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## PACs and Parties

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This chapter first appeared in *Money, Elections, and Democracy: Reforming Congressional Campaign Finance*, edited by Margaret Lotus Nugent and John R. Johannes (Boulder, Colo.: Westview Press, 1990), pp. 187–204. In “PACs and Parties,” Sabato, a professor of political science at the University of Virginia and the author of several books on the American political process, considers the relationship between political action committees and political parties, especially since the passage of the campaign finance legislation of the 1970s.

Sabato finds that PACs are not nearly as pernicious as journalists would make them out to be. Special interest money has always found its way into the political arena, Sabato notes; the growth of PACs since the legislation of the 1970s is its current manifestation and makes special interest money more visible than it was before reporting requirements were instituted. Sabato also finds that PACs as well as parties have a legitimate and important role in the political process.

He would, however, prefer to strengthen parties rather than PACs and to this end suggests less restrictive limits on contributions of individuals and PACs to political parties (these limits were not indexed for inflation, and their real value has thus eroded over the years) and even tax incentives for contributions.

### VALUES AT STAKE

The relationships between political action committees and political parties are at once symbiotic and parasitic. Both parties work hard to cultivate PACs and secure their money, and most PACs energetically endeavor to be of use bipartisanly (at least to incumbents of both parties). At the same time, PACs and parties are rivals for the attentions of candidates, the favors of officeholders, and the devotions of voters. More important, the success of narrow-based PACs necessarily comes partly at the expense of broad-based parties. As parties decline, PACs gain, and in some ways PACS have greased the skids of party decline.

This decline of parties and the preeminence of PACs comes at the expense of important democratic values, for PACs and parties perform

very different functions in our electoral and governmental system. PACS provide avenues for participation and political liberty but have questionable effects on competition, accountability, governmental legitimacy, and effectiveness. Parties allow for the expression of more broad-based interests, provide channels for representation and accountability, legitimacy and effectiveness. Given the symbiotic relationship of parties and PACs, both have a valuable role in our campaign finance system, but democratic values could be better served by increasing the significance of the parties and diminishing that of PACs. In other words, I am partial to parties, but not anti-PAC, so this paper will simultaneously *defend* both types of political organization while arguing the case for tilting the electoral system's balance in favor of the parties.<sup>1</sup>

#### ASSESSING CRITICISMS AGAINST PACS

It is easy to conclude that political action committees are the root of all campaign financing evils—if one's sources are restricted to news media coverage of politics. Journalists' obsession with PACs, reinforced by the predilections of various public interest groups, has focused attention on PAC excesses to the near exclusion of other concerns in the area of political money. Why is there such an obsession with PACs, and what charges against them generate such emotion?

Although a good number of PACs of all political persuasions existed before the 1970s, it was during this decade—the decade of campaign reform—that the modern PAC era began. Spawned by the Watergate-inspired revisions of the campaign finance laws, PACs grew in number from 113 in 1972 to 4,268 by the end of 1988, and their contributions to congressional candidates multiplied almost eighteenfold, from \$8.5 million in 1971–1972 to \$151.3 million in 1987–1988 (see table 1). This

1. This paper will draw information and arguments from three of my other works in the subject area: *PAC Power: Inside the World of Political Action Committees* (New York: W. W. Norton, 1984); *The Party's Just Begun: Shaping Political Parties for America's Future* (Boston: Little, Brown/Scott, Foresman, 1988); and *Paying for Elections: The Campaign Finance Thicket* (New York: The Twentieth Century Fund, 1989).

TABLE 1. Growth in PAC Numbers and Congressional Contributions, 1972–1988 (in \$ millions)

<i>Year</i>	<i>Number of PACs</i>	<i>Contributions to Candidates<sup>a</sup></i>
1972	113	8.5
1974	608	11.6
1976	1,146	20.5
1978	1,653	34.1
1980	2,551	65.2
1982	3,371	83.6
1984	4,009	106.3
1986	4,157	132.7
1988	4,268	151.3

<sup>a</sup> As of December 31 of each year, for the two-year election cycles ending in years shown.

SOURCE: Federal Election Commission.

rapid rise of PACs has inevitably proven controversial, yet many of the charges made against political action committees are exaggerated and dubious.

