

Party Finance in a Presidential Election Year

By JOHN W. LEDERLE

OUR two major parties spend a great deal of money in the attempt to put over the national party ticket in a Presidential election year.¹ While no complete accounting of the total amount spent in support of the two major party tickets has ever been compiled it is reasonable to suppose that the figure is somewhere between twenty-five and thirty million dollars. In view of the hundreds of collecting and expending agencies, the most assiduous efforts of scholars, of legislative investigating committees, of Department of Justice officials, of public officers responsible for receiving and publicizing political financial information, and of the gentlemen of the press, can produce little more than a guess as to the amount involved.

A CONFUSED PICTURE

Explanations for this lack of detailed knowledge are readily apparent. For one thing, perhaps no country in the world has a more complicated governmental structure than ours. The federal principle, which divides power between the National Government and the states, confuses the student of party finances. One cannot stop with an examination of the expenditures of the official national party committees. State and local party committee expenditures must be investigated. National laws, designed to assure central compilation of data on party financial operations, are frequently ignored by

¹ The phrase "expenditures" for the national party ticket is used loosely to cover expenditures by party committees and satellite groups in aid of the party's nominees for President and Vice President, together with "general" expenditures in aid of the party's candidates for the Federal Senate and House of Representatives.

important state and local party organs. While receipts and expenditures by such groups certainly redound to the general benefit of the national party ticket, there is more than a little justification for denial by many of them of any obligation to report to Washington on the details of these party financial transactions.

To the complications introduced by the federal system are added the difficulties of following the primary and election financial operations in connection with the individual election contests for the more than eight hundred thousand elective offices which the American voters are called upon to fill, the vast majority on a partisan basis. Party expenditures in aid of individual candidates as distinguished from general party propaganda, and individual candidates' expenditures in aid of the general party ticket as distinguished from those in aid of their own candidacies, are so intermingled that a Solomon could not unravel the situation, even assuming he could gather together all the relevant statements of receipts and expenditures.

An additional complication, inevitable in a democracy, is the proliferation of satellite "educational," "nonparty," or "independent" committees which mushroom around individual candidates and national party tickets. With labor's Political Action Committees spending more than a million dollars in the 1944 election, it became dramatically apparent how substantial a financial contribution such satellite groups can make, while adding confusion to the financing picture. Many of these groups are ephemeral, here today and gone tomorrow, out of existence before their true significance in influencing elections has

been revealed and investigation been made.

The right of Americans freely and spontaneously to organize, to participate in, and, when tired and disillusioned, to resign from, such groups is basic to democracy. A kaleidoscopic pattern of semipolitical associations operating alongside the regular political parties enriches political life. Absence of such a virile associational life would be evidence of decadence. But existence of a volatile and prolific associational activity with its political implications does not bring clarity to the political financing picture.

SIGNIFICANCE OF MONEY

There is no question that "money talks" in politics. The proverb "He who pays the piper calls the tune" may be an exaggeration, but public disquiet about occasional excesses in expenditure or about the sources of party funds is a recognition that in this proverb there is at least a kernel of truth.² The Greeks and Romans found it necessary to deal with the problem of the "purchase" of voter support, and modern democratic nations cannot ignore it.

It does not advance consideration of the problem, however, to start off with a moralistic philosophy that "money is the root of all evil." Some proponents

² Cf. V. O. Key, *Politics, Parties, and Pressure Groups* (Second Ed., New York, 1947), p. 450: "That he who pays the piper calls the tune is often said to be the entire story of party finance in a democracy. But in politics there are different pipers competing for power and pay; there are people with divergent tastes in tunes often paying the same piper. The repertoire of the pipers is limited and there are arias beyond purchase; but no performer likes an empty house, and the piper may choose to be governed by the tastes of his impecunious listeners. Undoubtedly the parable of the payer and the piper correctly describes a recurring tendency, but campaign finance is more complex than the saying would indicate."

of corrupt practices legislation take this highly unrealistic and puritanical stand. It is the part of wisdom to recognize that political parties and party candidates in a democracy must spend large sums of money in order to present their case to a population of 140 million, among which there are more than 60 million eligible voters spread over an area of three million square miles.

Access to mass media through which to reach this vast electorate comes high. The cost of a radio program over a national hookup at a good hour when the listening audience is large may approach a hundred thousand dollars. If individual private corporations feel it wise to spend ten or fifteen million a year in disseminating the merits of soft drinks or soap, are we to say that a political party is morally delinquent when in a Presidential election campaign it spends a comparable amount?

