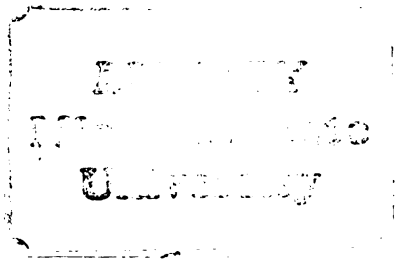

This is to certify that the

thesis entitled

PROBLEMS WITH CURRENT CAMPAIGN FINANCE PRACTICES: A DISCUSSION AND SOME PROPOSALS

presented by

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has been accepted towards fulfillment
of the requirements for

Master of Arts degree in Multi-Disciplinary Program, College of Social Science

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Date 18 May 1983

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By

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A THESIS

Submitted to
Michigan State University
in partial fulfillment of the requirements
for the degree of

MASTER OF ARTS

Multi-Disciplinary Program (MDP)
College of Social Science

1983

ABSTRACT

PROBLEMS WITH CURRENT CAMPAIGN FINANCE PRACTICES: A DISCUSSION AND SOME PROPOSALS

By

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There are various problems associated with current campaign finance practices at both the federal and state levels of government. Because of legislator self-interest and the desire of interest groups to influence legislative activity, the combination of these two factors--linked together by campaign finance--are seen as posing problems. These problems are viewed in terms of possible negative affects on the agency relationship that binds legislators to their constituents, in terms of possible harm to the larger system of representative democracy, and in terms of the potential for the misuse of public power. Protection against these kinds of perceived problems involves offering alternatives to, or controls on, current practices within the campaign finance system.

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INTRODUCTION

In democratic systems of government power is expected to reside in the hands of the governed. Governmental actions are expected to reflect the will and preferences of the electorate. Yet government activity does not always appear to reflect such commonly held assumptions or expectations of representative democracy. Scott (1981:307), for example, notes that Michel's (1949 trans.) central argument--that oligarchic tendencies, operating to shift power from the majority and place it in the hands of an elite minority, are built into the very structure of oragnizational arrangements--is a thesis that time has tended to confirm, with representative government appearing to be no exception. Lowi (1979:59) observes that a drainage of public authority (or power) is one of the costs of interest-group liberalism. This drainage has tended to result in "support-group constituencies" within the organization of government and it involves "parceling out policy-making power to the most interested parties" which, in turn, tends to destroy political responsibility. Similarly, in his discussion of the phenomenon known as "clientelism", Davidson (1977:30-31) notes that within the Congress the organizational manifestation of clientelism,

termed "cozy triangles" (i.e., ingrown arrangements in various policy fields), is a phenomenon that is deeply ingrained in the Congressional legislative processes.* He observes that clientelism is often viewed as a problem, and offers a normative assumption to guide his discussion which states that:

> public policy, even in its most specialized and seemingly self-contained segments, is too important to be delegated to the primary beneficiaries or subjects of that policy . . . Yet this is what frequently passes for representative policy making.[1]

He notes further that while such work units (committees and subcommittees) perform essential legislative functions, they are not little legislatures.

> Rather, they distort the full range of societal interests as articulated in the political system or even as manifested in the parent house.[2]

Obviously there are different ways of characterizing government decision making that appears to reflect a disregard for the system of representative democracy. It is commonly recognized that certain factors may serve to distort and/or negate the supposed democratic nature of the political system. Two factors in particular are deserving

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*Davidson (pp. 30-31) states that the prime locus of clientele politics is found in the numerous committees and subcommittees which comprise the Congress. Structurally speaking, clientelism "is found in the horizontal linkages among Congressional committees (or subcommittees), executive agencies, and relevant outside groups . . . The organizational features of Congress--in particular, its accessibility to outside influences, its weak central leadership, its decentralization, its bargaining ethos, and its norms of specialization and reciprocity--form an ideal setting for the conduct of clientele politics."

of focus: the self-interests of legislators and the desire of private sector organizations to influence government activity in a manner favorable to themselves. The system of campaign finance in this country serves to bring both of these factors together in an often times mutually beneficial way. One consequence of these factors coming together are government actions that give the appearance of impropriety or, at the least, disregard for those broader interests of society that are enunciated within the system of representative democracy. To the extent that such actions seemingly violate the spirit of the political system, and the agency relationship arrangement therein, the propriety of various legislative actions are called into question. In short, the combination of legislator self-interest and interest group desire to influence legislative activities commonly witness charges of the misuse of public power. Of concern here are why such actions might be construed as involving the misuse of public power.

THE AGENCY RELATIONSHIP IN REPRESENTATIVE DEMOCRACY

Central to notions of representative democracy is the agency relationship. This involves a situation in which one actor (the principal) purchases the right to direct another actor (the agent) to act in the principal's interest. In other words, legislators serve as the agents of their constituents, whom we can think of as a type of "plural" principal. Similarly, agency heads within the executive branch of government may be thought of as serving as the agents for another plural principal--the legislature.* Agency bureaucrats, in turn, serve as the agents of agency heads, who function as the principals of such bureaucrats. Legislators, then, possess a dual role: they are the agents of the constituents, and through the public powers invested in them by their plural principals they themselves function as principals in relation to the agency heads of the executive branch. Yet legislators do not always act, as reflected by their official behavior, with their principal's wishes or best interests in mind. As Miller (1979)

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*A noted ambiguity about American government concerns to whom top agency officials are answerable--the legislature or the chief executive. In practice this matter is subject to variations in interpretation. For simplicity's sake I assume here that such officials are the agents of, and thus answerable to, the legislature.

notes in his review of Rose-Ackerman (1978):

> one of the most salient features of the agency relationship is its fragility. The agent has his or her own interests, which do not disappear when the principal purchases the agent's time.[3]

The question that concerns us here is stated as follows: Why might a legislator be inclined to disregard the agency relationship? Put another way, why might a legislator allow nonconstituents to influence various aspects of his or her official behavior?

