An irony of electoral reform

Edwin M. Epstein

THE 1970s HAVE WITNESSED an explosion in federal regulation of the electoral process. When the Ninety-Sixth Congress deliberates the Federal Election Campaign Act Amendments of 1979, it would do well to keep in mind an important lesson of the three previous rounds in federal campaign legislation. The lesson is that campaign regulation, like regulation in other fields, often has unintended—and indeed ironic—consequences.

It is not an exaggeration to say that the Federal Election Campaign Act (FECA), enacted in 1971 and amended in 1974 and 1976, has legitimized the role of corporations and business-related groups in federal elections, greatly improving their position vis-à-vis labor and other social interests. The act has also established the political action committee (PAC), labor's long-time and essential political mechanism, as the primary vehicle for business involvement in the electoral process. The irony is that, in each of the three legislative rounds, it was organized labor, not business, that brought about the key provisions relating to PACs. A further irony is that comprehensive campaign regulation has increased the role of organized "special" interests within the federal electoral process at the expense of political parties and individual contributors—surely a far cry from what reformers intended.

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Federal Election Regulation of Business and Labor in the 1970s

A glance at recent history will help explain how these developments came about. Union experience with PACs dates to the mid-1930s when John L. Lewis established Labor's Non-Partisan Political League. Then, in 1955, the merger of the AFL and CIO brought with it the creation of the Committee on Political Education (COPE), the model for virtually all future political action committees. From the outset, national, state, and local units of COPE have not only raised and distributed funds, but have also served as the mechanism for coherent and comprehensive union activity in the electoral process, including voter registration, political education, and get-out-the-vote drives.

Business, however, did little with PACs before 1972. Actually, until the reforms in campaign financing laws of the 1970s, there was little need for business PACs: monies from business-related sources could legally enter the electoral arena in virtually unlimited amounts, in the form of individual contributions by wealthy persons affiliated with corporations and other business organizations. Thus, for example, the Business Industry Political Action Committee (BIPAC), formed by affiliates of the National Association of Manufacturers during the early 1960s, was a pale shadow of COPE.

The Federal Election Campaign Act of 1971 is the root of the PAC growth of the seventies. That act allowed corporations and labor unions (1) to communicate on any subject (including partisan politics) with stockholders and members, respectively, and their families, (2) to conduct nonpartisan registration and get-out-the-vote drives directed at these same constituencies, and (3) to spend company and union funds to establish and administer a "separate segregated fund" to be used for political purposes—that is, to set up political action committees.

The provision authorizing PACs was added to the bill on the House floor through an amendment drafted by the AFL-CIO. In this amendment, organized labor was seeking insurance against the possibility that the Supreme Court would uphold a court of appeal's ruling that the PAC organized by Pipefitters Local Union No. 562 was compulsory and union-financed rather than voluntary and member-financed, and was therefore illegal. Unions were, according to the AFL-CIO officials who helped draft the amendment authorizing PACs, taking a calculated risk. Since previous corporate electoral activity had been aimed at management-level employees rather than at shareholders and had focused primarily on fund-raising activities, few labor leaders thought companies would establish PACs. So they figured that the benefits from removing the threat to union political action committees would exceed the risks of giving business a virtual carte blanche to establish PACs. Though the new 1971 law provided the basis for the Supreme Court's reversal of the court of appeals in *Pipefitters* (1972), it nonetheless turned out to be a strategic error for labor in the longer term.

Corporate PACs played a relatively small role in the 1972 election. In addition to the fund-raising entrepreneurship of the Finance Committee to Re-Elect the President (which raised substantial sums from business sources), there was another reason. Many companies with government contracts were fearful of establishing political action committees after Common Cause, in a lawsuit against TRW Inc., questioned whether the authorization of corporate PACs was compatible with another section in the 1971 act that prohibited campaign contributions by government contractors.

