

POLITICAL ACTION COMMITTEES: THEIR EVOLUTION, GROWTH AND,
IMPLICATIONS FOR THE POLITICAL SYSTEM

Joseph E. Cantor
Analyst in American National Government
Government Division



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ABSTRACT

This report examines the campaign fundraising vehicles commonly referred to as political action committees. It traces their evolution and their growth, both in number and in level of financial activity, and it analyzes the impact they are having on the political system today.

INTRODUCTION

Political action committees (PACs) are the vehicles through which interest groups raise and contribute money to political candidates. Although originally the almost exclusive domain of organized labor, their appeal has extended since the early 1970s to businesses, trade associations, and a wide range of other interest groups. Their proliferation in number and their growth in level of financial activity during this period has occurred at a rapid pace. In 1982, the 3,371 PACs had receipts in excess of \$199 million and contributed more than \$83 million to candidates for the United States Congress. PACs have thus become a major source of campaign financing in modern congressional campaigns.

The amount of money PACs are providing to campaigns has raised questions as to whether these contributions are enabling special interests to gain disproportionate influence in the legislative process, by creating a feeling of obligation by the recipients of their political donations. These concerns are challenged by those who insist that PAC money is generally given to reward public officials who are basically sympathetic with the issue goals of the interest group, rather than to promote shifts in voting patterns which are inconsistent with the general philosophical or constituency-based views of the legislator. Furthermore, PACs are viewed by these individuals as simply another manifestation of the pluralism reflected in interest group activity since the founding of the Nation.

This debate reveals significant differences in outlook as to the role of interest groups in public policy-making and the most desired method for the financing of election campaigns.

This report examines the growth of PACs in recent years and analyzes the reasons for the increased reliance upon them in congressional campaigns. It focuses on the role of PACs in campaigns for the U.S. Congress, essentially because it is there that PAC activity has been most pronounced. Only a small fraction of PAC contributions to Federal candidates has been given to Presidential candidates (largely because of public funding of such elections), and knowledge of PAC activity at the State and local level is quite limited. In any case, the issues raised by PAC activity at the congressional level have a pronounced effect on the political system as a whole. This study discusses the reasons for the continuing controversy surrounding PACs and their implications for the political system.

Chapter One discusses what is meant by the term "political action committee" and gives a rough idea of how it functions. Chapter Two places PACs in perspective by examining how business and labor were involved in campaign financing before the modern PAC era and traces the legislative, executive, and judicial decisions which gave impetus to their growth and development. Chapter Three presents the data on their growth and proliferation, in terms of both numbers and dollars, and reviews the most widely held theories explaining their growth. Chapter Four analyzes the issues raised by PACs in terms of their impact on the political system. Chapter Five reviews recent congressional attempts to curtail PAC influence, analyzes some of the current proposals to limit them, and discusses the prognosis for the future of PACs in our political system. Finally, a bibliography and appendix are included for further reference.

Two explanations regarding terminology used in this report bear mentioning. First, the term "interest group" is used to refer to organizations which pursue particular policy goals through the political arena, and it encompasses corporations, labor unions, and trade associations, as well as the various ideological or issue groups.

Second, because of the activity of and the public interest in those PACs which are ideologically homogenous in nature, this report makes reference to "liberal" and "conservative" PACs. In virtually all instances, these labels reflect the self-ascription of the groups themselves; at the very least, they reflect the widespread and uncontested characterizations appearing in the media and in academic writings.

Finally, several individuals deserve a note of thanks for their assistance in the preparation of this report. In particular, Kent Cooper, Chief of the Federal Election Commission's Public Records Division, provided invaluable and patient help in the compilation of data for Chapter Three. He also reviewed that chapter, as did Professor Herbert Alexander of the Citizens' Research Foundation. Sherry Shapiro and Edith Sutterlin, Congressional Research Service bibliographers, assisted in the preparation of the bibliography at the end of this report.

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Richard A. Arenberg

CHAPTER ONE: WHAT IS A POLITICAL ACTION COMMITTEE AND HOW DOES IT WORK?

In setting the stage for the discussion to follow, this chapter defines the term "political action committee" and sketches the essential outline of how a PAC operates. This is not intended to be an explicit, detailed guide to the formation of a PAC; such guides do exist and, in fact, provided considerable assistance in the preparation of this outline. ^{1/} Those considering setting up a PAC would be well advised to obtain copies of the Federal Election Campaign Act, Title 11 of the Code of Federal Regulations (pertaining to Federal Elections), and the Federal Election Commission's Campaign Guide for Nonconnected Committees or Campaign Guide for Corporations and Labor Organizations. This chapter is confined to conveying some idea of what is involved in the mechanics of setting up and operating a PAC, so as to appreciate the role these vehicles play in American politics and the issues they raise for the political system.