The Perspective on Legislators

Legislators have their own interests which do not disappear when they are serving as the agents of their plural principals (constituents). That this is so is one of the factors that can serve to neutralize, distort, or negatively affect a system of representative democracy. In short, a legislator may consciously choose to not act in a manner that reflects the interests of his or her plural principal for reasons of self-interest. Of course a legislator can sincerely and honestly disagree with the desires of the constituency and act accordingly. It is then up to the legislator to explain his or her actions and, depending on the importance that the constituents attach to such actions, they may or may not appoint the legislator to act as their agent come the next election. In addition, voter ignorance and apathy may serve to facilitate, or at least not hinder, the occurrence of legislative behavior that runs contrary to their wishes or interests. And if a

legislator is in a position to use selective incentives (Miller, 1979:1553), their actual use by the legislator to obtain voter support can produce a fundamental change in the agency relationship, a reversal of the asymmetric agency relationship that exists between the legislator and his or her constituency. Beyond matters of honest disagreement or voter ignorance and apathy, however, there are two primary self-interests of legislators that can motivate them to ignore or even act against the wishes and interests of their constituents: reelection and income.

Rose-Ackerman (1978) in her study of government corruption provides a useful elaboration on these self-interests of legislators who, given to such concerns, may be willing to trade some of their influence (or power), while acting in an official capacity, with individuals or organized interest groups who are in a position to at least partially satisfy these self-interests. As concerns income, there are restrictions which are both limiting and explicit in seeking to control behavior that may arise from such self-interest. A 1978 statement by the Congress on provisions of House Codes of Conduct is a representative illustration.* Financial disclosure requirements prohibited these legislators from accepting any gifts aggregating $100 or more in value in any one calendar year

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*For a more detailed account of these provisions refer to the Common Cause (1979) study, How Money Talks in Congress, pp. 67-73.

from any lobbyist or lobbying organization, or from foreign nationals or their agents; prohibited members from converting campaign funds to personal use; prohibited any member from earning income at a job outside Congress in excess of 15 percent of his official salary;* prohibited any member from accepting any honorarium of more than $750, "honorarium" meaning a payment of money or anything of value for an appearance, speech or article by a member. Generally speaking, such prohibitions reflect concern by the Congress of controlling income related self-interest behavior by legislators that might appear as improper,** although these prohibitions are subject to alteration from time to time. The intent of these prohibitions is to minimize the ability of member legislators from using their public office for personal financial enrichment. In spite of provisions like those mentioned above, a legislator can still accept material benefits that are quite substantial when their cost is added up--including such things as free meals, trips, and tickets to entertainment events of various kinds--from individuals and representatives of organized interest groups seeking access to, or influence over, a legislator who is in a position to satisfy some of

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*The limit did not apply to unearned income--i.e., dividends from stocks or bonds; income from a family controlled business; trade in which the personal services of the member did not generate a significant amount of income.

**i.e., giving the appearance of conflict of interest.

their interests. From the perspective of the individual legislator such benefits can be considered as a form of self-interest related income. The nationally syndicated journalist Jack Anderson frequently describes such exchanges that give, at the least, the appearance of impropriety or conflict of interest.* On the whole, however, the income concerns of legislators are subject to restrictions that greatly limit the ability of legislators to use their position to satisfy their self-interest with income.

Concern with reelection presents a second major type of self-interest on the part of legislators, and it represents a primary focus of current discussion on the misuse of public power by legislators. This self-interest concern of legislators is a major source of activity that can serve to witness a disregard for the wishes or interests of a legislator's constituents. At the least, it may involve activity that violates the spirit of the agency relationship which ties legislator/agents to constituent/plural principals. At the worst, criminal behavior may be observed.

The concern with reelection is certainly understandable as the job security of the legislator is far from secure. Electoral review of the job performance of House members is every two years, of Senate members every six years. In an occupation where it is increasingly

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*The following column by Anderson is illustrative: "Lobbyists roll out the red carpet" (United Feature Syndicate, January 25, 1983).

expensive to secure this type of job, concern with campaign finance has become the predominant concern of most members of Congress, and it is an increasing concern of legislators at the state level. Current campaign finance practices, especially at the federal level of government, are seen within the scope of this paper as presenting a major source of potential or actual misuse of public power by legislators within government. Hopefully this will, for various reasons, become clearer as I proceed.

The costs of running for office have been significantly increasing with each election. According to reports issued by the Federal Election Commission in late November 1982, campaign spending in the 1982 congressional races was reported at $314 million, 37 percent (or $75 million) higher than the $229 million reported for the 1980 elections.* This continues a trend that has been going on since at least 1974. This development reflects the widespread recognition by legislators (and potential legislators as well) that dollars means votes. Various studies have documented this apparent correlation. For instance, a study by a corruption commission in Massachusettes documented that money is a controlling factor in state political

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*See Adam Clymer of the New York Times, ."PAC donations boost spending" in the Detroit Free Press (January 19, 1983) p. 1A. Additionally, it should be noted that these figures do not include money spent on elections that is known as "soft money". Only "hard money" is reported to the FEC. For an elaborative discussion, see Drew, Part I (Dec. 6), pp. 63-64.

campaigns. A graph that they prepared:

> shows that the more money a candidate spends relative to opposing candidates, the higher will be his or her percentage of the total vote. A candidate who spends less than half of the total funds expended in his or her campaign is three times more likely to lose.[4]

There is no reason to believe that such a reality has escaped recognition by those who run for federal office. Indeed, two articles by Elizabeth Drew, entitled "Politics and Money", that appeared in the December 6 and 13, 1982 issues of the New Yorker magazine offer ample evidence as to how significant this concern of legislators in Congress has become. Members of Congress, their aides, party fundraisers, and others offer vivid testimony to the increasingly overwhelming preoccupation of legislators with campaign finance matters. She refers to this preoccupation as the "fear factor" that governs congressional behavior, and calls the chase for such money (pp. 146-7) "the domestic equivalent of the arms race." In describing how legislative behavior is influenced by the current campaign finance system, Drew observes that:

