

union. The British Empire met the OCA criteria far better than does Chimerica. It is not surprising to Ferguson, therefore, that there is currently a severe economic crisis in the world that stemmed from financial instability in Chimerica.

In the end, *The Ascent of Money* provides a good account of how finance can be important in shaping history and does so in a lively manner. There are plenty of fresh insights, interesting stories, and clever historical connections made by the author that makes the book an enjoyable read. Contrary to the claims of the author, though, the book does not make a convincing case that the development and use of finance is the driving force of human history.

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Small Change: Money, Political Parties, and Campaign Finance Reform

Raymond J. La Raja

Ann Arbor: University of Michigan Press, 2008, 304 pp.

Ray La Raja has written one of the most provocative campaign finance books in recent memory. *Small Change* causes the reader to struggle with fundamental “truths” about money and politics, to revisit old questions, and to ask new ones. La Raja directly challenges prevailing scholarship—and popular wisdom—concerning the purposes and origins of campaign finance regulation and its effect on political parties. The dual focus on campaign finance *and* American political parties is arguably the book’s greatest strength. (La Raja generally uses the term “regulation” broadly, although his focus is on major changes in law rather than on regulations, such as those issued by the Federal Election Commission. For expediency, this review also uses the term “regulation” to encompass both federal campaign finance law and agency regulations.)

In *Small Change*, La Raja contends that neither campaign finance regulation nor parties can be studied in isolation. Rather, he argues, the two are inextricably linked. For La Raja, a century of campaign finance regulation has shaped every aspect of political parties, particularly organizationally and financially. The relationship La Raja describes is, essentially, a symbiotic one: regulation shapes parties,

and parties (especially factions within parties) both adapt to that regulation and try to change it to their advantage.

Small Change makes one primary argument: that campaign finance regulation has been the result of a competition for electoral resources among various factions within both the major national parties—not a Progressive political tradition rooted in anti-corruption and good-government sentiment, as most contemporary works imply. La Raja does not suggest that Progressive-style reform is disingenuous. Indeed, he recognizes that Progressivism, rooted in Mugwump politics of the late-1800s, emphasized regulation of parties and has been a driving force behind campaign finance regulation both before and after the Federal Election Campaign Act (FECA) was enacted, and amended primarily in the 1970s. La Raja does argue, however, that many explanations of the history of campaign finance regulation prematurely stop with—or simply accept—what he calls the “public interest perspective.” La Raja also isn’t satisfied with another prominent school of thought, the “rational choice” perspective. La Raja summarizes his objection to the latter because it assumes self-interest among policy actors “but ignores the tug and pull of factional struggles that give rise to specific reforms” (pp. 201–02).

Rather than adopting either the public interest or rational choice perspectives, La Raja turns to historical analysis. Especially in the first four chapters, *Small Change* presents a detailed account of campaign finance regulation from the late 1800s through the 2002 Bipartisan Campaign Reform Act (BCRA). This includes a review of major legislation (and, in some cases, related litigation), such as the Federal Corrupt Practices Act, the Hatch Acts, and the Taft-Hartley Act.

In doing so, La Raja rejects the common contention that FECA was the first major regulation of money in American politics. Instead, he argues that FECA and other major changes in law were, in fact, a continuation of a long tradition of competition among party factions. As La Raja explains:

The reform dynamic is multilayered. . . . Each major party possesses unique electoral resources derived from the different constellation of constituencies that support them. Party leaders must ensure that these resources are protected from “harmful” reforms, while foisting regulations that typically

impair the resources of the other major party. This partisan explanation of reform has been made by others in various contexts, but I also believe it falls well short of explaining how and why reforms have passed. What these previous accounts leave out is the *intrapartisan* struggles over reform. . . . Intraparty rivalries drive preferences for different approaches to reform . . . [especially] in presidential elections, which require enormous amounts of resources from several constituencies [pp. 43–44].

The result, La Raja suggests, has not been positive for political parties, which, for the purposes of the book are primarily limited to the Democratic National Committee and Republican National Committee. As La Raja explains, “One important consequence of the partisan and factional maneuvering is that campaign finance reforms tend to reinforce a trend toward fragmented political campaigns.” In addition, he contends, “The unintended consequence of many federal campaign finance laws has been the dispersion of money and activities among candidates and ‘shadow’ party groups” (p. 44). For La Raja, these “shadow” groups include 527s in recent years, and labor organizations and other interest groups in previous eras. Like others critics, La Raja suggests that campaign finance regulation has largely left national parties as peripheral players with limited direct influence over campaigns and too little ability to coordinate activities with candidates.

