal Election Campaign Act of 1974 put limits on campaign spending, thereby constraining the growth of the Republican advantage. The presidential funding mechanism both provided money to presidential candidates and equalized their outlays. The spending limits in the law and public financing were predictable responses to pressing political problems for the Democrats; 80 percent of Senate Democrats and 98 percent of House Democrats voted for the 1974 law.[55]

The presidential funding system was created to provide political rents to the dominant party at the time of its creation. That party, the Democrats, had reason to believe the public mood was shifting away from them, a change that would eventually weaken or end their grasp on power. To preclude or at least slow those changes—perhaps to buy time to change the direction of the public mood—the dominant party created a regulation and subsidy program aimed at equalizing spending of the major party candidates on presidential campaigns. If successful, that equalization of expenditures might have affected the outcome of presidential elections after 1976. Even if it did not change the outcome, it would decrease the Republican vote share (compared to what it would have been without the presidential funding mechanism) and thereby improve the Democratic candidate's performance.

We might note in passing the impropriety of this purpose. The presidential public funding system was sold to the American public as

The presidential funding system was created to provide political rents to the dominant party at the time of its creation.

Figure 6
Republican Advantage in Presidential Fundraising, 1952–72



Source: Burton A. Abrams and Russell F. Settle, "The Economic Theory of Regulation and the Financing of Presidential Elections," *Journal of Political Economy* 86 (April 1978): 250, table 3.

a way to allegedly achieve public purposes like increasing competition or enhancing citizen participation. Improving electoral outcomes for the Democratic presidential candidate constitutes a narrow partisan goal, not a public purpose. In that sense, the presidential funding mechanism may be said to be the work of a special interest, a reality as common as it is deplorable.

Has taxpayer financing fulfilled this practical if improper goal? We have some evidence that the system changed the outcome of the very close presidential election of 1976.[56] Shortly thereafter, Congress liberalized the campaign finance system to allow the political parties to raise funds for grassroots campaign activities. Such funding, later called "soft money," was not covered by federal ceilings on contributions. The money could not be directly spent by each party's presidential nominee, but presidential campaigns did indirectly put soft money to use.[57] The rise of soft money tended to undermine the partisan purposes of the presidential financing system. From 1992 to 1998 the Republican Party raised 55 percent of all soft money and thus enjoyed a 10 percent lead over the Democrats.[58] The equality of presidential spending sought by the creators of the presidential funding system could not survive the rise of soft money.

The presidential public funding system will not be able to equalize the money spent by the candidates of the major parties.

The Bipartisan Campaign Reform Act of 2002 prohibited soft money fundraising by federal officials. If that prohibition stands up to constitutional scrutiny, soft money fundraising will be done by quasi-party groups rather than the major political parties.[59] Such quasi-party activity may or may not lead indirectly to unequal funding for presidential campaigns. Whatever happens on that score, we will not return to the world of presidential elections that existed prior to soft money. The presidential public funding system will not be able to equalize the money spent by the candidates of the major parties.

George W. Bush competed in the Republican primaries in 2000 without the help of taxpayer financing. He is expected to do so again in 2004, though his campaign may accept public money for the brief fall race. Being free of the spending limits of the presidential public funding system means a candidate can spend more money than his opponents in the months prior to the presidential election. Bush proved in 2000 that such sums can be raised within the current system of contribution limits and that a candidate pays little if any electoral price for going outside the system. Rejecting presidential subsidies will be appealing for future candidates if they can raise enough money.

Bush's refusal to accept public money is also weakening the grip of presidential funding on the Democratic side. Howard Dean's insurgent campaign for the Democratic nomination in 2004 has used the Internet to raise money. Confident he can raise enough to compete, Dean has refused presidential funding for his campaign.[60] He is concerned that, if he accepts public funding and if all of it is spent to get the nomination, he would have no money available to project his message from the end of the primaries to the Democratic convention. During that period, President Bush would be free to spend as much as he might like both projecting his message and criticizing the Democratic nominee. The need to compete with the first mover out of the system—President Bush—is driving Dean to forgo taxpayer financing. Ironically, a regulatory and subsidy system set up to make the Democratic presidential candidate more competitive threatens in 2004 to make its standard bearer less competitive.