> (We) now have a system in which even the best-intentioned politicians get caught up in either actual or apparent conflicts of interest, in which it is difficult to avoid in effect selling votes for campaign contributions.[5]

The effects on legislation are described as two-fold: it can propel bad legislation or paralyze legislation. In terms of official behavior a legislator can be influenced to vote a certain way on the floor of the House of Senate; to vote a certain way in a committee or subcommittee; to

block action in either type of committee unit; to vote a certain way or refrain from voting on a certain amendment in a subcommittee, so as to shape a piece of legislation in a certain direction, and then cover one's tracks by voting for approval of the legislation; or to delay a bill until time runs out or load it up with amendments until it collapses of its own weight.*

The important point is that the basic idea of our democratic process--representative government--is questionably served by such practices. Contrasted to this basic ideal, one may reasonably suggest that current campaign finance practices present a significant opportunity for the misuse of public power. In bemoaning this state of affairs Drew (Dec. 6, p. 149) quotes Rep. Jim Leach (R-Iowa) as saying we have "a breakdown of constitutional democracy, which is supposed to be based upon citizen access and constituency access." Senator Dale Bumpers (D-Arkansas) observes that "(Money) is the number-one political problem our country is facing. I know that money distorts the democratic process." Drew herself observes that "the role of money has delivered us into the special-interest state," a condition that serves as Lowi's (1979) point of focus in his discussion of interest-group liberalism. The sentiments that are expressed above have been echoed in similar ways by academics and journalists, newspaper and magazine editorials, public interest groups,

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*See Drew (Dec. 6), p. 134.

and political participants--among others--across the nation. Inevitably, discussion focuses on those sources of campaign finance contributions that appear to pose conflict of interest questions for legislators, in terms of representing their constituents interests and in terms of their use of the public power that accompanies their office. These sources of campaign funds are special interest groups.

The Perspective on Organized Special Interest Groups

Campaign Finance

Organizations are affected by governmental activity and thus interested in ways of ensuring that--at the least--government and its members are aware of their concerns. In attempting to influence government they may go it alone or band together with other organizations that have similar interests.* They may hire lobbyists to represent their interests at various levels of government. William Safire defines the word lobby as follows:

> (As) a verb, to attempt, as a private citizen or group, to influence government decisions and particularly legislative votes; as a noun, a group organized for this purpose.[6]

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*Clinard and Yeager (1980: 53) note, for instance, that corporate executives are inclined to think in terms of their industry rather than in terms of individual firms, and that a pattern of cooperation and mutual concern exists in most industries.

Common Cause describes the functions of lobbyists as:

> many and varied; to help Congress write the bills wanted by the interests the lobbyists represent; to organize campaigns to bring public pressure to bear on Members of Congress to pass these bills; and to do favors for their legislative friends.[7]

Lobbying is, as Common Cause notes, a fundamental right that is rooted in our Constitution.*

One arrangement that organizations use to protect or advance their interests, one they have increasingly turned to in attempting to lobby legislators, is known as the political action committee (PAC). Business and industry, unions, the learned professions, and other kinds of organized interests have all seized upon this mechanism as a means of lobbying for access or influence within the legislative process. A primary purpose of PACs is the raising and disbursing of campaign contributions to legislators and other politicians who might be or are sympathetic to their concerns. In an amazingly short period of time PACs have become a significant source of campaign funds for legislators caught in an increasingly expensive campaign system. In 1974, for example, 608 special interest PACs contributed $12.5 million to congressional candidates according to Common Cause information obtained from the FEC and the Congressional Research Service.** By the end of

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*For instance, as concerns campaign finance, the Supreme Court ruling in Buckley v. Valeo in essence equated freedom of speech with the spending of money.

**See Common Cause magazine, August 1982, pp. 11-12.

the 1982 elections it was estimated that approximately 3,400 PACs had contributed $80 million to congressional campaigns and $120 million to state and local contests.* Of the $80 million spent in congressional campaigns, the top 20 PACs gave between an estimated one-fourth to one-third of the total contributions.** Syndicated political analysis columnists Jack Germond and Jules Whitcover report a New York Times computer study that found 3,371 PACs contributed 35 percent of all the money raised in the November 1982 House elections for Congress, compared to 26 percent in 1976. They reported further that 17 of the 50 top recipients of PAC money to House candidates received more than half of their total campaign money from PACs. Finally, statistics indicate that most PAC contributions go to incumbents. Clymer reports that 69 percent of PAC contributions went to incumbents in the 1982 elections (all levels of government), 18 percent to challengers, and 13 percent to open races.

The main point about all of this is that in a very short time PACs have become a very significant source of campaign contributions for legislators. And the figures

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*See Detroit Free Press editorial, "PAC-MAN: The 1974 campaign finance reforms gave him too much influence", November 29, 1982.

**See Adam Clymer of the New York Times, "PAC donations boost spending", in the Detroit Free Press, January 19, 1983, p. 1A. The estimate of the percentage of the total reflects an unknown final total by Clymer when he wrote the article.

mentioned above tell only a part of the whole story. Campaign contributions that have to be reported under federal campaign law to the FEC are known as "hard" money contributions, and refer to individual or PAC contributions raised by candidates and the national and state political parties.* A 1979 change in federal election law governing Presidential and congressional campaigns allowed the state parties to raise funds for certain minor election activities (the purchase of pins, television advertising, bumper stickers, etc.) and get-out-the-vote drives for Presidential campaigns. The purposes that these funds are put to are termed "party-building activities" and they have resulted in a distinction within the meaning of campaign contributions. Money raised for party-building activities is known as "soft" money.** This refers to funds not directly contributed to federal elections, and its sources include union dues, corporate-treasury funds, or individuals' contributions beyond the legal limits. The limits on soft money vary according to state laws governing its uses. The national political parties and their committees have taken over the responsibility for the raising and disbursing of contributions for part-building activities in non-federal

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*For a thorough discussion of the laws governing the raising and use of hard money, see Drew (Part 1), pp. 60-61.