A strong case for delinquency, if delinquency there be, might be made for the failure by political parties to collect and spend more than they do now on the political education of the electorate. Democracy cannot function in the absence of information on political issues, and it is the parties that are specifically devoted to the accumulation and dissemination of this information. In the competition of party information and propaganda implicit in the "party battle" is the essential difference between democracy and the one-party dictatorship.

As Pendleton Herring has brilliantly pointed out, "The danger to popular government lies not so much in the use of money itself as in the lack of balance between political groups of wealth and those of poverty."³ Equality of opportunity to reach the ear of the electorate is the ideal that is sought but never achieved. That the rich candidate or

³ Pendleton Herring, *The Politics of Democracy* (New York, 1940), p. 341.

political party, if uncontrolled, will purchase office in competition with the candidate or political party of limited means is our constant fear.

It is of course true that a great advantage in publicity or money does not guarantee victory at the polls. In all of his Presidential campaigns the late President Roosevelt successfully overcame the handicap of less funds and less press support than were available to his Republican opponents.⁴ But in other campaigns and in other areas the preponderance of press and financial backing is likely to be of decisive influence.

HOW MUCH IS SPENT

If the public is to protect itself against "unreasonable" political expenditures, surely a minimum prerequisite would be adequate publicity as to the amount spent and the sources of contributions. If such publicity can be achieved we may expect an informed public opinion to go a long way toward control of excesses which verge on "purchase" of public office.

As indicated previously, the confusing nature of the federal environment and the large number of collecting and expending agencies make the task of assembling the data on political finance a most difficult one. Information on the financing of the major-party Presidential campaigns is the most nearly complete, and our discussion will be restricted to this field, with only incidental reference to other aspects of party finance.

It cannot be said that present Federal statutes assure adequate publicity of party financial transactions. The Federal Corrupt Practices Act of 1925,⁵

⁴ See E. O. Stene, "Newspapers in the Presidential Campaign," *Southwestern Social Science Quarterly*, Vol. 25 (1945), pp. 258-64.

⁵ Public Law 506, 68th Cong.; 2 U.S.C.A. 241 ff.

the basic Federal statute, requires all political committees engaged in financing the election of United States Senators, Representatives, or Presidential electors (1) in two or more states, or (2) whether or not in more than one state if such committee (other than a duly organized state or local committee of a party) is a branch or subsidiary of a national committee, to file periodically with the Clerk of the House of Representatives statements reporting on contributions received and on expenditures made. The Clerk is not vested with responsibility for soliciting such statements from delinquents, nor has he any obligation to scrutinize those filed to see whether they comply with the requirements of the law. And most shocking of all is the law's failure to require the Clerk from time to time to compile the data on file in his office with a view to publishing a report.

Fortunately both the Senate and the House in Presidential election years have adopted the practice of setting up special committees to investigate campaign expenditures and electoral corruption.⁶ These ad hoc investigating agencies, utilizing statements on file in the Clerk's office as well as information gained in their own independent investigations, have done much to or-

⁶ The Legislative Reorganization Act of 1946, by implementing the regular standing committees of the Senate and House with professional staffs, offered an opportunity for continuous and systematic surveillance of the subject of party finance in place of the intermittent special committee investigations of the past. However, neither the House nor Senate committees having jurisdiction over election practices utilized this opportunity. With the 1948 election in the offing the House violated the spirit of the Legislative Reorganization Act and fell into its old tradition of establishing a special committee (House Resolution 461, 80th Cong.), while the Senate more wisely decided to use a subcommittee of the regular standing committee.

ganize the mass of expenditure data in digestible form. While the reports of these special committees do not reveal the whole story, they furnish a reasonable basis for comparing expenditures by the two major parties. The data are about as comprehensive for one party as for the other, and on balance, missing information probably cancels out without bias.

Using the data compiled by the special Senate committees of 1940 and 1944, we are able to prepare Table 1

cause of inclusion of transferred funds as expended by two different agencies.⁷

State and independent spending

Furthermore, the inclusion of state and independent committee expenditures in the national total ignores the fact that some of this money undoubtedly was more immediately related to state and local election issues. Accurate allocation of party funds to national as distinguished from state and local purposes is of course impossible.