What about 2008? Will the same competitive pressures force both of the major party candidates outside the system? Much depends on the closeness of the race and the skills of the two candidates. Both candidates will know how Bush and Dean raised enough hard money to be able to go without public subsidies. There is a high probability that both candidates will forgo public funding. Doing so will be less risky. If the Democratic nominee pays a small electoral price for forgoing public funding, the Democratic nominee in 2008 will be free of all such concerns. On the other hand, every candidate would face some risk that the other party's nominee might forgo public subsidies. Facing those risks and voter diffidence about public funding, the most serious candidates will opt for going outside the presidential system. For that reason, the supporters of taxpayer financing say doing nothing will lead to its demise.[61]

The presidential public funding system has spent almost $2 billion since 1976. What has the taxpayer received in return for this sum? Very little. Government subsidies have not fostered additional candidates for the presidency in the general election or in the primaries. They have not generated serious electoral competition to the two major political parties. Indeed, almost all the $2 billion has been devoted to candidates associated with the two major parties or to subsidizing the national party conventions. The system has not even accomplished its major (and illegitimate) political purpose of improving the prospects of Democratic presidential candidates. Killing public financing would hardly be "a real loss for democracy."[62] To the contrary, it would kill off a failed program, disliked by the American people.

The fact that the presidential public funding system has spent almost $2 billion and accomplished little or nothing would not normally threaten its existence. Most federal programs acquire congressional sponsors and interest group supporters whose efforts ensure their continuation, their failures notwithstanding. Public financing has congressional sponsors and interest group support. But the system also differs from most federal programs in two ways.

First, the checkoff introduces a test of popular consent to the program. The system has failed that test completely. Normally, the mere fact that the general public does not like or support a government program has little effect on its fate.[63] In this case, defenders said increased participation in financing presidential elections was an explicit goal of the program. Having failed so miserably at increasing participation, the funding mechanism may be open to congressional review and elimination.

Second, the presidential public funding system may become a zombie program, apparently alive but actually dead. If most serious presidential contenders go outside the public funding system, the program will continue to exist but only as a source of support for guaranteed losers. Accepting public funding will become a sign that a candidate cannot win the presidency. The system may continue spend-

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Why should Americans throw more money at a program that has failed to meet its goals and that has been rejected by taxpayers?

ing taxpayers' money on hopeless causes and fringe candidates, yet another federal effort persisting without purpose, apart from the rents delivered to the special interests that support the program. Unlike other programs, however, every four years the public will be reminded that their tax money is going to sure losers, colorful publicity hounds, and wacky extremists. That steady reminder might shorten the life of the program.

Defenders argue that the presidential public funding system needs an overhaul, including, of course, large increases in taxpayer funding. Why should Americans throw more money at a program that has failed to meet its goals and that has been rejected by taxpayers? In the end, the presidential public funding system raises the question of whether Congress can rise above the interests of the political parties, the campaign finance regulation lobby, and sheer inertia to save the American taxpayer some money. Will Congress have the correct answer to that question?

Appendix: Candidates Who Have Received Funds from the Presidential Public Funding System

Year	Candidate	Nominal Outlays	2002 Dollars
1976	Birch Bayh (D)	$545,710.39	$1,755,174.25
	Lloyd Bentsen (D)	$511,022.61	$1,643,607.57
	Edmund Brown, Jr. (D)	$600,203.54	$1,930,441.16
	Jimmy Carter (D)	$3,886,465.62	$12,500,081.57
	Frank Church (D)	$640,668.54	$2,060,589.18
	Gerald Ford (R)	$4,657,007.82	$14,978,384.81
	Fred Harris (D)	$639,012.53	$2,055,262.94
	Henry Jackson (D)	$1,980,554.95	$6,370,080.39
	Ellen McCormack (D)	$247,220.37	$795,137.56
	Ronald Reagan (R)	$5,088,910.66	$16,367,518.61
	Terry Sanford (D)	$246,388.32	$792,461.43
	Milton Shapp (D)	$299,066.21	$961,889.90
	Sargent Shriver (D)	$295,711.74	$951,100.88
	Morris Udall (D)	$2,020,257.95	$6,497,777.58
	George Wallace (D)	$3,291,308.81	$10,585,872.26
	Total Primary Funds	**$24,949,510.06**	**$80,245,380.09**
	Convention Committees		
	Democratic Committee	$2,185,829.73	$7,030,307.89
	Republican Committee	$1,963,800.00	$6,316,191.26
	Total Convention Funds	**$4,149,629.73**	**$13,346,499.15**
	General		
	Jimmy Carter (D)	$21,820,000.00	$70,179,902.91
	Gerald Ford (R)	$21,820,000.00	$70,179,902.91
	Total General Funds	$43,640,000.00	$140,359,805.81
1980	John Anderson (R)	$2,733,077.02	$6,502,606.49
	Howard Baker (R)	$2,635,042.60	$6,269,360.50
	Edmund Brown, Jr. (D)	$892,249.14	$2,122,861.89
	George Bush (R)	$5,716,246.56	$13,600,239.48