Small Change supports those findings in the second half of the book by examining party spending and campaigning after various reforms, with a focus on BCRA’s ban on national-party “soft money.” La Raja contends that BCRA falls “within the same regulatory pattern of previous reforms” and “stresses a renewed emphasis” on voluntary, small contributions (p. 156). Because, La Raja suggests, parties have been adept at adjusting their tactics to various reforms, the result is “small change” and that “the demand for electoral resources will eventually bump up against Progressive-style constraints imposed by the campaign finance system.” He predicts “the [BCRA] legal limits and prohibitions on political parties will generate the same kind of fragmented campaign activity we have seen in the past” (pp. 156–57).

In response, La Raja concludes by recommending policy changes that are essentially dedicated to deregulation, albeit in ways that the

author suggests are “modest and incremental” (p. 224). This includes renewed soft-money fundraising up to \$100,000 among national parties, raising the current limits on coordinated party expenditures, and permitting parties to distribute funds to publicly financed presidential campaigns (p. 227). Those who favor traditional “reform” are probably unlikely to view La Raja’s recommendations as either incremental or modest, although the recommendations certainly are narrower than the broad deregulatory approaches sometimes proposed by those opposed to campaign finance regulation.

There is much to praise in *Small Change*. The interactions between campaign finance and parties make the book doubly informative. Unlike many works with a heavy emphasis on either parties or campaign finance, *Small Change* does justice to both—often with more nuance and attention to detail than even works devoted solely to one subject. Despite the added complexity of tackling two subjects at once, the book is well written, direct, and clear. It is an ambitious, well-researched project.

As with any book, there is also room for questions and challenges. The attention to now largely forgotten history is unique and informative, yet relies almost entirely on secondary sources. Particularly for discussions of legislative history, one wonders why such an otherwise rigorous book did not go directly to the *Congressional Record* and similar sources rather than relying primarily on newspaper accounts. Similarly, La Raja provides intriguing summaries of party spending on broadcast advertising and other expenses. Apart from general attribution to the Federal Election Commission, however, it is unclear whether La Raja coded the expenses himself, received itemized summaries of “purpose of disbursement” reports, or obtained the data in some other way. Given the uniqueness of the data and their importance to his claims, additional detail would be enlightening.

More broadly, although La Raja makes a reasonable case for limiting the inquiry largely to the national party committees and presidential elections, one wonders whether his findings would carry over to congressional elections, the legislative campaign committees, and other aspects of party politics. At times, campaign finance regulation also becomes a catch-all explanation for allegedly weakened parties, with little attention to alternative explanations, such as the expanding political consulting industry and changes in voting behavior. As La Raja notes, it is too early to tell how well his findings will stand over

time. This seems especially true with respect to 527s, which were of particular concern during the 2004 cycle, the last one to receive substantial attention in the book. Subsequent data suggest, however, that 527s might not be playing as prominent a role after 2004 as they did when La Raja was writing the book.

There are certainly findings in *Small Change* that seem counter-intuitive, and sometimes even questionable, but even those points in the book generally do more to keep the reader on his or her toes than to detract from what is an innovative and thoroughly researched work of political science. The book left this reviewer wishing that La Raja were there to debate his findings over a long conversation. *Small Change* is a fine start.

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The Libertarian Illusion: Ideology, Public Policy, and the Assault on the Common Good

William E. Hudson

Washington: CQ Press, 2008, 244 pp.

It is daunting to review a book claiming that everything you believe is wrong. Fortunately, William Hudson's *The Libertarian Illusion* also attacks many things that neither I nor very many other libertarians believe. This gives courage for the rest.

Hudson, a professor in the political science department at Providence College, is a communitarian. Were I to judge by his book alone, communitarianism appears to mean support for everything that government planners would like to do, provided only that a democratic majority believes such policies constitute the common good. In his first substantive chapter, Hudson also defends higher taxes to pay for these state-supplied goods and services. This stance is unlikely to endear him to the majority, but it's refreshingly honest.

Hudson also appears to have found a word for anything he disagrees with: "libertarian." He bends it to suit his needs. Thus Grover Norquist, who proposes tax cuts because they will lower government

¹The views expressed here are those of the reviewer, not necessarily those of the Congressional Research Service.