It is said that PACs are dangerously novel and have flooded the political system with money, mainly from business. Although the widespread use of the PAC structure is new, the fact remains that special interest money of all types has always found its way into politics and that before the 1970s, it did so in less traceable and far more disturbing and unsavory ways. And yes, in absolute terms PACs contribute a massive sum to candidates, but it is not clear that there is proportionately more interest group money in the system than before. The proportion of House and Senate campaign funds provided by PACs has certainly increased since the early 1970s, but individuals, most of whom are unaffiliated with PACs together with the political parties, still supply about three-fifths of all the money spent by or on behalf of House candidates and three-quarters of the campaign expenditures for Senate contenders. So although the importance of PAC spending has grown, PACs clearly remain secondary as a source of election funding and therefore pose no overwhelming threat to our system's legitimacy.

Apart from the argument over the relative weight of PAC funds, PAC critics claim that political action committees are making it more expensive to run for office. There is some validity to this assertion. Money provided to one side funds the purchase of campaign tools, which the other side must then match in order to stay competitive. In the aggregate, American campaign expenditures seem huge. All 1988 U.S. House of Representatives candidates taken together spent about \$256 million, and the campaign of the average winning House nominee cost more than \$392,000. Will Rogers's 1931 remark has never been more true: "Politics has got so expensive that it take lots of money to even get beat with." Yet \$256 million is far less than the annual advertising budgets of many individual commercial enterprises. These days it is expensive to communicate, whether the message is political or commercial. Television time, polling costs, consultants' fees, direct mail investment, and other standard campaign expenditures have been soaring in price, over and above inflation.<sup>2</sup> PACs have been fueling the use of new campaign techniques, but a reasonable case can be made that such expenses are necessary and that more, and better, communication is required between candidates and an electorate that often appears woefully uninformed about politics. PACs therefore may be making a positive contribution by providing the means to increase the flow of information during elections and thus enhancing political liberty.

PACs are also charged with reducing competition, and, except for the ideological ones, PACs do display a clear, overwhelming preference for incumbents. But the same bias is apparent in contributions from individuals. On the other hand, the best challengers are usually generously funded by PACs. Well-targeted PAC challenger money clearly helped the GOP win a majority in the U.S. Senate in 1980, for instance, and in turn aided the Democrats in their 1986 Senate takeover. I share Maisel's belief that PACs limit the number of strong challengers by

2. See Larry Sabato, *The Rise of Political Consultants: New Ways of Winning Elections* (New York: Basic Books, 1981); see also *National Journal* 15 (April 16, 1983): 780–81.

giving so much early money to incumbents, money that helps to deter potential opponents from declaring their candidacies. But the money that PACs channel to competitive challengers late in the election season may then increase the turnover of officeholders on election day. PAC money also normally invigorates competitiveness in open seat congressional races—races without an incumbent candidate.

The fourth major criticism of PACs concerns their influence on legislature behavior—or “vote buying.” As Grenzke notes, there is the potential for influence under certain circumstances, but the magnitude of the problem is greatly exaggerated. Furthermore, PACs are influenced in those cases where traditional lobbies—many of whom have merely supplemented their arsenals with PACs—also succeed.

One last line of attack on PACs is more justified. As David Adamany has noted, many PACs are inadequately accountable to donors or voters—a condition most apparent in many of the ideological nonconnected PACs, which lack a parent body and whose freestyle organization makes them accountable to no one and responsive mainly to their own whims.<sup>3</sup> Many corporate PACs can hardly be considered showcases of democracy either. In a few PACs the chief executive officers completely rule the roost, and in many the CEOs have inordinate influence on PAC decisions.

As this brief examination of the charges made about political action committees has suggested, PACs are misrepresented and unfairly maligned as the embodiment of corrupt special interests. Contemporary political action committees are another manifestation of what James Madison called *factions*. Through the flourishing of competing interest groups or factions, said Madison in his *Federalist No. 10*, liberty would be preserved.

In any democracy, and particularly in one as pluralistic as the United States, it is essential that groups be relatively unrestricted in advocating

3. David Adamany, “The New Faces of American Politics,” *The Annals of the American Academy of Political and Social Sciences* 486 (July 1986): 31–32.

their interests and positions. Not only is unrestricted political activity by interest groups a mark of a free society, but it provides a safety valve for the competitive pressures that build on all fronts in a capitalistic democracy. It also provides a means to keep representatives responsive to legitimate needs.