	Jimmy Carter (D)	$5,117,854.45	$12,176,529.72
	Philip M. Crane (R)	$1,899,631.74	$4,519,652.24
	Robert Dole (R)	$446,226.09	$1,061,672.48
	Edward Kennedy (D)	$4,134,815.72	$9,837,658.92
	Lyndon LaRouche (D)	$526,253.19	$1,252,075.00
	Ronald Reagan (R)	$7,330,262.78	$17,440,348.00
	Total Primary Funds	**$31,431,659.29**	**$74,783,004.73**
	Convention Committees		
	Democratic Committee	$4,416,000.00	$10,506,659.73
	Republican Committee	$4,416,000.00	$10,506,659.73
	Total Convention Funds	**$8,832,000.00**	**$21,013,319.46**
	General		
	John Anderson (I)	$4,242,304.00	$10,093,397.78
	Jimmy Carter (D)	$29,440,000.00	$70,044,398.19
	Ronald Reagan (R)	$29,440,000.00	$70,044,398.19
	Total General Funds	**$63,122,304.00**	**$150,182,194.16**
1984	Reubin Askew (D)	$976,179.04	$1,692,737.02
	Alan Cranston (D)	$2,113,736.44	$3,665,311.16
	John Glenn (D)	$3,325,382.66	$5,766,358.54
	Gary Hart (D)	$5,333,785.31	$9,249,016.31
	Ernest Hollings (D)	$821,599.85	$1,424,689.97
	Jesse Jackson (D)	$3,053,185.40	$5,294,356.62
	Sonia Johnson (C)	$193,734.83	$335,944.64
	Lyndon LaRouche (D)	$494,145.59	$856,870.00
	George McGovern (D)	$612,734.78	$1,062,508.83
	Walter Mondale (D)	$9,494,920.93	$16,464,606.93
	Ronald Reagan (R)	$10,100,000.00	$17,513,840.42
	Total Primary Funds	**$36,519,404.83**	**$63,326,240.46**
	Convention Committees		
	Democratic Committee	$8,080,000.00	$14,011,072.34
	Republican Committee	$8,080,000.00	$14,011,072.34
	Total Convention Funds	**$16,160,000.00**	**$28,022,144.68**
	General		
	Walter Mondale (D)	$40,400,000.00	$70,055,361.70
	Ronald Reagan (R)	$40,400,000.00	$70,055,361.70
	Total General Funds	**$82,800,000.00**	**$143,578,810.61**
1988	Bruce Babbitt (D)	$1,078,939.44	$1,640,133.05
	George Bush (R)	$8,393,098.56	$12,758,638.56
	Robert Dole (R)	$7,618,115.99	$11,580,560.83
	Michael Dukakis (D)	$9,040,028.33	$13,742,058.81
	Pete DuPont (R)	$2,550,954.18	$3,877,793.42
	Lenora Fulani (NA)	$938,798.45	$1,427,099.90
	Richard Gephardt (D)	$3,396,276.37	$5,162,796.83
	Albert Gore (D)	$3,853,401.56	$5,857,688.60
	Alexander Haig (R)	$538,539.20	$818,652.01
	Gary Hart (D)	$1,124,708.09	$1,709,707.55
	Jesse Jackson (D)	$8,021,707.31	$12,194,073.91