**For a thorough discussion of the laws that apply to soft money, who is interested and involved in raising such money, the uses it is put to, and how the laws are creatively abused, see Drew (Part 2), pp. 57-75.

elections. According to Drew, the intent behind the 1979 change in federal election law has been effectively violated, at least to the extent that federal elections can and do benefit from the uses to which soft money is put. She notes:

> contributions of the size that were given to the Nixon campaign of 1972 and that so shocked the nation--and paved the way for public financing of Presidential campaigns--can still be made. And the contributions by corporations which were illegal then can now be made legally.[8]

All told, Drew reports that in the 1980 elections the Republican party spent at least $39 million and its state parties millions more in soft money, while the Democrats raised about $1.3 million at the national level and two to four million at the state level.* As a result of soft money, large sums of contributions are raised at the national level by the political parties and their committees and these are used as a way of infusing money raised nationally into state elections and, through creative interpretation of the 1979 change in the law, into congressional campaigns as well. Soft money contributions are unreported and Drew believes their use will probably grow.

The growing dependence of individual legislators on large contributions from organized interest groups and the concern shown by the political parties with attracting contributions from these groups involve a development that

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*Drew's dollar figures come from interviews of persons directly involved in the raising of soft money.

can be thought of as the nationalization of political campaigns by the big interest groups.* The possible effects that this money can have on the behavior of congressional legislators operating within the legislative system has been previously discussed. The effect on the political parties is given meaning in Drew's (Dec. 6, pp. 79-101) recounting of a "bidding war" between House Democrats and the White House over the 1981 tax-cut bill. This event involved legislation offering special tax breaks, legislation in which a primary motivation of the political participants was to raise campaign money from the interest groups that stood to benefit. In a very real sense this bidding war gave the appearance of putting Congress and its legislation on the auction block, giving tax breaks to organized interest groups in exchange for the promise of attracting campaign contributions. With all the concern shown by individual legislators and the political parties for attracting large contributions from politically active organized interest groups, and the apparent effects that this can have on legislation within the legislative process, one may reasonably wonder how such developments do not--at the least--violate the spirit of the agency relationship that underpins our system of representative government.

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*i.e., raising contributions on a national level and disbursing it locally in state and congressional races (Drew, part 1), p. 72.

The worry shown by those who are concerned with such things as the public interest or the plural principal's (constituents) interests are certainly understandable. Are the constituent's interests, for example, well-served in a political system where legislators are significantly indebted to sources of campaign finance that are far removed the legislator's geographically defined political district? Similarly, can legislators reach fair and impartial decisions on matters before their committee and subcommittee work units when they have received large campaign contributions from the very interest groups that are affected by such decision-making? Do the broader concerns of society--the public interest--receive fair consideration in such situations? Questions of propriety, of conflict of interest, and of potential or actual misuse of public power are all understandably raised in discussing the current system of campaign finance. There are ample indications that such a system does not well-serve the larger system of representative democracy. In order to better understand why the larger political system may not be well-served by current campaign finance practices we have already discussed the self-interests of legislators in relation to the fragility of the agency relationship. Of equal concern are the motivations of interest groups who regularly participate in campaign finance activities. The question asked at this point is as follows: Why are organized interest groups concerned with influencing the

legislative processes of government through involvement in the campaign finance system?

The Concern With Government Activity

In order to better understand the question posed above it is useful to explore how organizations view government as it appears in the environment in which they operate. An organization's "task environment," as used by Dill (1958:410), refers to all aspects of the environment that are potentially relevant to goal setting and goal attainment. Government is certainly--in this sense--to be considered as a relevant aspect of most (if not all) organizations' environments. As Scott notes, government may affect transactions by organizations--and thus their goal setting and goal attainment--in at least three major ways.* First of all:

> government helps to determine the overall context of organizational action, defining what actions are legal and which transactions will be supported by law.[9]

Government, then, acts as a regulator of organizational actions, and it may impose constraints and requirements on organizations with the public's interests in mind. Some examples include activities such as the raising of general tax revenues; requiring the provision of various types of insurance protection for workers and retired employees; protecting society from "external costs" such as pollution;

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*He notes further that the same ideas apply to governmental actions at all levels of government.

protecting organizations from unfair competition (which includes antitrust policy and laws); and protecting consumers from their own ignorance as seen in such things as food and drug laws and occupational licensure regulations.

The second manner in which government action may affect organizations is by placing special constraints on selected organizations or on selected activities of certain organizations. This involves monitoring by governmental regulatory bodies--including legislative work units--which focus on the quality of products or services provided by organizations or on the transactions among organizations that act as exchange partners and competitors. Both of these first two main points concerning how government affects the operations of organizations focus on government as the source of general and specific regulations and constraints.

The third major way in which government may affect organizational actions is by acting as a provider of resources. As Scott observes:

> (Some) resource flows are indirect, coming in the form of tax breaks or exemptions; others are more direct, involving outright transfers of funds in the form of subsidies or grants; and still others involve the government's acting not as an interested third party, but as a direct participant in the transaction--as a buyer of products or a client of services.[10]

Generally speaking, then, government from the perspective of organizations may be viewed as either a regulator--in two distinct ways--or as a provider of resources, which includes activities like tax breaks,

government subsidies, and government procurement of goods and services from the private sector.

Government involvement in the affairs of organizations from the private sector has in modern times increased rapidly. As Scott notes:

> the increasing scale and scope of governmental activity encourages organizations of all types to view public agencies as salient features of their environments and as targets of cooptation.[11]

To this general observation I would specify "legislatures" in addition to "public agencies". Legislatures are the source of policy, rule-making powers, and funds on which these agencies rely, and it is commonly observed (Lowi, 1979; Clinard and Yeager, 1980; Scott, 1981) that legislatures like the Congress have increasingly delegated their power to such agencies. Such increased government intervention into the affairs of the private sector is an increasing source of concern for the interests that are affected by these actions. Clinard and Yeager's (1980) discussion of corporate crime serves to illustrate the great range in corporate behavior, for instance, that government is interested in monitoring and controlling. They identify six main types of illegal corporate behavior--administrative, environmental, financial, labor, manufacturing, and unfair trade practices. For the corporation then, this increased intervention by government into their affairs represents a challenge to the major corporate task of developing means by which to reduce uncertainty and

and risk in business (Clinard and Yeager, p. 50). And organizations do not passively await for such intervention to occur.