#### THE BENEFITS OF PARTIES

The PACs have stolen the media spotlight, but the parties, an important check on the abuses of PAC power, are holding their own in the long-term battle for political supremacy. This is a surprise since the party system in the United States has declined and deteriorated in major ways in the last several decades. Prematurely counted out by many political observers, the parties have surprised many critics by regenerating themselves at the national level through the use of direct mail and other tools of the new campaign technology.<sup>4</sup> The Republican Party has led the way, spurred by the hope of breaking out of its minority status, and the Democrats have lately followed, prompted by the party's 1980 election disasters and the need to catch up with the GOP. Despite the press's focus on political action committees, the parties are about as healthy as the PACs. When all national party spending is taken together, the two parties raised \$391 million in 1987–88, compared to about \$370 million for all PACs.

The Democrats are clearly the junior partner in the arena of campaign finance. Of the \$391 million total in 1988, the Republicans raised two-thirds. The GOP has traditionally been more successful at fundraising, but the gap began to grow after 1968 and to accelerate rapidly in the mid-1970s. During this time the Republicans made an enormous success of their direct-mail program while the Democrats continued to rely solely on large donors to whittle away at accumulated campaign debts.<sup>5</sup>

4. See Sabato, *The Party's Just Begun*, chapter 3.

5. Rhodes Cook, "Democrats Develop Tactics: Laying Groundwork for 1984," *Congressional Quarterly Weekly* 40 (July 3, 1982): 1595.

TABLE 2. Political Party Finances, 1976–1988<sup>a</sup> (in \$ millions)

Year	TOTAL RECEIPTS		TOTAL CONTRIBUTIONS	
	Democrats	Republicans	Democrats	Republicans
1976	18.2	45.7	3.9	6.3
1978	26.4	84.5	2.3	8.9
1980	37.2	169.6	6.6	17.0
1982	39.3	215.0	5.1	19.9
1984	98.6	297.9	11.6	25.0
1986	64.8	255.2	10.7	17.7
1988	127.9	263.3	19.6	26.1

<sup>a</sup> Includes total for the national senatorial and congressional committees as well as all other reported national and state/local spending. All presidential, Senate, and House candidates are included.

SOURCE: Federal Election Commission.

The contemporary Republican Party has organizational strength unparalleled in American history and unrivaled by the Democrats. The Republicans have outraised the Democrats by enormous margins in all recent election cycles, never by less than 2 to 1 and usually by a considerably higher ratio (see table 2). This GOP fund-raising edge inevitably enhances the aid provided party nominees (see table 2). The Republicans have been able to give nearly the legal maximum gift (both in direct contributions and in coordinated expenditures) to every reasonably competitive Senate and House candidate; frequently the money is given “up front,” immediately after a primary when a nominee’s war chest is depleted and the need is greatest.

In the House of Representatives’ contests, parties are limited to direct gifts of \$5,000 per candidate per election (with the primary and general election counted separately).<sup>6</sup> But in House races these party contributions are being multiplied since the national party committee,

6. This assumes that the party committee or PAC is a multicandidate committee. See Sabato, *PAC Power*, pp. 7–8. If the committee or PAC has not qualified as a multicandidate committee, then a gift of only \$1,000 maximum is permitted.

the state party committee, and the national party's congressional campaign committee are usually each eligible to give the \$5,000 maximum. Thus, as much as \$30,000 ( $\$5,000 \times 2$  elections [primary and general]  $\times 3$  separate party committees) can be directly contributed to every party nominee for the United States House. In Senate elections, the national party committee and the senatorial campaign committee may give a combined maximum of \$17,500 to each candidate; another \$10,000 can be added from the state party committee for a total of \$27,500 in direct gifts.

The parties' direct contributions can be significantly augmented with coordinated expenditures-party-paid general election campaign expenditures (for television advertising, polling, etc.) made in consultation and coordination with the candidate.<sup>7</sup> The coordinated expenditure limits are set surprisingly high. For House candidates the national and state parties may each spend \$10,000 plus an inflation adjustment; the party committees together could thereby spend \$46,100 in 1988 on behalf of each House nominee. Senate candidates are the beneficiaries of even higher limits on coordinated expenditures. The national and suggested state parties can each spend \$20,000 (plus inflation), or two cents per voter, whichever is greater. In 1988 the party expenditure limits amounted to \$92,200 in the eight smallest states to more than \$1.9 million in California—or a national total maximum of about \$12.8 million for each party in the thirty-three Senate contests. Importantly, the national party committee is permitted to act as the state party committee's spending agent; that is, with the state party's agreement, the national committee can assume the state party's permitted portion of the coordinated expenditures. This privilege centralizes power in the national committees and unburdens weaker state party committees that otherwise might not be able to contribute the maximum.