	Jack Kemp (R)	$5,984,773.65	$9,097,660.81
	Lyndon LaRouche (D)	$825,576.99	$1,254,988.05
	Pat Robertson (R)	$10,410,344.83	$15,825,124.18
	Paul Simon (D)	$3,774,344.77	$5,737,511.64
	Total Primary Funds	**$67,550,247.72**	**$102,685,461.04**
	Convention Committees		
	Democratic Committee	$9,220,000.00	$14,015,639.95
	Republican Committee	$9,220,000.00	$14,015,639.95
	Total Convention Funds	**$18,440,000.00$**	**28,031,279.91**
	General		
	George Bush (R)	$46,100,000.00	$70,078,199.76
	Michael Dukakis (D)	$46,100,000.00	$70,078,199.76
	Total General Funds	**$92,200,000.00**	**$140,156,399.53**
1992	Larry Agran (D)	$269,691.68	$342,159.98
	Edmund Brown (D)	$4,239,404.83	$5,378,566.71
	Pat Buchanan (R)	$5,199,987.25	$6,597,265.29
	George Bush (R)	$10,658,520.94	$13,522,550.50
	William J. Clinton (D)	$12,536,135.47	$15,904,695.03
	Lenora Fulani (NA)	$2,013,323.42	$2,554,319.48
	John Hagelin (NLP)	$353,159.89	$448,056.77
	Tom Harkin (D)	$2,103,361.85	$2,668,551.95
	Bob Kerrey (D)	$2,195,529.81	$2,785,486.18
	Paul Tsongas (D)	$2,995,449.27	$3,800,350.37
	Doug Wilder (D)	$289,026.67	$366,690.44
	Total Primary Funds	**$42,853,591.08**	**$54,368,692.70**
	Convention Committees		
	Democratic Committee	$11,048,000.00	$14,016,685.69
	Republican Committee	$11,048,000.00	$14,016,685.69
	Total Convention Funds	**$22,096,000.00**	**$28,033,371.38**
	General		
	George Bush (R)	$55,240,000.00	$70,083,428.46
	William J. Clinton (D)	$55,240,000.00	$70,083,428.46
	Total General Funds	**$110,480,000.00**	**$140,166,856.92**
1996	Lamar Alexander (R)	$4,573,443.84	$5,200,670.56
	Patrick Buchanan (R)	$10,983,474.85	$12,489,807.75
	William J. Clinton (D)	$13,412,197.51	$15,251,618.52
	Robert Dole (R)	$13,545,770.94	$15,403,510.93
	Phil Gramm (R)	$7,356,221.26	$8,365,093.07
	John Hagelin (NLP)	$504,830.79	$574,066.00
	Alan Keyes (R)	$2,145,766.41	$2,440,048.37
	Lyndon LaRouche (D)	$624,692.04	$710,365.67
	Richard G. Lugar (R)	$2,657,244.26	$3,021,673.05
	Arlen Specter (R)	$1,010,457.16	$1,149,036.70
	Pete Wilson (R)	$1,724,257.09	$1,960,731.00
	Total Primary Funds	**$58,538,356.15**	**$66,566,621.63**
	Convention Committees		
	Democratic Committee	$12,364,000.00	$14,059,665.56

	Republican Committee	$12,364,000.00	$14,059,665.56
	Total Convention Funds	**$24,728,000.00**	**$28,119,331.12**
	General		
	William J. Clinton (D)	$61,820,000.00	$70,298,327.80
	Robert Dole (R)	$61,820,000.00	$70,298,327.80
	Ross Perot (Reform)	$29,055,000.00	$33,039,759.21
	Total General Funds	**$152,695,000.00**	**$173,636,414.80**
2000	Gary Bauer (R)	$5,052,747.59	$5,256,797.75
	William J. Bradley (D)	$12,462,047.69	$12,965,315.02
	Patrick Buchanan (Ref)	$4,509,673.04	$4,691,791.68
	Albert Gore (D)	$15,456,083.75	$16,080,262.24
	John Hagelin (NLP)	$700,286.06	$728,566.41
	Alan Keyes (R)	$5,043,341.03	$5,247,011.31
	Lyndon LaRouche (D)	$1,448,388.83	$1,506,880.56
	John McCain (R)	$14,777,748.06	$15,374,532.64
	Ralph Nader (G)	$723,307.65	$752,517.71
	Dan Quayle (R)	$2,087,749.86	$2,172,061.55
	Total Primary Funds	**$62,261,373.56**	**$64,775,736.87**
	Convention Committees		
	Democratic Committee	$13,512,000.00	$14,057,668.61
	Republican Committee	$13,512,000.00	$14,057,668.61
	Reform Party Committee	$2,522,690.00	$2,624,566.31
	Total Convention Funds	**$29,546,690.00**	**$30,739,903.53**
	General		
	George Bush (R)	$67,560,000.00	$70,288,343.04
	Albert Gore (D)	$67,560,000.00	$70,288,343.04
	Patrick Buchanan (Reform)	$12,613,452.00	$13,122,833.65
	Total General Funds	**$147,733,452.00**	**$153,699,519.73**

Source: Scott Thomas, Campaign Finance Institute, "The Presidential Election Public Funding Program—A Commissioner's Perspective," Testimony before the Campaign Finance Institute on Presidential Nomination Financing, January 31, 2003, www.cfinst.org. Inflation adjustments by author.