The "resource dependence" model on organizational connections with the environment (Aldrich and Pfeffer, 1976) recognizes that organizations are not passive actors but are active in determining their own fates. The model stresses the occurrence of adaptation processes:

> Thus, rather than portraying organizations as passive recipients of the actions of environments, the resource dependence model views organizations 'as active, and capable of changing, as well as responding to, the environment. Administrators manage their environments as well as their organizations, and the former activity may be as important, if not more important, than the latter.' (Aldrich and Pfeffer, 1976:83).[12]

Government activity is, then, a significant force in the operating environments of many organizations. Modern corporations, for instance, in seeking to manage their environments and insure favorable outcomes, exercise tremendous influence on government, employing both legal and illegal means.

> Such influence may be used to achieve many types of benefits, from government contracts and subsidies to favorable legislative and enforcement outcomes.[13]

There are various ways by which organizations seek to influence government activity. The means that they employ to achieve such ends can be generally described as involving "bridging strategies" (Pfeffer and Salancik, 1978). These mechanisms forge connections between

organizations and their exchange partners or competitors. According to Scott, bridging strategies:

> may be viewed as a response to increasing organizational interdependence. Such situations occur when two or more organizations that are differentiated from one another exchange resources.[14]

In terms of the exchange of resources, government can be viewed as either an exchange partner or a competitor. This is because government affects organizational transactions in two ways--acting as either a regulator or as a provider of resources. Bridging strategies aimed at government can be seen as a response by organizations to reduce the uncertainty and risk that government activity may impose on them or, conversely, as a means to promote certainty and limit risk by using the power of government to their advantage. The general thesis of Pfeffer and Salancik (1978:43) on bridging strategies helps to explain how organizations have reacted to contemporary government that has become an increasingly significant force in the task environments of their operations. As stated in Scott:

> '(The) typical solution to problems of interdependence and uncertainty involves increasing coordination, which means increasing the mutual control over each other's activities . . .' Although all bridging strategies share this feature, they are quite varied in the strength of the coordinated links forged and the nature of the connections.[15]

Scott identifies seven main types of bridging strategies--bargaining, contracting, cooptation, joint ventures, mergers, associations, government connections,

and institutionalized linkages. Of particular interest here are government connections and cooptation. As to the first, it has already been noted that government affects organizational transactions by acting as either a regulator or as a provider of resources. Organizations, then, may tend to view government in terms of an exchange partner or in terms of a competitor and actively seek to forge connections with it. As for the second strategy, as government has increasingly become involved in the affairs of private sector organizations, for instance, one common response of such organizations can be described in terms of this second bridging strategy. Cooptation entails the incorporation of representatives of external groups (in our case government) into the decision-making or advisory structure of an organization. Selzink (1949) has argued that by coopting external representatives organizations in effect trade sovereignty for support. It is also important to note (Scott, 1981:196) that cooptation as a bridging mechanism provides a two-way street with both influence and support flowing sometimes in one direction, sometimes in the other, and more often, in both. This implies a proactive side of cooptation.

This observation is illustrated in Clinard and Yeager's (1980:53-57) discussion on the political influence of corporations. They note the observation by Pfeffer and Salancik (1978:216) which states that:

> (Large) government virtually assures large intervention on the part of (business) organizations in political activity.[16]

In other words, just as government has intervened in the affairs of private sector organizations--in terms of its dual role of regulator and provider of resources--so may these organizations seek to intervene in the affairs of government. Bridging type strategies like government connections and cooptation arise and may be initiated by either party. In the case of corporations seeking to exert political influence in government, they may do so in a variety of ways. For example, the appointment of corporate leaders to top positions in the executive branch of the federal government is a common practice. Clinard and Yeager state that:

> (The) appointment of business executives to the cabinet creates an ongoing, generally cohesive group of corporate leaders and a corporate climate of opinion regardless of the various areas of business represented.[17]

We have noted that public agencies are commonly viewed by organizations as salient features of their environments and thus as potential targets of cooptation. A common complaint of contemporary students of bureaucratic politics is that private special interests have so penetrated public agencies that officials are incapable of acting in ways supportive of the larger public interests (see Scott, 1981:311). This occurs in part because government officials are vulnerable to influences from such groups for many reasons.* The

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*Such reasons include the following: relating to organized interests on a regular basis; becoming dependent on them for information, cooperation, political support, and future employment (Scott, p. 311).

result is often what Scott (1981:311) describes as an "overly cozy" relation between political bureaus and private interests. It reflects what Clinard and Yeager (1980:106) refer to as the so-called capture theory of administrative agencies, where the supervised interests infiltrate and eventually "capture" the agency. This is widely perceived as a problem but it is noted that there is an increasing belief that the problem is not so much capture as it is inadequate representation of interests other than those of the regulated parties. Clinard and Yeager conclude that the number of obstacles that face regulatory agencies are fundamentally political in nature (1980:109).