The candidate contribution totals in table 2 actually understate by a considerable margin the Republican Party's lead. Because the GOP so

7. Under 2 U.S.C. 441a(d).

frequently bumps up against the allowable ceiling on contributions and expenditures, it sends additional aid through back channels: soft money, individuals' donations solicited and collected for specific candidates by the party (and thus counted as individual gifts despite the party's role), and cut-rate party in-kind services for media, polling, and consultants. One journalist estimated that the GOP had at least a \$30 million advantage just in the closest 1986 Senate races when money from all sources was taken into account.<sup>8</sup>

The Democratic Party lagged far behind Republicans until massive Democratic defeats in 1980 forced the party to modernize its approach to raising and contributing funds. Even after the better part of a decade, Democrats still trail their competitors by virtually every significant measure of party activity. Although the GOP has consistently maintained a large edge, however, the Democrats have considerably increased their total receipts. That is no small achievement.

#### WHY PARTIES OVER PACS?

Whereas individuals and PACs represent particular interests and further the atomization of public policy, the parties encompass more general concerns and push the system toward consensus. There are no more unappreciated institutions in American life than the two major political parties. Often maligned by average citizens and many politicians alike as the repositories of corrupt bosses and smoke-filled rooms, the parties nonetheless perform essential electoral functions for our society. The enormous good that parties do for American society can be suggested by a brief discussion of several purposes served by the parties.

#### *Voting and Issue Cues*

The political parties provide a useful cue for voters, particularly the least informed and least interested, who can use their party affiliation as a shortcut or substitute for interpreting issues and events they may little

8. Thomas B. Edsall, writing in the *Washington Post*, October 17, 1986, p. A1.

comprehend. But even better educated and more involved voters find party identification an assist. After all, no one has the time to study every issue carefully or to become fully knowledgeable about every candidate seeking public office. The result may be increased participation in elections.

### *Mobilizing Support and Aggregating Power*

The effect of the party cue is exceptionally helpful to elected leaders. They can count on disproportionate support among their partisans in time of trouble, and in close judgment calls they have a home court advantage. And because there are only two major parties, pragmatic citizens who are interested in politics or public policy are mainly attracted to one or the other standard, creating natural majorities or near majorities for party officeholders to command. The party creates a community of interest that bonds disparate groups together over time—eliminating the necessity of creating a coalition anew for every campaign or every issue. More effective government that is broadly accepted as legitimate is the consequence.

### *Forces for Stability*

As mechanisms for organizing and containing political change, the parties are a potent force for stability. They represent continuity in the wake of changing issues and personalities, anchoring the electorate as the storms that are churned by new political people and policies swirl around. Because of its unyielding, pragmatic desire to win elections (not just contest them), each party in a sense acts not only to promote competition but also to moderate public opinion. The party tames its own extreme elements by pulling them toward an ideological center in order to attract a majority of votes on election day.

### *Unity, Linkage, Accountability*

Parties provide the glue to hold together the diverse parts of the fragmented American governmental apparatus. The Founding Fathers de-

signed a system that divides and subdivides power, making it possible to preserve individual liberty but difficult to coordinate and produce timely action. Parties help compensate for this drawback by linking all the institutions and loci of power one to another, enhancing governmental effectiveness. Although rivalry between the executive and legislative branches of American government is inevitable, the partisan affiliations of leaders of each branch constitute a common basis for cooperation, as any president and his fellow party members in Congress frequently demonstrate. Similarly, the federalist division of national, state, and local governments, while always an invitation to conflict, is made more workable and easily coordinated by the intersecting party relationships that exist among officeholders at all levels. Party affiliation, in other words, is a sanctioned and universally recognized basis for mediation and negotiation laterally among the branches and vertically among the layers. The party's linkage function does not end there, of course. The party connection is one means to ensure or increase accountability in election campaigns and in government. Candidates on the campaign trail and elected party leaders in office are required from time to time to account for their performance at party-sponsored forums and in party nominating primaries and conventions.