Labor was also concerned about the Common Cause suit, because a number of unions were government contractors by reason of their federal manpower training and development contracts. Thus in the debate on the 1974 FECA amendments, labor led the successful campaign for a provision making it clear that corporations and labor unions with government contracts were *not* prohibited from establishing PACs. But, as in 1971, the effort backfired—in this instance because the overwhelming majority of government contractors are corporations. Thus, it has been business, not labor, that has been the major beneficiary of labor's effort.

The next chapter in our story begins with the Federal Election Commission's 1975 ruling in SUN-PAC, the most important advisory opinion in the commission's four-year history. In a 4–2 decision, the FEC held that Sun Oil Company could (1) use general treasury funds to establish, administer, and solicit contributions to SUN-PAC, its political action committee, (2) solicit contributions to SUN-PAC from both stockholders *and employees,* and (3) establish multiple PACs, each with separate contribution and expenditure limits, as long as the monies came solely from voluntary contributions. 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. In the six months following the FEC's decision, over 150 corporations established PACs, bringing the number in existence to nearly 300. Not surprisingly, labor groups vigorously denounced the SUN-PAC ruling and resorted once again to the Congress.

At the heart of Congress's concerns in drafting the 1976 campaign act amendments was rectification of the SUN-PAC outcome by establishing a new and politically acceptable balance between union and corporate rights in federal elections. Once again, lobbyists for the AFL-CIO and the United Auto Workers spearheaded the legislative effort. In the end, the bill, while hardly a complete labor triumph, was clearly more acceptable to labor than to business.

The nub of the compromise worked out was a provision limiting corporate PACs to soliciting contributions from stockholders and "executive or administrative personnel" and their families, while, as before, labor unions were limited to soliciting union members and their families. Twice a year, union and corporate PACs could make use of "cross-over" rights—that is, solicit the other's constituency by mail, using an independent third party as a conduit. Organized labor achieved a key objective when it was permitted to use payroll deduction plans ("check-offs") to collect from its members if the company PAC used that method with its stockholders or executive/administrative personnel. Finally, a "nonproliferation" provision was included: while a corporation (or union) could set up an unlimited number of PACs, all such affiliated committees were restricted to a contribution limit of $5,000 per candidate per election. This provision was designed to eliminate the establishment of multiple PACs by corporations seeking to take advantage of SUN-PAC ruling. Labor's triumph was only partial, however, since union and union-affiliated PACs were limited in the same way. Moreover, membership organizations, trade associations, cooperatives, and corporations without capital stock were explicitly authorized to establish PACs.

In summary, while the 1976 amendments restored part of what organized labor had lost in SUN-PAC, they gave the business community far greater running room in the electoral process than theretofore. Ironically, both business and labor exert a much stronger impact upon electoral politics today than reformers had envisioned or find acceptable.

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Campaign 1978

Federal Election Commission statistics for 1976 and 1978 show the rapid expansion in numbers and activity by PACs in general and business-related PACs in particular. For those two years, the number of PACs rose from 1,242 to 1,938 and total spending by these committees rose from $30.1 million to $77.8 million. There were more corporate PACs than labor throughout the period but, in each campaign, labor PACs outraised and outspent their corporate counterparts. The situation was rapidly changing, however, for almost all of the increase in PAC funds was generated by nonlabor PACs—that is, corporate and "other." (See Table 1.)

In 1978 PACs contributed $35.1 million directly to congressional candidates, representing 18 percent of the $199 million these candidates received from all sources that year. Of this amount, corporate PACs donated some $9.8 million, favoring Republicans over Democrats ($6.2 million to $3.7 million) and incumbents over challengers and candidates for open seats (5.7 to 2.1 and 2.1); and labor-affiliated committees donated $10.2 million, favoring Democrats over Republicans (9.7 to 0.6) and incumbents over challengers and open seat candidates (6.1 to 2.2 and 2.0).