TABLE 1—EXPENDITURES BY COMMITTEES SUPPORTING THE DEMOCRATIC AND REPUBLICAN NATIONAL TICKETS IN THE PRESIDENTIAL CAMPAIGNS OF 1940 AND 1944

Committee or agency	Democratic		Republican	
	1940	1944	1940	1944
Official National Committee	\$2,438,091.88	\$2,056,121.58	\$ 2,242,742.47	\$ 2,828,651.56
State (including finance committees)	2,785,659.82	2,033,370.12	10,791,625.17	9,260,528.31
Independent	871,606.09	3,352,307.86	3,587,068.22	1,106,197.04
	\$6,095,357.79	\$7,441,799.56	\$16,621,435.86	\$13,195,376.91

Source: For 1940 expenditures, *Report of the Special Committee to Investigate Presidential, Vice Presidential, and Senatorial Campaign Expenditures, 1940* (Washington, 1941), pp. 10–11. For 1944 expenditures, *Report of the Special Committee to Investigate Presidential, Vice Presidential, and Senatorial Campaign Expenditures in 1944* (Washington, 1945), p. 79.

dealing with expenditures by political committees supporting the Democratic and the Republican tickets respectively. No pretense should be made that these figures are either absolutely accurate or complete. By way of qualification it should be noted that while Senate investigators have attempted to trace transfers of funds between committees so as to count them as expended only by the committee in whose hands they finally rest, such transfers have not always been caught. Thus Professor Overacker would reduce the 1940 Democratic National Committee figure by approximately \$240 thousand and the 1940 Republican state committee figure by approximately \$1.68 million be-

It is reasonable to assume that the vast majority of the money spent by state and independent groups included in Table 1 aided the national party ticket in a definite way. Besides, any exaggeration produced by such inclusion is more than counterbalanced by the failure to include the expenditures by many local committees and groups which under present reporting procedures are never uncovered, except by chance, by Federal investigators.⁸ Finally, absence of

⁷ See Louise Overacker, "Campaign Finance in the Presidential Election of 1940," *American Political Science Review*, Vol. 35 (1941), pp. 701–27, at p. 713.

⁸ See the comment in the *Report of the Special Committee to Investigate Presidential, Vice Presidential, and Senatorial Campaign Expen-*

some national independent committees from the list has to be considered.

PROLIFERATION OF COMMITTEES

One of the most interesting political phenomena of recent years has been the prolific growth of committees concerned with influencing national elections but independent of the official national party committees. Many of these groups, such as the Committee for Constitutional Government, have claimed that they are "educational" in nature rather than "political" and have denied any obligation under the Federal Corrupt Practices Act to file financial statements with the Clerk of the House of Representatives. Others, such as the various Political Action Committees, have maintained the thinly veiled fiction that they are "nonpartisan." In some instances the official party organizations have deliberately sponsored such committees in order to appeal to specialized groups or to independent voters. Examination of Table 1 reveals that such groups, which hereafter will be referred to as "independent" committees, at present play a most prominent part in the financing of national campaigns.⁹

Prior to 1940, political committees covered by the Federal law had no other obligation than to report receipts and expenditures. In that year Congress amended the Hatch "Clean Poli-

tics" Act¹⁰ by including a provision that no political committee should henceforth receive contributions or make expenditures aggregating more than \$3,000,000 in any calendar year.¹¹

While Senator Hatch personally objected to the ceiling limitation proposed when the bill was being debated in the Senate, the House put the limitation in and the Senate was later compelled to concur. On the basis of limited evidence it seems likely that the purpose of proponents of this provision was to limit to \$3,000,000 in aggregate the contributions and expenditures in behalf of a particular national party ticket, whether these contributions and expenditures be handled by one political committee or through several committees.¹²

Failure of ceiling limitation

Reference to Table 1 indicates that the provision completely failed to achieve its objective. The aggregate expenditures on behalf of either major party ticket greatly exceeded the limitation in both 1940 and 1944. In effect the provision penalized the official national party committees by placing an unrealistic \$3,000,000 ceiling on their receipts and expenditures. Its unforeseen effect was wholly bad, for it encouraged evasion through dispersion of fund-raising and expending among a large number of political committees independent of national party control. Such dispersion has made the publicizing of political expenditures with a view to control by public opinion most difficult, if not impossible. While the American federal environment naturally

¹⁰ Public Law 753, 76th Cong.; 18 U.S.C.A. 61t.