The increased money and services from both Democratic and Republican organizations may be drawing candidates much closer to their parties since the parties are contributing in tangible ways to their nominees' election. Whether or not any gratitude or obligation to the party is created in this fashion, such services as training schools, party issue papers, and institutional advertising put officeholders through a "homogenizing" process that may predispose them more favorably to the "party line" in government. Party leaders and political observers differ about whether such a development is really taking place, but all are agreed on one point: the parties remain less influential than they would be otherwise because alternative sources of funding are available to candidates. And the most available "alternative source" for incumbents is PACs.

*Promotion of Civic Virtue and Patriotism*

Because identification with a party is at the core of most Americans' political lives, the prism through which they see the world, many voters accept and adopt the parties' values and view of responsible citizenship. These values include involvement and participation; work for the "public good" in the "national interest" (as conceived in partisan terms, naturally), and patriotism and respect for American society's fundamental institutions and processes.

## THE SYMBIOTIC RELATIONSHIP OF PACS AND PARTIES

On paper one can make a strong case that PACs and the political parties are bound to be competitors. They both raise money from the same limited universe of political givers, large and small. They both try to elect candidates, but in doing so they adopt very different perspectives: most PACs act on the basis of relatively narrow or even single-interest viewpoints, while the parties operate from a fish-eye, broad-based, overarching vantage point. And they both vie for the attention, affection, and loyalty of candidates and officeholders.

Although there is in fact evidence of considerable competition between PACs and parties, what is more surprising is that, despite their natural tensions, the two have learned to coexist symbiotically: they use one another quite well. PACs need the information about candidates, intelligence about congressional contests, and access to political leaders that parties can provide. The parties seek PAC money for their candidates and their own organizations, which of late have modernized and expanded at a rate that matches the growth of PACs.

The still-developing relationship between PACs and the political parties can be characterized in many ways, for the diversity of the PAC world makes sweeping generalizations difficult. For example, most PACs are determinedly bipartisan, as befits their primary goal of access to officeholders. Business and trade PACs are commonly believed to be Republican-oriented, yet since 1978 more than a third of corporate PAC gifts and well over 40 percent of all trade PAC donations in congressional

aces have gone to Democratic candidates. In recent election cycles, business and trade PACs have been even more closely divided between the two parties, causing great consternation among Republican Party officials.<sup>9</sup> In some years business committees alone have supplied as much or more money to Democrats than have the traditionally heavily Democratic labor PACs. Unlike the business and trade PACs, labor union committees make no pretense of bipartisanship; an average of 94 percent of all labor PAC money has flowed to the Democrats since 1978. In return, fifteen seats on the DNC Executive Committee are reserved for labor officials.

Democrats have also worked hand in hand with many liberal non-connected PACs such as Pamela Harriman's Democrats for the '80s. Although no set of PACs is as closely tied to the GOP as labor is to the Democrats, the Republicans have had very smooth working relationships with many of the corporate, trade, and coordinating business PACs over the years. The independent oil PACs, for example, have been very supportive of many GOP candidates and party needs since the mid-1970s.

But the parties' relationships with some other PACs are more difficult. The ideological PACs lead the list of party antagonists and there is concern about them in both parties. The rhetoric and actions of many New Right PACs have been anti-Republican Party. The GOP has been termed a "fraud" and "a social club where rich people go to pick their noses" by one New Right leader, while others have called for the party's disbanding and the establishment of a new "conservative party."<sup>10</sup> In some cases the conservative PACs have attempted to usurp the functions of the party and establish themselves as substitutes by recruiting and training candidates and creating pseudo-party organizations of their own.<sup>11</sup> Senator Jesse Helms' Congressional Club has tried to supplant

9. See, for example, David S. Cloud, "Feud between GOP PACs Stings Candidates," *Congressional Quarterly Weekly* 46 (September 3, 1988): 2447-2450.