In addition to seeking to influence the executive branch of government, organizations in managing their environments to insure favorable outcomes seek to influence the legislative branch of government. The reasons they may seek to influence legislative activities are, as we have seen, varied. For instance, a major source of corporate concern stems from legislatures acting in the name of the public interest. Such action may stem from what Clinard and Yeager (1980:213-36) refer to as the failure of business ethics. This failure can involve such things as misrepresentation in advertising, deceptive packaging, a lack of social responsibility in television advertising, unsafe and harmful products, worthless products, restricted product development and built-in obsolescence, environmental

pollution, kickbacks and gifts, unethical influences on government, unethical competitive practices, personal gain for management and victimization of local communities. On the other hand, however, organizations do not always view government actions taken in the name of the public interest as either necessary or justified. Clinard and Yeager's (1980:68073) treatment of corporate defenses for law violations is telling in this regard. Common defenses include the following: (1) all legal measures proposed constitute government interference with the free enterprise system, (2) government regulations are unjustified because the additional costs of regulations and bureaucratic procedures cut heavily into profits, (3) regulation is faulty because most government regulations are incomprehensible and too complex, (4) regulation is unnecessary because the matters being regulated are unimportant, (5) there is little deliberate intent in corporate violations: many of them are errors of omission rather than commission, and many are mistakes, (6) other concerns in the same line of business are violating the law, and if the government cannot prevent this situation there is no reason why competing corporations should not also benefit from illegal behavior, (7) although it is true, as in price-fixing cases, for example, the damage is so diffused among a large number of consumers that individually there is little loss, (8) if there is no increase in corporate profits a violation is not wrong, (9) corporations are actually owned by the average citizen

so that the claims that big business can dominate American society and violate the law with impunity are false, and (10) violations are caused by economic necessity: they aim to protect the value of stock, to insure an adequate return for stockholders, and to protect the job security of employees by insuring the financial stability of the corporation.

Just as corporations are concerned with influencing the legislative branch of government, so are other types of interest groups--for instance, labor, trade, agriculture, the learned professions, etc.--interested in influencing government activities in manners that are favorable to themselves. The individual legislator's self-interest with reelection represents one avenue by which organizations are able to influence legislative activity. They can provide legislators with certain resources that they need, for instance, information, cooperation and political support. Of particular concern here is a fourth resource that legislators need--campaign contributions. As we have noted in our discussion of legislator self-interest, campaign finance is a matter with which they appear to be increasingly concerned. The current system of campaign finance--as seen at the federal level--represents one way for special interest organizations to attempt to influence the legislative activity of government. As Drew (Dec. 6, pp. 55-56) notes, the candidates desperation for money and

the interests' desire to affect public policy provide a mutual opportunity.

Summary: Legislators, Interest Groups, and Campaign Finance

By being in a position to help satisfy the legislator concern with campaign finance, special interest groups are able to influence legislative activity with which they are concerned. Legislators, as reflected in their official behavior, have a variety of ways by which they can show their gratitude to their special interest contributors.* Interest groups tend to focus on those work units of a legislature--the committees and subcommittees--that can directly affect the task environments in which they operate (Davidson 1977; Lowi 1979; Common Cause 1979). Consequently, interest groups tend to channel their campaign contributions to legislators who sit on those work units that deal with matters of concern to the affected interests. Millions of dollars in campaign contributions can be given to legislators who sit on those work units that interest groups consider to be the most important. Drew (Dec. 6) has identified those work units in the Congress that appear to attract the most in campaign contributions for their members. In the House, Way and Means and Energy and Commerce are the two committees that attract the most in

*These actions were discussed in the section on legislators.

campaign contributions for their members.* In the Senate it is the Finance Committee and the Committee on Commerce, Science, and Transportation that attract the most in campaign finance funds for their members.

The work units of a legislature are where the merits of proposed legislation are debated. In the current system of campaign finance at the federal level of government legislators can, and commonly do, accept campaign contributions from the very interests that are affected by the decisions that are made by the legislators when acting in their committee roles. At the least this practice poses the appearance of conflict of interest. That is, can legislators impartially decide the merits of proposed legislation when they are indebted to the affected interests for campaign contributions? Put another way, can constituent interests or the public interest receive proper and fair consideration in such circumstances? Drew (Dec. 6, p. 127) points out a flaw in the argument of the defenders of such practices. It assumes that there exists a universe composed of the parties at interest, and that when the parties at interest carve up the universe everyone is served.

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*It is reported, for instance, that the 42 members of the House Energy and Commerce Committee collected an average of $118,674 each in PAC contributions in the two-year period before the November 1982 congressional election. (See Otis Pike "PACs: Even saints have to pay campaign bills" in the Detroit Free Press; May 4, 1983, p. 9A).

This paper assumes that legislators can impartially reach decisions in situations that involve the appearance of conflict of interest. Yet on the other hand, various sources of information (Common Cause 1979, 1982; Drew 1982) indicate that the current system of campaign finance can produce abuses in the use of public power. The defenders of PAC contributions, for instance, argue that the purpose of such giving is merely to gain access to key legislators, not to exchange campaign contributions for political influence. Yet the actual effect of such practices on legislative behavior renders this argument--access versus influence--superfluous. Members of Congress, their aides, and various watchers of the Congress all give testimony that political influence is, in fact, regularly traded by congressional legislators for campaign contributors from concerned interest groups that are in the position to satisy such legislator self-interest.

The propriety of such actions are highly suspicious and can often result in what can be considered as the misuse of public power. The current system of campaign finance holds significant potential for the misuse of public power. Various sources of evidence give witness to just such events. Such instances are considered as involving the misuse of public power. It is misuse in the sense that the agency relationship that supposedly guides and controls the use of public power in this system of representative democracy can come to be violated. Interest

groups that have little to do with a legislator's constituents can come to direct the official behavior (or parts of) of the legislator, operating, in effect, as a kind of pseudo-principal. Such pseudo-agency relationships are considered in the following section within the context of discussion on political corruption.

THE MISUSE OF PUBLIC POWER

Given the apparent fragility of the agency relationship in this representative democracy, the political system is subject to frequent accusations, often times correct, of public power being misused. There are areas of political behavior where the propriety of individual actions are questionable, yet these actions are unencumbered by legalistic criteria which define the behaviors as politically corrupt. So it would appear with the federal system of campaign finance and, presumably, with many state systems as well. The federal criminal statute, for instance, makes it a crime to give or promise, or to ask for or receive, anything of value in exchange for any official act. In spite of this law many people claim that, due to legislators' self-interest in campaign finance and organized interest groups concern with government activity, the system of campaign finance commonly witnesses exchanges of public power (i.e., official behavior) for campaign contributions. Beyond the matter of potential or actual criminal wrongdoing is concern that the public interest in legislative activities may be harmed.