Simple corporate-labor comparisons, while interesting, understate significantly the extent of business's electoral role. This is so because the FEC's classification scheme puts groups that are not explicitly business or labor into four separate categories—No-Connected Organizations (for example, Business-Industry Political Action Committee), Trade/Membership /Health (for example, National Association of Realtors), Cooperatives (for example, Associated Milk Producers, Inc.), and Corporations without Stock (for example, California Almond Growers Exchange). In 1978, as column three of Table 1 shows, the four categories accounted for 836 PACs and contributions to congressional candidates of $15.0 million. In those contributions Republicans were favored over Democrats ($8.7 million to $6.3 million) and incumbents over challengers and candidates for open seats (8.1 to 3.5 and 3.4). If we assume that only half the amounts raised, spent, and contributed to congressional candidates by the noncorporate, nonlabor PACs emanate from business-related committees—a very conservative estimate, indeed!—the receipts and disbursements attributable to business rise by over $21.5 million and contributions to congressional candidates by 7.5 million. Thus the totals for corporate and business-related PAC activity are those given in the fourth column of Table 1.

Based on these estimates, business and business-related groups out-raised and out-disbursed labor groups by almost two to one in 1978 and out-contributed them by almost 70 percent. Indeed several of the largest noncorporate business-related PACs, such as those of the National Association of Realtors and the Na-

Table 1

PAC FINANCIAL DATA, CAMPAIGNS 1976 AND 1978
($ in millions)

	Committee Type			
	Labor	Corporate	Other[a]	Total business estimated[b]
Number:[c]				
1976	303	450	489	695
1978	281	821	836	1,239
Number contributing to congressional candidates:				
1976	265	390	—	—
1978	211	697	551	973
Receipts (adj.):				
1976	$18.6	$ 6.8	—	—
1978	$19.8	$17.7	$43.1	$39.3
Disbursements (adj.):				
1976	$17.5	$ 5.8	$ 6.8 (est.)	$12.6 (est.)
1978	$18.9	$15.3	$43.6	$37.1
Contributions to congressional candidates:				
1976	$ 8.2	$ 4.3	—	—
1978	$10.2	$ 9.8	$15.0	$17.3

a Composed of all PACs classified by the FEC as No-Connected, Membership/Trade Association/Health, Cooperatives, and Corporations without Capital Stock.

b Includes figures for corporate PACs and for the half of "other" PACs (column three) that is assumed to be "business related" (see text), except that the figure for 1976 disbursements ($6.8 million) is for business-related PACs only (estimated by *Fortune*).

c Includes all PACs that engaged in activity during the two-year cycle.

Sources: FEC Report on Financial Activity, 1977-78, Interim Report (May 1979), FEC Disclosure Series No. 8 (1977) and 10 (1978), and *Fortune*, March 27, 1978.

tional Automobile Dealers Association, out-raised, out-spent, and out-contributed (or matched) the two biggest labor committees, AFL-CIO COPE and UAW-V-CAP. These noncorporate business-related PACs, moreover, outstripped even the largest company committees, Standard Oil of Indiana's and the International Paper Company's, by a factor of six to one.

The increase in PAC activity from 1976 to 1978 continued a trend. According to Common Cause, between 1974 and 1976 corporate and trade association groups had increased their contributions over two-and-one-half-fold ($2.5 million to $7.1 million), while labor groups had raised theirs by some 30 percent ($6.3 million to $8.2 million). It is thus no surprise that, between 1976 and 1978, corporate contributions to candidates more than doubled, while labor's contributions rose by 24 percent. Whatever measures one uses, it is apparent that business-related PACs (both of the corporate and non-corporate varieties) played a far more important role in 1978 than they had in any election theretofore.

Two caveats are necessary here. First, along with establishing PACs, corporations, unions, and other groups may advocate (in communications to their stockholders, managerial personnel, and members) the support or defeat of particular candidates, as long as they report such expenditures of $2,000 or more to the FEC. In 1976, sixty-six labor organizations reported spending slightly more than $2 million in internal communications, while only four corporations reported spending a total of $31,000. Second, the above figures do not include labor union spending for registration, get-out-the-vote, candidate logistical support, and general political education—activities that benefit labor-endorsed candidates and are considered by many political observers to be more important to a candidate's campaign than direct financial contributions. Michael J. Malbin estimates that, in 1976, organized labor at all levels spent almost two-thirds as much on these nonreportable items (and overhead) as its total reportable expenditures of $17.5 million (*National Journal*, March 19, 1977). In 1978, labor probably spent nearly $20 million for these items. While some national business groups (BIPAC, for one) and an occasional corporation have undertaken serious political education efforts, business has in general done very little in voter registration, get-out-the-vote, and non-candidate-related internal political communications. In these endeavors labor's expertise—and comparative advantage—remain most apparent.