Notes

1. See Appendix for a complete list of candidates who have received funds from the presidential public funding system. The nominal outlays are translated into 2002 dollars. The $2 billion number is in 2002 dollars as are all subsequent references to spending by the presidential public funding system.

2. Scott Thomas, Campaign Finance Institute, "The Presidential Election Public Funding Program—A Commissioner's Perspective," Testimony before the Campaign Finance Institute on Presidential Nomination Financing, January 31, 2003, www.cfinst.org. See also Campaign Finance Institute Task Force on Presidential Nomination Financing, *Participation, Competition, Engagement: Reviving and Improving Public Funding for Presidential Nomination Politics* (Washington: Campaign Finance Institute, 2003). Cited hereafter as CFI Task Force.

3. If the funding were applied to the government deficit, for example, future taxpayers would receive both that sum and the forgone debt servicing connected to that sum.

4. This basic information on the system comes from Federal Election Commission, "The Presidential Public Funding Program," April 1993, www.fec.gov/info/pfund.htm.

5. *Buckley v. Valeo,* 424 U.S. 1, 92 (1976).

6. The law also established a $5,000 limit on contributions by political action committees (PACs). PACs typically do not contribute much to presidential elections. Recently, they have provided about 1 percent of presidential funding. Jeffrey Milyo, David Primo, and Timothy Groseclose, "Corporate Campaign Contributions in Perspective," *Business and Politics* 2 (2000): 78.

7. See CFI Task Force, chap. 3.

8. "The present system of public funding has evolved since first being proposed by Representative William Bourke Cockran in 1904 and, notably, President Theodore Roosevelt in 1907, as a means of curbing corruption by reducing (if not eliminating) the role of private money in elections." Joseph E. Cantor, "The Presidential Election Campaign Fund and Tax Checkoff: Background and Current Issues," Congressional Research Service Report RS20/33, March 18, 1997.

9. "Private funding, in effect, gives a large number of extra votes to a small number of unrepresentative individuals. These votes are not tabulated in the ballot result, but they play a role in the process of influencing how the ballots are cast." Richard Briffault, "Public Funding and Democratic Elections," *University of Pennsylvania Law Review* 148 (December 1999): 576 and passim.

10. See Cantor.

11. We should not assume, however, that the matching fund mechanism has reduced the size of the average individual contribution. We do not know what the average contribution would have been without the system, and we lack data on the average contributions to presidential campaigns prior to the creation of the presidential public funding system.

12. *Buckley* at 25.

13. See "Probe into 1996 Democratic Fundraising, 1997 Legislative Chronology." CQ Electronic Library, CQ Public Affairs Collection, cqal97-0000181143. Originally published in *CQ Almanac 1997* (Washington: CQ Press, 1998). Other scandals centered on the location of Vice President Al Gore's fundraising calls and his knowledge about a visit to a Buddhist temple.

14. Stephen Ansolabehere, John M. Figueiredo, and James M. Snyder Jr., "Why Is There So Little Money in U.S. Politics?" *Journal of Economic Perspectives* 17, no. 1 (Winter 2003): 116.

15. Jeffrey Milyo, David Primo, and Timothy Groseclose, "Corporate Campaign Contributions in Perspective," *Business and Politics* 2 (2000): 82.

16. The following analysis does not mean I accept the validity of the "appearance of corruption" justification for campaign finance regulation. The analysis is purely conditional. Assuming for purposes of argument that the "appearance of corruption" standard is legitimate, the analysis asks whether public financing has increased public trust.