Proving criminal wrongdoing in accusations involving the sale of public power is difficult. A statement by

a commission investigating political corruption in public construction in the state of Massachusetts is illustrative:

> What is not said is what is important. No one is so bald as to suggest if you do not contribute you will not do business with the state in the future: that would constitute extortion. No donor is so rude as to extract a promise for state work in the future: that would be bribery. Instead, there is the tacit understanding between public servants and private professionals that this is how business is done in Massachusetts. A tough lawyer might argue that a certain state of mind exists which implies felonious conduct, but one doubts there are prosecutors who would want to argue the case in Massachusetts.[18]

Along a similar vein Clinard and Yeager's study of corporate crime notes the significant influence of corporate power on legislation and the difficulties involved in assessing corporations some measure of "social responsibility" in the name of the public interest. In this regard they observe that:

> (A) review of corporate violations and how they are prosecuted and punished shows who controls what in law enforcement in American society and the extent to which this control is effective.[19]

As to the criminal liability of corporate executives they state that there is little risk of a criminal conviction or prison sentence for illegal actions on behalf of the corporation.

Peters and Welch (1978) note a further problem for those who invoke the name of the public interest in attempting to prove the actual misuse of public power. They observe that a definition of political corruption based on notions of the public interest enables a politician to

justify almost any act by claiming that it is in the public interest.

The difficulties involved in proving the actual misuse of public power are perhaps reflective of the lack of consensus in the debate as to just what does, or does not, constitute political corruption. It is no easy matter to say that the current system of campaign finance commonly witnesses sale of public power which, under federal law, constitutes political corruption. Proving intent, assessing responsibility, and defining the action as politically corrupt are all difficult.

While acknowledging some of the difficulties involved in proving instances of political corruption, there is support for expanding the definition of unacceptable or corrupt behavior by legislators in relation to discussion of the misuse of public power that is linked to the campaign finance system. As Rose-Ackerman notes, the analysis of third-party payments, in addition to those already defined as illegal:

> can often be easily extended to legal activities with similar public policy consequences.[20]

Peters and Welch's (1978) discussion of definitions and theory on political corruption identifies three approaches to definitions of political corruption: definitions based on legality, definitions based on the public interest, and definitions based on public opinion. They emphasize caution in choosing one particular definition over another.

> In other words, definitions of corruption are not mutually exclusive: elements of the public interest and public opinion criteria are embedded in legal norms which sanction certain political behaviors as corrupt.[21]

In recognizing the problems involved in defining certain behaviors as politically corrupt and, in proving that such acts have occurred; in recognizing the fragility of the agency relationship in representative government--due to legislator self-interest and the natural desire of organizations to influence government activity; and finally, in recognizing that the system of campaign finance presents significant opportunities for misuses of public power to arise: What, one may ask, can be done to protect against the misuse of public power that may arise as the result of current campaign finance practices?

SUMMARY: GUARDING AGAINST CAMPAIGN FINANCE RELATED ABUSES OF PUBLIC POWER

To begin with, this paper shares Davidson's (1977) normative assumption that:

> public policy, even in its most specialized and seemingly self-contained segments, is too important to be delegated to the primary beneficiaries or subjects of that policy.[22]

This is not to say that private sector interest groups should have their concerns given less than complete or fair consideration in legislative decision making. It does suggest, however, that the current system of campaign finance poses a substantial risk to impartial, meaningful consideration and action on behalf of the broader interests of society. We know these broader interests by the often times ambiguous name of the "public interest". Generally speaking, the public interest in our present system of financing federal elections may be stated as follows:

> That the agency relationship in our system representative democracy not be unfairly coopted because of mutually advantageous linkages involving legislator self-interest and the desire of large, well-financed private sector interest groups to influence legislative decision making.

In addition, the opportunity to misuse public power is, as various sources of information indicate, a real and present

danger. In particular, the public interest in various areas of government activity--such as environmental and consumer protection, anti-trust policy, and efficient procurement practices for goods and services obtained from the private sector--may be subject to cooptation in spite of clearly stated preferences to the contrary by the unorganized electorate. Insuring that these concerns and others like them are adequately represented in legislative decision making is important, yet the current campaign finance system presents a potential or actual source of disruption to an already fragile agency relationship between legislators and their constituents. As a consequence, incidents commonly arise that give the appearance of involving, to various degrees, the misuse of public power.

The focus of this paper is not on specific incidents involving the misuse of public power, but rather on protecting the system of representation from the real opportunity that the system of campaign finance presents for the misuse of public power in legislative decision making activities. Public interest groups and others have a valid concern, for instance, that the cooptation of public power by large, well-financed interest groups, utilizing the campaign finance system to advance their interests, is not necessarily desirable. The Common Cause concern with PACs is consistent in this regard. I do believe, on the other hand, that within a discussion of

representative democracy a case can be made, to some extent, as to the value of having such groups participate in the political system.* The following proposals for change in campaign finance practices are offered with an eye on limiting the opportunities for the misuse of public power and with a concern for protecting the agency relationship that is central to the system of representative democracy, while seeking at the same time to avoid unfair or illegal infringement on the rights of interest groups who wish to participate in the elections of the political system.

Change Proposals

There are various proposals being debated that approach the campaign finance system from different angles, although common elements are to be found in some. No one proposal may be sufficient as there are various aspects of campaign finance that need to be addressed. Some proposals for federal campaign finance reform are as follows:

(1) One proposal looks at the role that independent political committees play in elections. An area of opportunity for abuse cited by Drew, the proposal would place limits of the amount of money these committees can spend on a candidate's behalf. First Amendment considerations (free speech equated with the right to spend money)

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*See, for instance, Herbert Alexander, "The Case For PACs" (Washington, D.C.: Public Affairs Council).

may render this proposal unconstitutional. Alternatives to limiting independent expenditures on behalf of a candidate include giving free media response time or mailings to candidates who have been attacked by committees; have public financing pay for television response time equal to the amount of independent expenditures; give matching public funds equal to independent expenditures of $5,000 or more.