The Business PAC Potential

The explosion in total business PAC activity from 1974 to 1978 reflects mostly the rise in the number of corporate and business-related PACs. While labor's PACs increased some 35 percent, the number of corporate PACs expanded more than sevenfold and those affiliated with "other" interests expanded more than two-and-a-half times. Impressive as the growth in corporate PACs has been, what is astonishing is how few corporate PACs there are, given how many there might be. Contrary to popular opinion, only 41 percent of the corporations with PACs on September 30, 1978, were among the giants of American business, as measured by inclusion in any of *Fortune* magazine's 1978 lists.

Consider the bottom line of Table 2: of *Fortune*'s top 1,000 industrials and 300 leading nonindustrials (1,300 firms in all), only 334

Table 2

PACs OF *FORTUNE*-RANKED FIRMS, BY FIRM SIZE, SEPTEMBER 1978

Size Category (based on 1977 revenues)		**Number of PACs**
Fortune's Top 1,000 Industrials:		
First 250		141
1st 50	35	
2nd 50	34	
3rd 50	30	
4th 50	25	
5th 50	17	
Second 250		52
Third 250		24
Fourth 250		7
Subtotal		224
Fortune's Leading 300 Nonindustrials (50 firms in each category):		
Commercial banking		25
Life insurances		6
Diversified financials		15
Retailing		15
Transportation		26
Utilities		23
Subtotal		110
Total, *Fortune*'s 1,300 Firms		334

Source: FEC Report on Financial Activity, 1977-78, Interim Report No. 2 (September 1978).

firms—26 percent—had a PAC as of September 1978. If we turn to the entire pool of potential corporate registrants, the figures are even more dramatic. The 823 corporate PACs active in the 1978 cycle represented only 22 percent of the 3,755 U.S. corporations with reported assets of $100 million or more (1974) and a meager 3.4 percent of the 23,834 corporations with reported assets of $10 million or more. In short, the market for potential PAC formations is virtually untapped.

Moreover, in monies raised and donated, the 1978 operations of corporate PACs reveal just the tip of a possible iceberg. In 1976 only nine corporate PACs raised or spent more than $100,000, and in 1978 only six raised or spent more than $200,000.

Given the trend and the potential, there is no gainsaying that company committees give every promise of continuing to increase in numbers and in the distribution of their PAC funds. Surely by 1982, there could be 1,000 corporate PACs spending a total of some $50 million (an average of $50,000 apiece) and distributing $25–30 million directly to congressional candidates (assuming the present disbursement ratios do not change). My research suggests, moreover, that at least some companies will begin to undertake new forms of electoral involvement—automatic payroll deduction plans, nonpartisan registration and get-out-the-vote drives, and internal political communications among managerial level employees and shareholders.

Similarly, business-related (but noncorporate) associations are likely to increase both the size and vigor of their PAC operations. Here, too, the pool of potential registrants is large. For example, an estimated 1,500 trade and professional associations are currently headquartered in Washington, D.C., alone.

Labor PAC Potential

On the labor side, on the other hand, the number of PACs is not likely to increase much from the high-water mark of 303 in 1976. The unions that are politically active have, in the main, been operating PACs for years. Moreover, according to FEC data, of the 303 labor committees active in the 1976 campaign, 42 raised and spent over 82 percent of labor's funds. If the 21 with receipts or expenditures of $50,000–100,-000 are added in, we have nearly 90 percent of the union total. The remaining PACs represented either small unions or affiliates of large international unions (and, as such, were subject to the single contribution limit).