10. Sabato, *PAC Power*, pp. 150-51.

11. See Margaret Ann Latust, "Assessing Ideological PACs: From Outrage to Under-

the regular Republican Party organization in North Carolina, to the consternation of some GOP officials in the state.<sup>12</sup> NCPAC, which has been accused of stealing contributors' names from Republican Party finance report lists,<sup>13</sup> seriously considered declaring itself to be a political party in 1982.<sup>14</sup>

Even though the New Right groups usually end up supporting Republican candidates (or opposing Democratic ones), their antagonism has caused some GOP leaders to take a critical view of their activities.<sup>15</sup> So, too, have Democrats looked askew at the efforts of NCPAC's liberal counterparts. As one Democratic National Committee officer put it:

I believe the independent PACs are a problem for two reasons. There's a finite pool of political money, and we simply can't afford thin drain to them, gambling that they'll spend it wisely. . . . Second, unlike the parties, many of the independent PACs are essentially computer-driven mail-order operations that have no membership and are accountable to nobody.<sup>16</sup>

Fortunately for both parties, the independent, nonconnected ideological PACs have fallen on hard financial times, and many (including NCPAC) are mere shadows of their former selves. The parties have easily withstood the assaults of the antiparty PACs, and the latter's heyday may well be over.

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standing," in *Money and Politics in the United States: Financing Elections in the 1980's*, edited by Michael J. Malbin (Washington, D.C.: American Enterprise Institute/Chatham House, 1984), pp. 157–59.

12. See *Congressional Quarterly Weekly* 40 (March 6, 1982): 499–505.

13. See *Political Finance/Lobby Reporter* 3 (July 21, 1982): 188. In response to the GOP charges, the FEC forbade NCPAC from soliciting Republican donors NCPAC had copied from financial disclosure reports. NCPAC had not yet solicited them, though the FEC agreed with the GOP that NCPAC's intent to solicit eventually was clear.

14. See *Political Finance/Lobby Reporter* 3 (September 22, 1983): 252.

15. Sabato, *PAC Power*, p. 151.

16. Ann Lewis, as quoted in Sabato, *PAC Power*, 151.

Most PACs fall between the proparty and antiparty poles; in fact most could perhaps best be described as indifferent to parties. That does not mean the effects PACs have on party organization and development are neutral, of course. Overall, there is little evidence for the widespread claim that PACs have contributed greatly to the long-term decline of the political party system in the United States. Rather, PACs may be one more manifestation of the atomizing forces that have made the parties less appealing to Americans.<sup>17</sup>

Nonetheless, PACs provide an alternative source of funding and support services for a candidate, weakening his ties with the party and lessening his fear of severe electoral consequences if he is disloyal to his party. But at the same time the competition from PACs is one of many factors stimulating a dramatic surge in party organization, technology, programs, and fund-raising that has drawn candidates much closer to the national parties. Parties can now do—or refuse to do—much more to elect their nominees than they could in the past. These party advances were occurring during the same years the PAC movement was maturing, and just as PACs have in some ways limited the parties' influence, so too have the invigorated parties acted as a check on PACs.

Finally, since candidates want campaign cash and PACs have it, there is inevitably a mating dance between the two groups, and the political parties act as matchmakers and, occasionally, chaperons. A multicandidate PAC is permitted to give \$15,000 each year to all national party political committees combined, and although few contribute that large an amount, about a third of all multicandidate PACs donated some amount to the parties in recent years. PACs swelled the parties' treasuries by a total of nearly 87 million in 1985–86 for instance. Although this sum comprised a modest 5 percent of all PAC contributions, the money was not insubstantial and was welcomed especially by the financially hard-pressed Democrats. The Democrats received \$5.74 mil-

17. See, for example, Frank J. Sorauf, "Political Parties and Political Action Committees: Two Life Cycles," *Arizona Law Review* 22, no. 2 (1980): 449–50.

lion to the Republicans' \$1.11 million, an edge attributable in part to the GOP's desire to steer all available PAC money to its candidates.

Most PACs secure some of their information about candidates and elections at regular party briefings and through party newsletters, but PACs are naturally somewhat wary of the slant they receive at briefings. The party's built-in bias is apparent to seasoned PAC managers, and most PACs have learned the committees' backing losers. The GOP, for example, received a great deal of criticism from the PAC community after the 1986 elections, when many of the Senate and House candidates they claimed were on the verge of victory in fact were defeated.

As PACs have become more sophisticated, they have begun to demand more precise and accurate information from the parties, and both parties are attempting to provide it. The RNC and associated committees have established numerous programs and channels of communication with the PACs. For example, any PAC contributing \$5,000 or more to the RNC each year gains a PAC 40 membership, entitling it to meet with Republican congressional leaders for off-the-record breakfasts once a month at the Capitol Hill Club in Washington.