I. WHAT IS A POLITICAL ACTION COMMITTEE

The term "political action committee" is widely used to denote a legal entity which is established by an interest group to raise and spend money in an attempt to influence elections. In spite of its common usage, the term

^{1/} Sudow, William E. Organization and Administration: PAC Legal Considerations. In Political Action for Business: The PAC Handbook. Washington, Fraser Associates, 1981. p. 192-218. Sproul, Curtis C. Corporations and Unions in Federal Politics: A Practical Approach to Federal Election Law Compliance. In Political Action Committees and Campaign Finance: Symposium. Arizona Law Review, v. 22, 1980: 465-518.

is, in fact, a colloquial expression which does not appear in Federal statutes. In order to understand the legal framework in which a PAC operates, one must explore the definitions of three related, but not equivalent, legal terms: "political committee," "separate segregated fund," and "multicandidate political committee."

Virtually all PACs, as we will refer to them throughout this report, are "political committees." Under the definition in 2 U.S.C. 431 of the Federal Election Campaign Act (FECA):

(4) The term "political committee" means--

(A) any committee, club, association, or other group of persons which receives contributions aggregating in excess of \$1,000 during a calendar year or which makes expenditures aggregating in excess of \$1,000 during a calendar year; or

(B) any separate segregated fund established under the provisions of section 441b(b) of this title; or

(C) any local committee of a political party which receives contributions aggregating in excess of \$5,000 during a calendar year, or makes payments exempted from the definition of contribution or expenditure as defined in paragraphs (8) and (9) of this section aggregating in excess of \$5,000 during a calendar year, or makes contributions aggregating in excess of \$1,000 during a calendar year or makes expenditures aggregating in excess of \$1,000 during a calendar year.

For purposes of this report, the third type of political committee--ones that are affiliated with a political party--will not be considered; these are not what is generally meant as political action committees. Instead, this report is concerned with what the Federal Election Commission refers to as "nonparty" political committees, which can take the form of either definition (A) or (B).

The essential distinction between political committee (A) and political committee (B) is the latter's affiliation with an existing, sponsoring organization, in contrast with the former's ostensibly independent status. It is political committee (B), the separate segregated fund, which has constituted the forerunner and, in a sense, the moving force behind the

proliferation of PACs. Until recently, the term "separate segregated fund" was virtually synonymous with the term "political action committee," and, even today, with the increasing growth of and attention focused on the unaffiliated, independent PACs, separate segregated funds account for nearly 80 percent of PACs.

A separate segregated fund is "little more than a bookkeeping concept," which is not defined in the Federal election laws. 2/ As will be explored in Chapter Two, it developed out of the legal prohibitions on the spending of general treasury funds for political contributions by unions and corporations. Such prohibitions led labor unions (and ultimately others) to establish and underwrite the operating expenses of distinct committees (maintaining accounts separate from the unions') to collect and distribute voluntary political contributions from their members, without involving direct union contributions to candidates. In such a manner, the concept of a separate segregated fund came into being.

The law authorizes three specific political activities which can be conducted with general treasury funds of unions and corporations. While 2 U.S.C. 441b(a) prohibits contributions to Federal candidates by national banks, corporations, and labor organizations, Section 441b(b)(2) states that this prohibition shall not include--

(A) communications by a corporation to its stockholders and executive or administrative personnel and their families or by a labor organization to its members and their families on any subject;

(B) nonpartisan registration and get-out-the-vote campaigns by a corporation aimed at its stockholders and executive or administrative personnel and their families, or by a labor organization aimed at its members and their families; and

2/ Sproul, Corporations and Unions in Federal Politics, p. 493.

(C) the establishment, administration, and solicitation of contributions to a separate segregated fund to be utilized for political purposes by a corporation, labor organization, membership organization, cooperative, or corporation without capital stock.

Part C thus sanctions the establishment of separate segregated funds by corporations, unions, membership organizations, cooperatives, and corporations without capital stock; in addition, trade associations are granted the same right in 2 U.S.C. 441b(b)(4)(D). These entities represent six of the seven types of PACs recognized under law, and they will be discussed at length in Chapter Three, which presents data on spending by the various types of PACs. A key feature of all three sanctioned activities (parts A, B, and C of section 441b(b)(2)) is that they must be confined to the audiences specified in the law; this has an important bearing on the operations of PACs and their implications for the electoral process.

The kinds of expenses which may be paid out of the general treasuries of the sponsoring organizations are elaborated upon in the regulations promulgated by the Federal Election Commission. 11 C.F.R. 114.1(b) states:

"Establishment, administration, and solicitation costs" means the costs of office space, phones, salaries, utilities, supplies, legal and accounting fees, fundraising and other expenses incurred in and running a separate segregated fund

These costs need not be reported to the Federal Election Commission.

Having described the principal characteristics of PACs which are separate segregated funds, one must take note of other political committees which are established as independent, political fundraising and spending vehicles. These committees must simply meet the criteria of raising or spending over \$1,000 in a calendar year and then file the appropriate forms with the Federal Election Commission. These unaffiliated PACs are not governed by the restrictions applicable to the separate segregated funds, in terms of whom

they may solicit for contributions, nor are they able to rely upon a sponsoring organization to bear their administrative and fundraising costs; such costs must be paid out of the voluntary contributions they raise. Therein lies the paramount advantage and disadvantage accruing to what the FEC describes as the "non-connected" PACs, the seventh and final PAC category. As will be discussed later in this report, the unaffiliated (or non-connected) grouping is largely comprised of ideological and issue-oriented interest groups.