Labor's best opportunity for increasing its pool of voluntary political dollars lies in developing more productive fund-raising techniques. Very few unions, whether AFL-CIO affiliated or independent, have average contributions of a dollar per worker per year. If even that small amount were collected from each unionist, organized labor would raise some $19.4 million annually—or nearly $39 million biennially—from its U.S. members. This would almost double the amount generated by labor for campaign 1978 ($19.8 million) and would permit unions to contribute some $20 million directly to congressional candidates. Some unions are beginning to use payroll deductions (check-offs) to increase their per-member annual yield where this method is available through either reciprocal rights or collective bargaining. Others are considering direct-mail campaigns among their members—a technique used to good advantage by conservative groups and by the National Republican Congressional Campaign Committee.

Coping with Unintended Consequences

Certainly it is premature to suggest that labor's overall electoral effectiveness vis-à-vis business has been fatally impaired. Undoubtedly, some business-related PAC money is simply old wine in new bottles—funds that business had previously channeled into the campaign-financing process through company or associational officials or, on some occasions, sub rosa. But the rapidity and effectiveness with which the business community embraced the PAC was not anticipated by organized labor's political leadership. Nor did the leadership anticipate that the growth of business PACs would erode labor's position by providing alternative sources of funding for both congressional incumbents and challengers (particularly Democrats) who in the past were heavily dependent upon union monies for their campaigns.

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It is hardly surprising therefore that, in the last Congress, the same labor representatives who were most instrumental in shaping the PAC provisions in the earlier campaign acts urged that PAC contribution limits be reduced from $5,000 to $2,500 and that partial public financing of House general election races be instituted. Arguably, the effect of the proposed halving of PAC contributions would be more cosmetic than real, since the great bulk of both labor and business contributions is in amounts of less than $2,500, yet it is noteworthy that union PACs gave more $2,500-and-over contributions in 1976 than did business. Labor apparently is willing to forego a short-run advantage from maintaining the higher limit in exchange for the longer-run benefit of forestalling the large corporate contributions that could come once company PACs have assembled truly substantial funds.

In addition—and for very similar reasons—organized labor is strongly backing the two public financing bills currently under consideration in the Congress (H.R. 1 and S. 623). Many labor officials would like to have unions, corporations, and other interest groups wholly out of the business of making direct money contributions—through their PACs—to political candidates and party committees. They worry that direct business contributions could eventually far outstrip direct labor contributions and would prefer, therefore, to restrict business and labor involvement to those activities in which labor has the greatest comparative advantage—voter registration, political research and education, and get-out-the-vote endeavors.

A Reminder to Congress

While the role of the individual contributor has been constrained by the Federal Election Campaign Act, union and particularly business electoral *potential* has been increased. The "reforms" of the 1970s have given both business and labor a distinct advantage over those social interests that have neither the legal right to use organization funds for PAC start-up and administrative costs, nor the requisite financial or organizational resources to emulate labor or business PACs. It is important to note here that, although business and labor are usually cast in the role of electoral competitors, frequently they in fact share sufficient political interests so that cooperation rather than competition can characterize their behavior. Joint labor-business geographical concerns or industry needs, or the opposition of a common foe (a militant environmental group) can mean coalition politics in which the two most powerful coalitions themselves join together. Arguably, one of the greatest potential challenges to the integrity of American electoral politics could arise from excessive harmony between powerful business and powerful labor.

The future of labor and business-related PACs is, however, uncertain. If *full* public financing of congressional elections should be adopted, business and labor would presumably shift their efforts from direct contributions to in-kind contributions and independent expenditures (assuming such activities remained legal). Labor, at least in the short run, would have a clear advantage here. Even without such a change, the future electoral roles of business and labor will be determined by what PACs actually do in the years ahead. If corporate and business-related PACs should raise $50 million per election biennium and contribute half that directly to federal candidates, and if labor PACs should achieve their $40 million goal, we might, indeed, reach a point where too much campaign money originates from these sources. This would be particularly the case if business and labor contributions were largely reinforcing—supporting incumbents (though different ones to some extent), doing little for challengers, and thereby perpetuating the congressional status quo.