¹¹ The effects of the \$3 million limitation are more fully discussed in John W. Lederle, "Political Committee Expenditures and the Hatch Act," *Michigan Law Review*, Vol. 44 (1945), pp. 294-99.

¹² Louise Overacker, *op. cit.* note 7 *supra*, p. 705.

ditures in 1944 (Washington: 1945), p. 80: "Some county committees collect and spend more money than corresponding State committees; some, by transfers of funds to State committees of other States, play a prominent part in the collection of funds for support of the Federal party ticket. Because of the immensity of the job, if not its very impracticability under present methods of reporting, neither this nor any other Special Campaign Expenditures Committee has ever attempted to get complete figures as to receipts and expenditures by political committees on the county level."

⁹ *Ibid.*, pp. 5-16.

encourages a complicated financing structure, it is the height of absurdity to add to the confusion artificially by legislation unrealistically limiting political committee expenditures.

Prior to the 1940 Hatch Act provision, the official national party committees had been steadily acquiring a position of primacy in fund-raising on behalf of the national party tickets. In 1936 the Democratic Committee spent \$5,194,741 while its Republican counterpart spent \$8,892,972. This centralist trend made for more effective publicity and responsible expenditure of political funds. The official party committees in general have kept accurate records and have reasonably complied with the law. They could not afford to do otherwise, for any delinquency would have been ammunition for their political opponents. In contrast, many of the independent committees have had poor records of compliance with the publicity provisions of the law, and when they have filed information, it has often been patently inaccurate and incomplete.

Finally, many irresponsible independent committees have been fronts for racketeers. Contributors to party funds, confused by the complexities of the committee scene, have been victimized by "phony" committee solicitors, who, operating by wholesale telephone contacts and otherwise, collected funds from the "suckers" for private purposes rather than national party benefit.

In the absence of a statutory requirement that expenditures be funneled solely through the official national party committees there would, of course, always be large expenditures by other groups than the official committees. The \$3,000,000 limitation is not the sole factor in their establishment. The expansion of governmental activity generally during the 1930's was a major factor in the development of independent groups. The unrealistic Hatch Act

limitation further encouraged this development and in addition worked to defeat the already weak publicity provisions of the Federal corrupt practices laws.

WHERE THE MONEY GOES

An examination of the expenditures of the official national party committees reveals in a general way for what purposes the parties spend their funds in the attempt to put over the national party tickets. Such data, of course, do not tell the whole story, for large sums are spent by other committees and agencies. However, the incompleteness of our knowledge of the expenditure practices of independent committees makes it necessary to deal with such practices only incidentally, while concentrating attention on the official bodies.

V. O. Key has suggested that campaign expenditures may conveniently be grouped in five categories.¹³ First is general overhead, a category including salaries for headquarters staff, telephone, rentals, and postage. Second is field activities, covering payments to speakers and their transportation. Third is publicity, the biggest expense category, covering direct-mail campaigns, literature, billboards, newspaper advertising, and radio broadcasts. Fourth is transfers to subsidiary or allied committees and special organizations which are fighting for the common cause. Fifth is election-day expenses at the grass roots for watchers, runners, and other election-day workers, and for transporting voters to the polls.

Overhead

Overhead is a big item. Even in non-election years the national party committees must maintain a staff and some semblance of an organization. Thus the Democratic and Republican national committees respectively spent for all

¹³ V. O. Key, *op. cit.* note 2 *supra*, p. 458.

purposes including overhead \$1,461,273 and \$632,186 in 1937; \$736,709 and \$737,188 in 1939; \$663,156 and \$232,089 in 1941; and \$317,786 and \$505,399 in 1943. From June 29 to December 31 in the 1940 election year, the Republican National Committee salaries ran \$361,986; general office expenses (including rental, furniture, taxes, supplies), \$108,850; telephone, telegraph, express, and postage, \$131,392.¹⁴

If overhead expense becomes excessive, political funds may be eaten up without contributing adequately to political ends. Examination of questionnaires returned to the Special Senate Campaign Expenditures Committee of 1944 reveals that many of the independent committees had excessive overhead costs. Besides, some of them made a practice of farming out fundraising to solicitors operating on a commission basis. This proved a costly form of professionalism that the regular party committees with their volunteer solicitors have generally avoided.