17. The National Elections Studies project constructed this index using data from the following questions: "How much of the time do you think you can trust the government in Washington to do what is right—just about always, most of the time or only some of the time?" "Would you say the government is pretty much run by a few big interests looking out for themselves or that it is run for the benefit of all the people?" "Do you think that people in the government waste a lot of money we pay in taxes, waste some of it, or don't waste very much of it?" "Do you think that quite a few of the people running the government are [1958–72, a little] crooked, not very many are, or do you think hardly any of them are crooked [1958–72, at all]?" See www.umich.edu/~nes/nesguide/toptable/tab5a_5.htm.

18. *Buckley* at 92.

19. The CFI Task Force posits competition as a purpose of the presidential public funding system. CFI Task Force, p. 3. Since my interpretation of both public discussion and competition focuses on candidate entry into elections, the two criteria are similar if not identical.

20. Ibid., p. 28.

21. See Kenneth Jost, "Campaign Finance Reform," *CQ Researcher,* February 9, 1996, http://library.cqpress.com/cqresearcher/document.php?id=cqresrre19960209&type=hitlist&num=3&.

22. George Wallace financed his campaign largely through small donations. See Dan T. Carter, *From George Wallace to Newt Gingrich: Race in the Conservative Counterrevolution, 1963–1994*, Walter Lynwood Fleming Lectures in Southern History (Baton Rouge: Louisiana State University Press, 1996), p. 11.

23. See Appendix for a comprehensive list of the candidates receiving public funding since 1976.

24. Data on presidential primary candidates come John L. Moore, Jon P. Preimesberger, and David R. Tarr, eds., *Congressional Quarterly's Guide to U.S. Elections* (Washington: Congressional Quarterly,

2001), vol. 1, pp. 339–410.

25. L. Sandy Maisel, *Parties and Elections in America: The Electoral Process, in Post-Election Update*, 3d ed. (New York: Rowman and Littlefield, 2002), pp. 266–67.

26. Van Doren used two models in his analysis. In the first, the total number of primary candidates who received more than 1 percent of the vote from 1948 through 2002 was estimated as a function of a constant, a time counter, and a dummy variable for 1976, the year in which public financing of primaries started. The coefficients on neither the time counter nor the 1976 dummy were different from zero with 95 percent confidence. In the second model, the total number of candidates was estimated as a function of the time counter interacted with the 1976 dummy so that the value of the variable was zero before 1976 and a time counter after 1976. The coefficient on this variable was different from zero and negative with greater than 99 percent confidence. The results are consistent with an interpretation that the introduction of public financing (or whatever else happened in 1976) did not increase and may have decreased entry by candidates. Regression results available upon request.

27. See "Solid Fund-Raising by Lyndon LaRouche," *New York Times*, May 3, 2003, p. 16.

28. See the press release at http://larouchein2004.net/pages/pressreleases/2003/030707synarchist.htm. The nature of LaRouche's outlook may be discerned from his official biography at www.larouchepub.com/resume.html.

29. Actual total $5,581,179.28 in 2002 dollars. See Appendix. All subsequent dollars figures are in 2002 dollars.

30. On Fulani's political views and background, see David Grann, "Coming Soon to a Presidential Campaign Near You," *New Republic*, December 13, 1999, p. 20. There were allegations that some of the presidential funding was embezzled. Ibid., p. 23.

31. Hagelin's general outlook may be found at http://www.natural-law.org/. Perhaps not surprising, the Natural Law Party supports public funding along with requiring the television networks "to sponsor equal coverage of all qualified candidates during the election season." See Hagelin's statement to the Campaign Finance Institute on January 31, 2003, at www.natural-law.org/testimony/index.html.

32. Bob Park, "Applied Physics: Hagelin Offers to End Violence in Kosovo," American Physical Society, April 9, 1999, www.aps.org/WN/WN99/wn040999.html#3.

33. I would like to thank the staff of the Federal Election Commission for assistance in compiling the data in this paragraph.

34. Candice J. Nelson, "Spending in the 2000 Election," in *Financing the 2000 Election*, ed. David B. Magleby (Washington: Brookings Institution Press, 2002), p. 35. Another survey found 10 percent of Americans contributing to campaigns. See Ansolabehere, Figueiredo, and Snyder, p. 108.

35. See CFI Task Force, p. xvii; and Anthony Corrado, *Paying for Presidents: Public Financing in National Elections* (New York: Twentieth Century Fund Press, 1993), p. 18.

36. Federal Election Commission, *The Presidential Public Funding Program* (Washington: Federal Election Commission, April, 1993), chap. 5, www.fec.gov/info/pfund.htm.