Undoubtedly, the most important rationale underlying public regulation of corporate and labor electoral involvement has been to ensure that the power of wealth does not run roughshod over the people's will. In 1978, business and labor PACs provided 18 percent of the $199 million raised by congressional candidates. This percentage does not, in my view, amount to excessive interference in the political process or present the kind of threat to the body politic that would justify dramatic new regulation of electoral behavior. Nor shall we reach that point unless business or labor badly overplays its hand by misuse or overuse of its political action committees. The irony of all this is that organized labor unwittingly sowed the seeds that have borne the very fruit it sought to prevent—enhanced business electoral effectiveness—through business use of labor's favorite mechanism, the political action committee. It is a case in point that regulatory measures may have unforeseen consequences—which is something to be kept in the congressional mind. ■

The Business PAC Phenomenon

Neither a mountain nor a molehill

Michael J. Malbin

CONGRESS TRIED three times in the 1970s to minimize the role of "private interests" in federal election campaigns. Three times, Congress failed. Edwin Epstein demonstrates this by showing how a series of amendments pushed by organized labor over the active opposition of the business community have worked to labor's net disadvantage. It is particularly appropriate to stress this now, as Congress tries to beat the odds favoring ironic consequences with still one more bill to "clean up" the campaign process.

Epstein's negative thesis is persuasive, but his positive thesis seems less satisfactory. He argues that business gained from labor's miscalculation. To this end, he shows that business PACs are bigger now than they used to be and probably will get even bigger in the future. His

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evidence is indisputable, but there is a large gap between his true statements about *PAC* growth and the questionable inference that business's overall involvement in electoral politics is on the rise. To be fair, Epstein never draws this inference directly. It is drawn, however, by others to support their political positions on the need for further legislation.

The problem with the inference is that a business PAC contribution is only one of a number of ways in which people in business participate in electoral politics. Before the 1974 law individuals in business and other walks of life were allowed to contribute unlimited amounts to political campaigns whereas corporations, as Epstein notes, were required for the most part to stay out of politics *as corporate entities.* Not all corporations did stay out, of course. One of the main reasons it was considered a "reform" to let corporations form PACs was that a fairly large number of them were already doing, under the table, what they now are permitted to do openly. Executives were "encouraged" to contribute specific percentages of their salaries to political candidates. "Double envelopes" were used to collect individual contributions and deliver them to candidates in an outer envelope bearing the corporation's return address. Corporate funds were passed off illegally as individual contributions. Airplanes, photocopying, and other in-kind services were made available to candidates. Faced with all this, Congress decided in 1974 that it preferred the open participation of corporations through political action committees to the covert participation then in vogue.

It is possible, of course, that the $17.3 million listed by Epstein as business PAC contributions to congressional candidates in 1978 represents a net increase in business activity from the years before 1974, but the point would be difficult to prove. For my own part, I doubt it. Of Epstein's $17.3 million, $7.5 million came from trade associations, professional organizations, agricultural cooperatives, and the like—precisely the same organizations that, together with organized labor, dominated pre-1974 contributions by formally organized groups. The real question is whether business PACs and individuals in business together now give a greater combined total than the unreported combined total of what used to be given legally by individuals in business and illegally by corporations. That question in principle is an empirical one, but we are not likely ever to know the answer. It took Herbert Alexander months after each election to give us a picture of presidential campaign finances in the years before public reporting, and no one ever has done or could do the equivalent research on congressional races. As I said, I doubt that the combined figures have grown all that much—particularly not if they are viewed as percentages of the whole electoral dollar.