Field activities

Expenses for field activities do not bulk large in the total view. The candidate and his entourage travel in expensive style for a time. The national party chairman and a few staff workers are of course constantly on the go, while special speakers must be sent to the strategic areas. Specifically, from June 29 to December 31, 1940, the Republican National Committee reported having spent \$259,172 for travel or field activity purposes.

Publicity

Publicity takes the largest share of the national committee budget, and

¹⁴ See Louise Overacker, *op. cit.* note 7 *supra*, p. 707, for these and other expenditures of the Republican National Committee from June 29 to December 31, 1940.

among the various kinds of publicity radio broadcasting has top priority. Thus the Democratic National Committee reported radio expenditures of \$757,344.09 between January 1 and December 16, 1944, to which should be added approximately \$175,000 paid on 1944 radio bills during the early months of 1945. The Republican National Committee spent \$841,600 for radio broadcasts during 1944.¹⁵

Since the national committees are limited to a \$3,000,000 total expenditure figure, it is obvious that radio publicity takes the biggest bite out of revenues. But it would be a mistake to assume that expenditures by the official national party committees cover radio expense for the national party ticket. Auxiliary committees are ready to step into the breach. Toward the end of the campaign in 1940, for example, when the Democratic National Committee found itself bumping its head on the \$3,000,000 ceiling, financial sponsorship of certain broadcasts was shifted to state committees. Mr. Richard J. Reynolds helped out with a \$100,000 loan to the New Jersey state committee and loans totaling \$200,000 to the New York and Illinois state committees.¹⁶

The coming of radio has introduced profound changes in the techniques of campaigning. In 1948 we shall be witnessing a new technique, television, which will enormously complicate the staging of campaigns while ballooning political expenditures. In the words of a subtitle in *Fortune*,¹⁷ "after long lurking in the wings, video has rushed to the center of the entertainment stage." The industry is almost stridently ad-

¹⁵ Louise Overacker, "Presidential Campaign Funds, 1944," *American Political Science Review*, Vol. 39 (1945), pp. 899-925, at p. 901.

¹⁶ Louise Overacker, *Presidential Campaign Funds* (Boston: 1946), pp. 35-36.

¹⁷ See Anonymous, "Television! Boom!" *Fortune*, Vol. 35 (May 1948), pp. 79-83 and 191-197, at p. 79.

vertising 1948 as "Television's Year." Television will be tried hesitantly on an experimental basis during the 1948 campaign, but as techniques improve, the politicians will not be slow in picking up the tempo.

Other forms of publicity take large sums. The planning and financing of newspaper advertising campaigns, the preparation, printing, and distribution of campaign literature, the circulation of a party newsheet to a key list, the distribution of press releases, plates, mats, and other information to the press, all absorb considerable funds. Naturally, in view of the \$3,000,000 limitation, the placement of the political advertisements in the press and on billboards is often financed by committees on the state level or by so-called "independent" or "nonpartisan" committees.

Transfer of funds

There is a good deal of transferring of political funds between collecting and expending agencies. State committees send funds to the national party committees or vice versa. In view of the \$3,000,000 limitation on receipts and expenditures by a national committee, the official national committees no longer serve as the semiofficial clearing-house for funds. There are informal co-ordinating agencies which keep track of the total financial picture for each national party ticket and which indicate to those committees having a superabundance of funds where the money may best be transferred to produce effective results. There is probably much less subsidization of subsidiary or auxiliary political units by the official national committees than formerly.

In the campaign year of 1944, the Democratic and Republican national committees transferred to state committees \$148,815.75 and \$14,400 respectively; state committees transferred

to the Democratic and Republican national committees \$276,549.14 and \$1,249,286.38 respectively; and Republican transfers between state committees amounted to \$14,300, while no similar Democratic interstate transfers were reported.¹⁸

Election-day expenses

Election-day expenses do not generally show up on the balance sheet compiled for the national party ticket. In many parts of the country, county and city organizations allocate cash sums of \$25, \$50, or \$100 per poll to precinct organizers to be used on election day. Some of this money may be used for watchers, some for distribution of party literature and sample ballots to the voters as they arrive at the polls. Some of it goes for cars and drivers to bring the indifferent to the voting booth. In some areas direct vote-buying may take place. In the absence of civil service restrictions on partisan activity the public may be indirectly contributing to the election-day and immediate pre-election-day expenses. It is not uncommon for public employees to aid in the local election activities, and a veritable exodus of public employees from city hall and county building at time of elections frequently occurs.