(2) Another type of proposal focuses specifically on PAC contributions. Some would prefer placing limits on the amount of PAC money a candidate may accept in each two year election cycle, with $70,000 or $75,000 commonly cited figures. Others would prefer to further cut the limit that PACs can give to a candidate per two year election cycle, from $10,000 ($5,000 primary, $5,000 general election) to $5,000 ($2,500/$2,500).

(3) Other focus is specifically on the costliest component of elections--political advertising. Suggestions include a ban on the purchase of television air time that would give candidates free air time instead, in 15 to 30 minute blocks (a goal is to improve the substance of political messages); discounted radio and television time or reduced-rate mailings for candidates; partial public financing of broadcast time. A major goal of this type of proposal is to reduce the need for campaign funds for political advertising, and to give contenders a fair chance

to be heard without having to scramble to outspend their opponents for broadcasting.*

(4) Proposals for bringing "soft money" under control are also advocated. These center on improving the registration system (get-out-the-vote drives) or designing a system where the parties play the major role in such activities (i.e., rather than unions, the Chamber of Commerce, etc.). Another proposal focuses on allowing the parties to raise money for party-building activities in both Presidential and congressional campaigns while imposing limits and an effective reporting system.

(5) The most common type of proposal focuses on the public financing of congressional elections. A variety of components are put forth under this idea of public financing for congressional candidates in the general election. One idea is for a matching contribution system similar to the Presidential primary system where the public system matches individual contributions of up to $100. In this regard, a House proposal would set a $90,000 total limit on matching public funds. Proposals frequently call for imposing spending limits, although the constitutionality of such proposals are questionable. Another idea calls for allowing a higher individual contribution limit in exchange for public financing. An idea for Senate races would place a limit on the amount of PAC money a candidate could accept while benefiting from public financing, with a

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*Recall, for instance, that the vast bulk of PAC contributions go to incumbents.

formula based on the state's population--one bill sets forth a range of $75,000 to $500,000. A house proposal would set a $75,000 PAC limit. Still another idea would limit personal and immediate family spending to $20,000 per two year election cycle for those who participate in the public finance system. A final proposal pertains to those campaigns where a candidate chooses not to accept public financing but to spend large amounts of his or her own money, or to exceed the spending limits. The spending limits on the opponent would be lifted and the opponent would receive double the amount in matching funds. As one can see, there are a variety of concerns and/or ideas expressed in proposals for public financing.

(6) To the proposals listed above I would add one of my own. I would make it a conflict of interest for a legislator sitting on a specific committee or subcommittee to accept campaign contributions from interest groups that are affected by the decision making activities of such work units. In removing the financial connection between legislator and interest group at this point in the legislative process, the ability of legislators to impartially consider legislation based on its merits may be improved. At the least such a prohibition could help to remove the taint of impropriety that arises from such commonly observed practices. In addition, such an arrangement can serve to help protect against potential cooptation of the use of public power--in situations where legislator self-interest

and large, influential private sector interest groups unit in mutually beneficial ways, it is often at the expense of a fair hearing for other considerations such as the public's interest in a particular matter. An arrangement like this does not hinder the ability of interest groups to attempt to influence full floor votes in either legislative chamber. And if such groups do not feel they have adequate opportunity for access to the work unit decision making activities of their concern, then ways of ensuring adequate access should be sought, short of allowing them to buy into such activities.

In conclusion, there are a number of reasons why current campaign finance practices may be seen as less than desirable--in terms of the potential for the misuse of public power and in terms of the overall affects such practices can have on the agency relationship and on the larger system of representative democracy. In light of such considerations, adjustments and alternatives to current campaign finance practices appear to be not only desirable, but warranted as well.

ENDNOTES

ENDNOTES

[1]Roger H. Davidson, "Breaking up those 'Cozy Triangles': An Impossible Dream?" in Legislative Reform and Public Policy, ed. by Susan Welch and John G. Peters (New York: Praeger Publishers, Inc., 1977), p. 31.

[2]Ibid., p. 32.

[3]Gary J. Miller, "The Economics of Bribery" in the Yale Law Review Journal, 88 (June 1979), p. 1551.

[4]The Special Commission Concerning State and County Buildings, Final Report to the General Court of the Special Commission Concerning State and County Buildings, Vol. 1 (Boston: The Commonwealth of Massachusettes Office of the Secretary of State, 1980), p. 4-2.

[5]Elizabeth Drew, "Politics and Money" in the New Yorker magazine (December 6, 1982), p. 148.

[6]William Safire, Safire's Political Dictionary in "The Super Lobbyists" by Sandra McElwaine, Family Weekly (January 30, 1983), p. 4.

[7]Common Cause, How Money Talks in Congress . . . (Washington, D.C., 1979), p. 31.

[8]Drew (December 13, 1982), p. 64.

[9]W. Richard Scott, Organizations: Rational, Natural, and Open Systems (Englewood Cliffs, N.J.: Prentice Hall, Inc., 1981), p. 199.

[10]Ibid., p. 201.

[11]Ibid., p. 311.

[12]Ibid., p. 116.

[13]Marshall B. Clinard and Peter C. Yeager, Corporate Crime (New York, N.Y.: The Free Press, 1980), p. 53.

[14]Scott, p. 193.

[15]Ibid., p. 194.

[16]Clinard and Yeager, p. 53.

[17]Ibid., p. 56.

[18]The Special Commission . . ., p. 8.

[19]Clinard and Yeager, p. 21.

[20]Susan Rose-Ackerman, Corruption: A Study in Political Economy (New York: Academic Press, Inc., 1978), p. 7.

[21]John G. Peters and Susan Welch, "Political Corruption in America: A Search for Definitions and a Theory, or . . ." in The American Political Science Review, 72 (1978), p. 975.

[22]Davidson, p. 31.

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