We do know one thing for certain, however. PAC contributions grew from 1976 to 1978, but *they did not grow when viewed as a percentage of the whole.* The table makes this clear. While PACs may have given 50 percent more to congressional candidates in 1978 than in 1976, so did everyone else. Candidates were raising money in 1978 from the same kinds of places in roughly the same proportions as they did two years before. As in 1976, more than half of the money raised for House candidates who

FUND SOURCES, HOUSE AND SENATE GENERAL ELECTION CANDIDATES, 1976 AND 1978

	House		Senate	
	1976	1978 (est.)	1976	1978 (est.)
Amount raised (millions)	$65.7	$92.8	$39.1	$63.8
Percent from individual contributions				
$0-100	36	34	28	33
$101-499	12	10	13	11
Over $500	11	13	27	25
Percent from nonparty PAC	22	26	15	14
Percent from parties	8	7	4	7
Percent from candidate gift or loan to self	10	8	12	8
Percent from other loans	1	2	0	3

Source: FEC press releases. Final figures for 1978 were not available at the time this went to press. Percentages after October 23 are estimated from a sampling of individual FEC filings.

made it to the general election and more than two-thirds of the money for Senate general election candidates came from individuals, with small contributors leading the way.

These figures confirm Epstein's conclusion that we are far from the point where we ought to be worried about business or other PACs playing a dominant role in financing politics. I would go further than this. The experience of 1978 suggests that as fast as the funds from business PACs have poured in, fund-raisers have been able to find other ways to raise money and thus keep the PACs proportionately in their place.

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But suppose PACs do grow proportionately as well as absolutely. What should Congress's reaction be? In part, our answer depends on what we see as the problem. The evidence from 1978 seems to suggest, contrary to Epstein, that corporate PACs have gone beyond simply supporting incumbents. Risk-taking on behalf of nationally attractive challengers or open-seat candidates seems much more common among the newer corporate PACs than among the older (pre-1974) PACs sponsored by trade associations. In fact, research I am now doing seems to suggest that the larger corporations, like the umbrella labor organizations, are behaving as combined general interest/special interest groups, while the real "special interest" groups —the ones that give money to incumbents for the sake of narrow economic interests—are the single-product corporations, trade associations, and single industry labor unions. As PAC contributions have grown, the proportionate importance of these single-minded economic groups has gone down, not up.

Even if PAC growth did represent a problem, what could Congress do about it? Cutting down the maximum amount a PAC can contribute to a candidate would do little to achieve what labor seems to want, although—as Epstein notes—labor pushed for precisely this in 1978. All corporate PACs gave almost as much as all labor PACs in 1978, even though the average corporate PAC contribution per congressional candidate was less than $500. If the number of corporate PACs continues to grow, labor will need large gifts to stay in the picture at all. In other words, if labor had achieved its goal in Congress in 1978, it would have repeated its performance of 1971, 1974, and 1976. It would have put through yet another amendment over business opposition that would have ended up hurting labor more than business.

The one thing that might help labor significantly, as Epstein notes, would be full (not partial) public financing of congressional elections. The reason for this can be gleaned from the 1976 general election campaign for the presidency. In that election, labor was able to spend approximately $11 million on internal communications with its members, on voter registration, and on getting out the vote. Ostensibly nonpartisan, these latter activities (which go unreported under the law) were carefully coordinated with the Carter-Mondale campaign and equalled almost half what the government gave each candidate to spend for his campaign (see my article in *National Journal*, March 19, 1977). In the short term, full public financing was a big help to organized labor. In the long term, it would equally help any group with a similarly sophisticated political organization.

In other words, full public financing might well reduce the role of business in politics but it would scarcely mean an end to special interest politics. While some interests would be hurt, others would certainly be helped. Virtually everything once again would be unreported. Some groups may well prefer this state of affairs and push full public financing for that reason. If they do, we should at least recognize what they are doing, and not let them pass off their proposals as a way to "purify" politics or as a way to counter a supposed proportional growth in business activity that no one can show has occurred.

THE MOST SIGNIFICANT impact of the 1970 campaign finance laws has not, in my estimation, been on the power of economic interests. This has stayed relatively constant. The deepest impact has been the law's tendency to reinforce individualistic anti-party politics, while enhancing the importance of those ideological and issue groups whose fund-raising techniques favor a politics of polarization. If Congress wants to address the real issues of campaign reform, it would do well to focus on the connections between campaigns and the other structural elements of our politics, instead of blithely assuming, as it has, that money is the root of all evil. ■