SOURCES OF PARTY FUNDS

As far as the two major parties are concerned, it can be said categorically that neither of them has a broad and democratic financial base. It is one of the paradoxes of our society that while the average individual readily pays dues or otherwise assumes a responsibility for the support of his labor union or professional association, his church, his lodge, and the other groups to which he

¹⁸ See Appendices XI-XVI of the *Report of the Special Committee to Investigate Presidential, Vice Presidential, and Senatorial Campaign Expenditures in 1944*, Washington, 1945.

belongs, the sum total of responsibility felt for his political party commonly consists at most of going to the polls on election day. Judged by the standard of ability to induce the average citizen to reach into his pocketbook for a contribution (an action he follows almost every day for other groups and causes), the political party occupies the lowest place in the citizen's scale of values. The Socialist and Communist parties operate on a dues-paying basis and are quick to expel the member who becomes delinquent. But "membership" in the Republican or Democratic parties involves no such financial sacrifice by the mass of party supporters.

Out of the millions of party cohorts, comparatively few see fit to furnish the financial wherewithal with which to conduct the party battle. From time to time both major parties have sought to broaden the base of support, tried to put a greater emphasis upon small contributions of \$1, \$5, \$10, \$25, or \$50 rather than to continue reliance on big gifts. The efforts have been well intentioned but of little practical effect.¹⁹

Professor Overacker's comments on the size of individual contributions to the official national party committees in the election year 1944 are interesting:

The number of persons contributing to the Democratic National Committee was four times as large as the number giving to the Republican National Committee, and the Democrats drew more largely from contributions of less than \$100. However, both committees received more than half of their contributions from those who could afford to give more than \$1000 or more. Contributions of \$100 to \$1000

¹⁹ The Congress of Industrial Organizations in the 1944 campaign ran into similar difficulties when it tried to finance the Political Action Committee movement after the Presidential nominating conventions by substituting individual contributions of "A buck for Roosevelt" from union members for the previous outright grants from union treasuries.

played a more important part in the financing of the Republican committee than in the case of the Democrats.²⁰

In 1940 a provision of the Hatch Act for the first time set a top limit of \$5000 on the amount an individual could contribute to a national political committee in one calendar year. Contributions to state and local committees were expressly excepted. This \$5000 limitation has been readily circumvented by wealthy donors who have split their contributions among numerous committees working for the party ticket instead of giving a lump sum to the official national party committee. Or contributions of \$5000 or less have been made by various members of the same family instead of by the family head in a lump sum.

In 1944, for example, while Lamot Du Pont gave \$2000 to the Republican National Committee, he managed to contribute more than \$29,000 to other committees supporting the party ticket. In addition, in 1944 thirty-two other members of the Du Pont family contributed \$22,000 to the Republican National Committee and \$56,509 to other groups supporting the Republican ticket. The Democratic Party, also, has been the beneficiary of split and family gifts. The net effect of the provision has been to introduce new complexities into the party financing picture, and thus to interfere with the efforts to put the spotlight on financial practices with a view to control by public opinion.

Corporations restricted

Ever since 1907 corporations have been prohibited from making contributions in connection with national election campaigns. In 1943 a provision of the Smith-Connally Act placed labor unions under the same prohibition. Be-

²⁰ Louise Overacker, *op. cit.* note 15 *supra*, p. 908.

cause the prohibition extended only to contributions and not to direct expenditures by corporations and labor unions, and because the provision applied only to elections and not to primaries or nominating conventions, the intended restriction upon labor union financing of national campaigns was somewhat nullified.²¹

The Eightieth Congress adopted, without adequate consideration of the Constitutional issues involved, a provision designed to plug both loopholes.²² This is now being tested in the courts as an invasion of the union members' freedom of speech, press, and assembly. Union attorneys contend that the hiring of a hall for a political meeting where labor's views can be expressed, or the printing of a political editorial on a candidate's views on labor, or a pamphlet containing a political speech, are all exercises of rights guaranteed by the Constitution. The scope of Federal power to regulate the sources of campaign financing has been broadly interpreted in the past, but the newest attempt to exercise power may well see the courts placing a limiting interpretation.