37. Michael J. Malbin and Thomas L. Gais, *The Day after Reform: Sobering Campaign Finance Lessons from the American States* (Albany, NY: Rockefeller Institute Press, 1998), p. 68, figure 4-1, and p. 70.

38. William G. Mayer, "Public Attitudes on Campaign Finance," in *A User's Guide to Campaign Finance Reform*, ed. Gerald C. Lubenow (Lanham, MD: Rowman and Littlefield, 2001), pp. 59–61.

39. Scott Thomas, "Better Presidential Campaigns for Only $2 More," *New York Times*, July 1, 2003, p. 23.

40. In 1997, 78 percent of respondents thought public financing of political campaigns "would cost taxpayers too much money." See CBS News, New York Times poll, April 2–5, 1997, 1,347 participants, available at the Roper Center, Accession number: 0276553.

41. CFI Task Force, pp. 54–55.

42. Michael Toner, "Reforming Campaign Finance," *Washington Post*, July 6, 2003, p. B7.

43. Peter L. Francia and Paul S. Herrnson, "Begging for Bucks," *Campaigns and Elections*, April 2001, p. 51.

44. Corrado, pp. 84–85.

45. Nelson, pp. 28–29.

46. Carolyn B. Thompson and James W. Ware, *The Leadership Genius of George W. Bush : 10 Commonsense Lessons from the Commander in Chief* (New York: Wiley and Sons, 2003), pp. 168–69.

47. On the importance of persuasion, see Richard Neustadt, *Presidential Power and Modern Presidents* (New York: Free Press, 1991); on the value of organizational abilities, see Charles E. Walcott and Karen M. Hult, *Governing the White House: From Hoover to LBJ* (Lawrence: University Press of Kansas, 1995).

48. For a history of proposed spending limits in campaign finance regulation, see Robert E. Mutch, *Campaigns, Congress and Courts: The Making of Federal Campaign Finance Law* (New York: Praeger, 1988), pp. 32–34, 69–70.

49. Burton A. Abrams and Russell F. Settle, "The Economic Theory of Regulation and the Financing of Presidential Elections," *Journal of Political Economy* 86 (April 1978), p. 249, table 2.

50. Charlie Rose, chairman, Committee on House Administration, *History of the United States House of Representatives, 1789–1994* (Washington: Government Printing Office, 1994), http://clerk.house.gov/histHigh/Congressional_History/partyDiv.php].

51. See the official website of the U.S. Senate, www.senate.gov/pagelayout/history/one_item_and_teasers/partydiv.htm, for the raw data for those years.

52. University of Michigan, Center for Political Studies, National Election Studies, *The NES Guide to Public Opinion and Electoral Behavior,* 1995–2000, table 5A.5, www.umich.edu/~nes/nesguide/nesguide.htm.

53. See the data on public mood at the website for James A. Stimson, a professor of political science at the University of North Carolina, www.unc.edu/~jstimson/; and James A. Stimson, *Public Opinion in America: Moods, Cycles and Swings*, 2d ed. (Boulder, CO: Westview, 1999).

54. On anticipation of the public mood, see James A. Stimson, Michael B. MacKuen, and Robert S. Erikson. "Dynamic Representation," *American Political Science Review*, 89 (1995): 543–65.

55. Abrams and Settle, p. 251.

56. See the model and specifications in ibid., pp. 253–56.

57. See Corrado, p. 64.

58. Marianne Holt, "The Surge in Party Money in Competitive 1998 Congressional Elections," in *Outside Money: Soft Money and Issue Advocacy in the 1998 Congressional Elections*, ed. David B. Magleby (New York: Rowman and Littlefield, 2000), p. 32, table 2.3.

59. The organization Americans Coming Together has already formed to raise such funds for the Democrats. See Thomas B. Edsall, "Liberals Form Fund to Defeat President," *Washington Post*, August 8, 2003, p. A03.

60. Howard Dean, "We the People (Who Write Small Checks)," *Wall Street Journal*, November 10, 2003.

61. CFI Task Force, p. 8.

62. Ibid., p. 3.

63. For example, the affirmative action policy has long been opposed by majorities and yet persists. See Elaine Sharp, *The Sometime Connection: Public Opinion and Social Policy* (Albany: State University of New York Press, 1999), chap. 3.

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