

**Campaign Spending Limits Forum and Debate
August 2, 2005; Georgetown University Law Center
Statement of Adam Lioz, State PIRGs Democracy Advocate**

Intro

Thank you, Stu; and thank you all for coming this morning. The state PIRGs are a national network of state-based public interest advocacy organizations, which includes VPIRG, one of the primary proponents of Vermont's spending limits law, and a defendant-intervenor in the lawsuit we're here to discuss today. As Stu mentioned, I work on campaign finance policy and other structural democracy issues for the state PIRG's national advocacy office here in Washington.

My assignment today is to talk about the policy merits of campaign spending limits. We'll leave the constitutional issues to the lawyers on the next panel. As you may have seen from my bio, I can't be accused of being a lawyer quite yet.

I'll focus on four primary benefits of expenditure limits: 1) spending limits can directly curb the fundraising arms race; 2) they can level the playing field for grassroots candidates and challengers; 3) spending limits can prevent the super-rich from purchasing elected office; 4) limiting spending protects candidates' time.

I'll spend a few minutes on each; and then, I'll look forward to a lively discussion with Dr. Lott.

Curbing the Fundraising Arms Race

The first and most obvious benefit of campaign spending limits is that they are the only policy that can directly curb the fundraising arms race.

By all accounts, the cost of campaigns is spiraling out of control. This past November we held the most expensive elections in U.S. history, with more than \$2 billion raised by federal candidates alone.

97% of the candidates who raised the most money won their races; and the average winning candidate for the House of Representatives raised nearly \$1.2 million for her campaign. For the CA statehouse, that figure was nearly \$600,000.

Now, I'm not one of those folks who's overly focused on the amount of money in politics. I've heard the stat about how we spend more money on potato chips, and I'm actually much more concerned by the source of the money than the overall amount.

There are two serious problems, however, that are a direct result of the escalating cost of running a campaign: 1) average Americans are locked out of the process; and 2) the public's faith in the integrity of the political process is being shaken.

Even if policy experts may quibble about the importance of overall campaign spending, one thing that's certain is that it makes the public sick. Time and again, citizens report that there's too much money in politics and they wonder if politicians are more accountable to their constituents or their wealthiest donors.

The City of Albuquerque's spending limits were recently struck by the 10th Circuit. When they were in place, though, more than 2/3 of Albuquerque residents believed they improved the integrity of local elections. 59% said they would have less faith in their elections if the limits are removed.

Even more importantly, from my point of view, the rising cost of campaigns is locking grassroots candidates out of the system. Ordinary citizens are NOT running for office in droves. Those that don't have deep pockets or access to networks of wealthy donors are taking a hard look at how much money they'd have to raise and making the rational decision not to throw their hats into the ring.

In January of this year, we released a report called "Look Who's Not Coming to Washington," which highlighted this phenomenon.

We profiled dozens of qualified congressional candidates from 45 states, Republicans and Democrats alike, who lost elections or dropped out because they couldn't compete with big money opponents. Let me read you just two quotes from this report:

- Heidi Behrens-Benedict, a small business owner and Democratic Primary candidate for Washington's 8th District says: "[This system] is not what Jefferson had in

mind...It's impossible for real people to [run for Congress] and it shouldn't be. People should feel that you can grow up to be president, and that's gone. The only people who can are of tremendous means. Congress should be close to the people—and multimillionaires aren't the people.”

- Janice Bowling, a teacher and the Republican nominee for Tennessee's 4th District said “My loss was reflective of the fact that in America today a grassroots campaign cannot compete with a moneyed campaign machine.”

As ordinary citizens like the folks we profiled are filtered out of the process, Congress has become a virtual millionaire's club. At least 45 current Senators are millionaires, up from 28 in 1994.

If your version of democracy is steeped in elitism, then this is just fine. But, if you believe with Lincoln in government of, by and for the people, then we need to make some serious changes.

Spending limits reduce the cost of entry, allowing ordinary citizens to realistically aspire to run for office and leveling the playing field for grassroots candidates.

Increasing Competition

Reasonable expenditure limits can also increase competition more generally. The current unlimited spending environment is a nightmare for those seeking to unseat a sitting office-holder. Only 5 congressional incumbents lost their elections last fall, and nearly 90% won by at least 20 points. In VT, in the nine election cycles conducted before the legislature enacted their spending limits law, only ONE incumbent lost a race for statewide office.