Also, briefings for the PACs are provided by both the congressional and senatorial committees on a quarterly basis in Washington and in major cities around the country. And the GOP usually pays attention to the needs of its candidates, particularly unknown challengers. When a challenger comes to Washington, the appropriate Republican committee will help to set up appointments with PAC managers in the capital and to design a PAC solicitation program tailor-made to the candidate's strengths.

The Democrats have also recently devoted greater efforts to securing corporate and trade PAC money. From 1981 to 1986 then Representative Tony Coelho (D-Calif.), chairman of the Democratic Congressional Campaign Committee (DCCC), made a concerted appeal to business to "not let your ideology get in the way of your business judgment."<sup>18</sup>

18. As quoted in Paul Taylor, "For Business PACs This Year, Suitable Targets Are in

Coelho's approach, using access to a Democratically controlled House (and now Senate) has clearly worked, as demonstrated by figures on business/trade PAC gifts to Democratic candidates (cited earlier).

Democrats have also followed the Republican lead in using exclusive clubs and offering special access to attract the PACs. For instance, the DNC has a Business Council, which PACs can join with a \$15,000 annual contribution, and a \$2,500-per-year PAC Council, which is the rough equivalent of the RNC's PAC 40 Club. Like its GOP counterpart, the PAC Council gathers together legislators and PAC officials for monthly breakfasts. Reflecting labor's prominent role in the Democratic Party, there is a separate DNC Labor Council whose price is \$15,000 a year for a PAC and a whopping \$50,000 for a labor union proper. Democratic services to PACs and party candidates have improved, too.

The party committees have expanded the size of their PAC liaison staffs, conduct regular briefing sessions for PACs, and distribute informational newsletters about key races.

In essence, the role of icebreaker is the fundamental one played by both parties with the PACs. The parties' uneasy alliance with PACs is formed and maintained of necessity—to elect party candidates. Republican and Democratic leaders alike may understand the competing nature of PACs and parties, but they also realize that, under the current system of campaign finance, PAC money gives congressional contenders an often crucial competitive edge. So PACs and parties learn to support each other.

#### REFORMS TO STRENGTHEN PARTIES AND DIMINISH PACS

Despite how well the symbiotic relationship between PACs and parties works for them, concerns about the welfare of our representative democracy suggest that some changes might enhance the promotion of important values, including governmental effectiveness, legitimacy, and

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Short Supply," *Washington Post*, July 27, 1982, p. A6. See also *National Journal* 14 (August 7, 1982): 1368–73.

accountability. Because PACs and parties are so interrelated, giving preferential treatment to the parties will indirectly lessen the influence of PACs and the adverse consequences they have. The current limits of contributions to party committees (\$20,000 a year for an individual and \$15,000 for a multicandidate PAC) should be substantially increased. Additionally, individuals as well as corporations, labor unions, and trade associations should be permitted to underwrite without limit the administrative, legal, and accounting costs parties incur, with full disclosure of all donations.

Another way to lessen the importance of PACs is to increase the pool of alternative money. To begin with, the \$1,000 limit on an individual's contribution to each candidate per election should be raised to recover its loss to inflation since 1974. (A \$1,000 gift in 1974 is worth less than half that today.) Both the \$1,000 cap and the companion limit of \$25,000 that an individual is permitted to donate to all candidates taken together in a calendar year should also be permanently indexed to the inflation rate. Restoring the value of individual contributions will offset somewhat the financial clout of the PACs.

Even more important would be the enactment of a tax credit to benefit the parties. Before landmark tax reform legislation was passed in 1986, federal taxpayers were granted a 50 percent tax credit for all contributions to candidates, PACs, parties, and political committees of up to \$50 for an individual and \$100 on a joint return. Unfortunately this credit was one of those eliminated in the tax revision, and currently there is no credit for political gifts. The credit ought to be re-established not only to the 50 percent level but all the way to 100 percent, at least for candidate and party gifts. Such a move would clearly encourage small donations that have few if any real strings attached; the parties not only would remain unencumbered by the perceived debts that come with large contributions, but both parties would have an exceptionally valuable tool to use in expanding their donor and membership base.<sup>19</sup>

