

Campaign alternative: The "clean money" reform

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As the congressional debate on campaign finances was being launched, Representative Thomas Davis (R., Va.) was already speculating on how a ban on so-called soft money, if enacted, could be circumvented. Clamping down on soft money—the unregulated contributions made by individuals and corporations to national and local political parties—is at the heart of the reform bill proposed by Senators John McCain (R., Ariz.) and Russell Feingold (D., Wis.). What is likely to happen with a ban on soft money, Representative Davis told the *New York Times*, is that political parties will set up unofficial parallel organizations to serve as conduits for the campaign funds.

Whether or not that scenario plays out, tightening campaign finance laws does seem a bit like squeezing a balloon: it creates a bulge somewhere else. The reforms of 1974, which placed limits on individual donations to candidates, sparked the creation of unregulated political action committees and then a surge in soft money donations.

Curbs on soft money are needed, but they cannot be expected by themselves to remove the excesses of campaign spending. A more comprehensive approach is required. Rather than focusing on regulating the system, reformers need to think about an alternative system.

An alternative is being tried in Vermont, Maine, Arizona and Massachusetts. Campaign reforms in those states offer state candidates the option of rejecting private funds in return for receiving designated amounts of public funds—"clean money." A "clean money" system can be designed with various limits on private contributions and total spending. The key is to offer candidates good reason to turn away from the scramble for corporate and private dollars. Since it's a voluntary system, this reform is based on incentives, not regulations.

What happens if some candidates choose the public funding option and others opt out—won't the latter have an advantage, since they will be free to solicit more contributions? Yes, but that advantage can be offset by ensuring that the publicly financed candidates receive an additional sum whenever a certain spending limit is breached by the other candidates. The effect, again, is to create a disincentive for fund-raising, to make candidates ask themselves: Is it really worth spending so much of my time raising money? And is it politically useful to make myself indebted to all these donors?

Politicians routinely complain about how much time and energy they have to devote to raising money. Public financing offers them a way to avoid that chore. Voters routinely complain that special-interest groups have too much influence in elections. The “clean money” approach gives candidates a way to say no to special interests.

The ultimate aim of the “clean money” experiment is to change the culture of elections—to make public financing the norm, not the exception. Of course, public financing means that the taxpayers will be stuck with the bill for campaigns. But a tax of just a few dollars per person would be sufficient to fund such a system—and that is a small price to pay for campaigns in which candidates focus on raising issues, not money.