Centers of contribution

An examination of the economic affiliations of the contributors of a thousand dollars or more to the respective party campaigns in 1944 indicates that the Democratic and Republican parties have different economic centers of gravity. Again we owe our information to Professor Overacker's painstaking research. As the New Deal legislative program crystallized after 1932, many

individuals who had traditionally contributed to the Democratic Party switched their allegiance. According to Overacker, in 1944 "The major part of the support of the Republicans (40.9 per cent) came from bankers and manufacturers, while the Democrats, even with the aid of the One Thousand Club, drew only 13.3 per cent of their support from this source."²³ Democratic support came more from the brewing and distilling interests, contractors, officeholders, professional men, and the amusement interests.

Professor Overacker also found that of the approximately 575 persons on the list of large income-tax payers (defined as persons receiving in excess of seventy-five thousand dollars from corporations for personal services) in 1943, 97 contributed to the Republican Party, while only 23 contributed to the Democratic. And of the 23 Democratic contributors 15 were associated with the motion picture industry. Since many of the most generous contributors to the Republican Party derived their incomes from investments rather than salaries and corporate bonuses, their names do not appear on the list.²⁴

The subscription dinner

While contributions by individuals dominate, another important source of revenue has been the subscription dinner. In recent years Jackson Day dinners have assumed an important place in Democratic Party financing. The Democratic National Committee collected \$422,582 in 1940 and \$251,675 in 1944 in this manner. Independent committees also utilize this device.

The independent groups also frequently hold mass meetings in Madison Square Garden and other large assembly halls where the glamour of the presence

²¹ In 1944 both the House and Senate special campaign expenditures committees grilled Sidney Hillman and other Political Action Committee leaders at great length. Many pages in the committee reports are devoted to the matter of labor participation in political financing.

²² Public Law 101, 80th Cong., Sec. 304; 2 U.S.C.A. 251.

²³ Louise Overacker, *op. cit.* note 15 *supra*, pp. 915-16.

²⁴ *Ibid.*, p. 918.

of Hollywood stars and big-name politicians attracts thousands to contribute, if only as a token of appreciation for the show of stars rather than out of the more rational desire to support the sponsoring group's political activities.

The Republicans have their Lincoln's Birthday Banquet and other affairs in various localities to raise funds for party purposes. The political picnic sponsored by the local party organizations is less common than formerly.

"Good will" ads

One of the time-honored devices for "extorting" contributions is that of soliciting advertising in party journals, meeting programs, or announcement handbills. The contributor does get publicity, it is true, but one may suspect that the good will of the party hierarchy is being purchased rather than access to the readers of the advertisements. The Democrats cleared \$250 thousand from publication of a *Book of the 1936 Convention* in which advertisements were widely sold. Many Republican business concerns bought "good will" advertisements. The successful project was severely criticized as an evasion of the provision against corporate contributions, and in 1940 the Hatch Act was amended to prohibit this method of financing in the future.

FUTURE REGULATORY POLICY

The present Federal statutes regulating campaign financing are a hodge-

podge of inconsistency and confusion. As sore-thumb situations were uncovered, Congress adopted or amended on an ad hoc basis. Today the statutory scheme has no basic unity or philosophy. A recent Senate investigating committee came to the conclusion that "presently existing Federal statutes dealing with . . . campaign expenditures and contributions, and limitations thereon, are utterly inadequate to accomplish the purposes for which they were enacted," and recommended that "new and comprehensive legislation covering the subject matter . . . be introduced in the Eightieth Congress."²⁵

In any new legislation the emphasis should be placed on publicity rather than on ceiling limitations for campaign expenditures. "Intelligent and continuous publicity will focus public attention upon the size of campaign funds and thus public opinion itself may regulate where prohibition without publicity has failed."²⁶

²⁵ *Report of the Special Committee to Investigate Senatorial Campaign Expenditures, 1946* (Washington, 1947), p. 36. The members of this committee introduced in the 80th Congress a bill, S.1173, designed to carry out the recommendations in its report. The underlying sanction in the bill is publicity, but it does not go as far in removing ceiling limitations as the recommendations of the Special Senate Campaign Expenditures Committee of 1944.

²⁶ *Report of the Special Committee to Investigate Presidential, Vice Presidential, and Senatorial Campaign Expenditures in 1944* (Washington, 1945), p. 82.

John W. Lederle, LL.B., Ph.D., is associate professor of political science and director of curriculum in the Institute of Public Administration at the University of Michigan, Ann Arbor, Michigan. He served as consultant to the Special Senate Campaign Expenditures Committees of 1944 and 1946. He practiced law in Detroit for several years and currently is general counsel, Michigan Municipal League.