19. A 100 percent tax credit would almost certainly increase party giving. The California

This would be all the more so if income-taxing states agreed to offer a similar 50 percent credit if the federal government refused to give more than 50 percent; taxpayers in these forty-three states<sup>20</sup> would, in effect, get a 100 percent credit.<sup>21</sup>

Realistically, in an era when gigantic budget deficits threaten even essential existing programs, the prospects of securing either a 50 percent or 100 percent credit at the federal level do not appear promising. In one survey, when respondents were asked whether they would favor or oppose “giving people a full tax credit for contributing money to a political party,” a solid majority of 55 percent to 39 percent disapproved (5 percent had no opinion.)<sup>22</sup> This is somewhat surprising since the public is usually inclined to approve tax credits that might provide some benefit to it. Respondents’ negative reactions might signify concern about the budget deficit or, more likely, estrangement from political parties.

Luckily, there is another option that could win both public and legislative favor: a tax “add-on” that permits a citizen to channel a few dollars of his income tax refund to the party of his or her choice. Both parties would clearly gain funds, but the budget deficit would be none the worse for it. The voluntary nature of this self-imposed tax will appeal to conservatives and Republicans, while the ready cash will draw the assent of money-starved Democrats and liberals. In its ideal form, the federal 1040 (short and long form) and every annual income tax form on the state level should include an add-on provision that gives a tax-

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Commission on Campaign Financing found that 35 percent of state residents would either increase their political gifts or give for the first time if there were a 100 percent credit. See California Commission on Campaign Financing, *The New Gold Rush: Financing California's Legislative Campaigns* (Sacramento: State of California, 1985), p. 15.

20. Only the states of Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming have no income tax.

21. Minnesota and the District of Columbia already provide a 50 percent tax credit for political contributions.

22. Cited in Sabato, *The Party's Just Begun*, pp. 213–14.

payer the opportunity to check off a gift of \$2, \$5, \$10, \$25, \$50, or \$100 to the party he or she designates.

Will any significant number of taxpayers give money using this device? Several states (including Maine, Massachusetts, Montana, and Virginia) currently have some form of add-on. The Virginia experience is typical, with only about 2.2 percent of all eligible taxpayers contributing in recent years, though even this tiny portion has provided several hundred thousand dollars cumulatively to the parties (actually, Virginia is a little on the low side compared to other states; participation rates in an add-on plans combined have averaged about 4 percent.)<sup>23</sup> Although giving even small amounts to the political parties will doubtless never become the rage among beleaguered taxpayers anticipating a refund, it is likely that the present minuscule percentage of participation could be substantially augmented by a joint two-party educational advertising campaign undertaken at tax time. The campaign might profitably be keyed to patriotic themes, urging citizens to demonstrate their civic commitment in this small but crucial way. If afforded the add-on's superb opportunity for financial advancement by the federal and state governments, the parties certainly must take full advantage and capitalize on this golden entry on the tax forms. Such a cost-free reform should be among the highest priorities of both national parties and all state parties where an add-on does not now exist.

Fortunately for those who see the compelling need for stronger parties, the political parties are progressing on many fronts already. There are winds at the parties' backs today, forces that are helping to reverse decades of decline. None may be more important than the growing realization of the worth of political parties by many journalists and officeholders, as well as the continued advocacy of party-building reforms by many academics and political practitioners. The resolve of recent national party leaders, such as Republican National Committee

23. See Holly Wagner, "Costly Campaigns Attract Special Interest Dollars," *State Government News* 29 (October 1986): 20.

chairmen William Brock and Frank Fahrenkopf and Democratic Party leaders Paul Kirk (Democratic National Committee chairman) and Tony Coelho (chairman until 1987 of the Democratic Congressional Campaign Committee), has been of paramount significance to the ongoing revival of political party organizational and financial might.

These suggested reforms in campaign finance are certainly not enough to cure all the ills of the American party system. A separate agenda—which I have elaborated elsewhere—is necessary to revive partisan affiliation in the electorate and to increase volunteer strength in the party organizations.<sup>24</sup> But at least these party changes in campaign finance can enhance the role of the parties while tilting the structure's balance somewhat more to parties and somewhat less to PACs. In society's interests, for sustained health of our representative democracy, these are modest changes worth making.

24. See Sabato, *The Party's Just Begun*, chapter 6.