Some have argued that contribution and spending limits hurt challengers. But this simply doesn't play out in reality.

We released a report in 2002 that debunked the myth that low contribution limits hurt challengers. GMU Economist Thomas Stratmann found that lower contributions limits are actually associated with somewhat smaller margins of victory for incumbents.

While the City of Albuquerque had spending limits in effect, they experienced dramatically REDUCED incumbency rates for mayoral races.

The reason is clear. Incumbents simply raise so much more money than challengers that any measure that levels the playing field—whether low contribution limits or spending limits—will tend to help challengers.

Further, unlimited spending environments allow incumbents to build up fearsome war chests that scare many qualified challengers away before the first vote is cast. The Campaign Finance Institute, for example, recently reported that congressional incumbents are now raising money at a 29% greater clip than last election cycle.

Finally, Vermont's innovative law sets spending limits for incumbents lower than for challengers to compensate for inherent incumbency advantages. Dr. Lott's own research suggests that this is a sensible approach.

The bottom line here is that unlimited fundraising and spending is about the best incumbent protection measure anyone could hope for. When it comes to making challengers competitive, the situation can't get much worse—and spending limits could make it a whole lot better.

Preventing Wealthy Candidates from Buying Elected Office

Next, spending limits, or applying contribution limits to candidates' personal funds—both prevented at the federal level by *Buckley*—are also the best policy that can prevent super-rich candidates from essentially purchasing elected office. We all know of the stories about candidates on both sides of the aisle plunking down tens of millions of dollars and walking away with a Senate seat or a spot atop City Hall.

One of the great innovations of American democracy was that participation in the political arena was divorced from hereditary position and success in the economic sphere. Citizens from all backgrounds and all classes tell their children that they can be president some day. What could be more un-American than the super-wealthy buying up our most important public positions?

By enacting spending limits, the people of Vermont took their Governorship, House, and Senate off the auction block.

Protecting Candidates' and Elected Officials' Time

Finally, spending limits can reduce the constant demands of fundraising and allow elected officials to spend more time on public business, and all candidates to spend more time with average constituents rather than wealthy donors.

Former U.S. Representative Peter Kostmeyer summed up what it's like to run in an unlimited fundraising environment succinctly in discussing why he dropped out of the 2000 U.S. Senate race in Pennsylvania:

- “Not only didn't I talk to voters, the only time I saw them was on the elevator in a Center City Philadelphia building on my way to an office where I dialed for dollars, nearly every day. My fund-raising staff of six—no press secretary, no field organizer, no volunteer coordinator, no research assistant—gave me the names of people who could do two things: give money—hopefully the legal limit if \$1,000—and raise money. I spent my days talking to people about money, money, money. That was my new world in 1999—very small, very narrow, and very rich.”
- Doug Haines, a former State Senator and a Democratic Primary candidate in Georgia's 12th District this past fall said, “I wouldn't waste my time on a grassroots campaign anymore. I wouldn't run and I wouldn't suggest it to anyone I care about. It was a profoundly disheartening and shallow experience...if you want to win an election, you should be doing nothing but fundraising. Meeting with people, giving speeches, looking at issues is beyond a waste of time as far as your being elected.”

A reasonable spending limit solves this problem in two ways. First, there would be an end in sight to the fundraising. Kostmeyer was told he had to raise \$50,000 each week to be competitive—so that's all he did.

Second, it could allow candidates to combine fundraising and campaigning with constituent-oriented events like BBQs and fish fries, rather than reaching out to only the wealthiest donors. In a limited fundraising environment based upon small contributions, time spent

fundraising could be time spent in a dialogue with constituents, part of democracy's give and take.

Closing

I'd like to close with one last thought. My time is clearly running out, and I'm happy to respect the 10 minute limit we agreed to at the beginning of this debate. I don't think those of you in the audience would find it very fair, or very helpful to deciding who's right, if I droned on for 15 minutes and allowed Dr. Lott only 5. It would be even more unseemly if I paid our easily corruptible moderator to turn my microphone up so everyone can hear me and turn Dr. Lott's down, so only the people in the front could hear his response.

This is all spending limits are about—making elections into contests of ideas, not battles for dollars.