One additional bit of legal terminology--the term "multicandidate political committee"--needs to be explained in order to round out one's fundamental understanding of what a PAC is and why it is such a much-discussed vehicle. This term arises from the limitations placed on political contributions by individuals and groups under Section 441a of the FECA.

Subsection (a)(1) limits "persons" to contributions of \$1,000 per election to any Federal candidate or his authorized committees, \$20,000 per year to national political party committees, and \$5,000 a year to other political committees. As defined in 2 U.S.C. 431(11), the term "person" includes:

an individual, partnership, committee, association, corporation, labor organization, or any other organization or group of persons, but such term does not include the Federal Government or any authority of the Federal Government.

Thus, the limits above apply to an individual citizen as well as to an organization or group.

The law makes provision, however, for a special type of political committee, to which different contribution limits apply; this type of PAC is the "multicandidate political committee," which is defined in Section 441(a)(4) as:

a political committee which has been registered under section 433 of this title for a period of not less than 6 months, which has received contributions from more than 50 persons, and, except for any State political party organization, has made contributions to 5 or more candidates for Federal office.

By meeting these three additional criteria, the multicandidate PAC may, under 2 U.S.C. 441a(2), contribute \$5,000 per election to a Federal candidate, \$15,000 to a national political party committee, and \$5,000 to any other political committee.

Whereas the last limitation is the same as for the basic political committee and the second is actually lower, the \$5,000 limit on contributions to candidates, in contrast with the \$1,000 limit applicable to basic political committees and individuals, provides greater opportunities for influence and, hence, greater incentive for a political committee to attempt to meet the three additional criteria for multicandidate status. With these criteria being relatively easy to meet, it is hardly surprising that most nonparty committees today are multicandidate committees. What this means is that, for all intents and purposes, most PACs may contribute more money to Federal candidates than can individual citizens (this difference is accentuated by the imposition of a \$25,000 aggregate limit on political contributions by individuals, with no such limit on political committees). This distinction has had a significant bearing on the growth of PACs, as well as on the debate surrounding their influence on American politics.

In summary, virtually all PACs are political committees, most, but not all, are separate segregated funds, and most, but not all, are multicandidate political committees. Because of the implications for public policy and in the interests of greatest consistency with common usage, the term "PAC," for purposes of this report, will generally refer to nonparty, multicandidate political committees which may be either separate segregated funds or unaffiliated entities. The sections which follow in this chapter will have particular applicability to separate segregated funds, although they will be broadly relevant to all types of PACs.

II. HOW A PAC OPERATES

A. Organization

A PAC is required to file a statement of organization with the Federal Election Commission within ten days after its establishment. 3/ For a separate segregated fund, the regulations suggest several alternative events which can be considered to constitute "establishment":

a vote by the board of directors or comparable governing body of an organization to create a separate segregated fund to be used wholly or in part for federal elections; selection of initial officers to administer such a fund; or payment of the initial operating expenses of such a fund. 4/

For an unaffiliated PAC, "establishment" is considered to have occurred when it meets the requirements of a political committee (i.e., when an organization or group raises or spends more than \$1,000 in a year). 5/

In order to register with the FEC, the newly-formed PAC must file a Statement of Organization, FEC Form 1 [a copy is provided in Appendix A], which contains the following information:

- (1) name, address, and type of committee;
- (2) name, address, relationship, and type of connected organization;
- (3) name, address, and committee position of custodian of records (may be the treasurer);
- (4) name and address of treasurer;

3/ 11 C.F.R. 102.1

4/ 11 C.F.R. 102.1(c)

5/ 11 C.F.R. 100.5(a); 102.1(d)

- (5) listing of depositories used by committee (at least one must be designated) 6/;

The one officer required by law in a PAC is the treasurer, who plays a pivotal role in the committee. As stated in 2 U.S.C. 432(a):

Every political committee shall have a treasurer.
No contribution or expenditure shall be accepted or made by or on behalf of a political committee during any period in which the office of treasurer is vacant.

In selecting the name, a separate segregated fund must include the name of its connected organization in its Statement of Organization, on all reports filed, and in all advertisements and communications. 7/

Beyond the requirements above, there are virtually no other steps required for the establishment of a PAC. Those in charge of the PAC may or may not decide to incorporate. By-laws which set forth the goals, organizational structure, and guidelines for PAC operations are recommended by many authorities, but they are not required by law. 8/

Regarding the tax status of a PAC, the law states that political organizations are not entirely exempt from income taxation and are required to file tax returns. 9/ However, a PAC qualifies for a limited tax-exempt status "as long as it is organized and operated primarily for the purpose of receiving contributions and making expenditures within the meaning of the Act." 10/

6/ 11 C.F.R. 102.2(a)

7/ 11 C.F.R. 102.14

8/ Sudow, Organization and Administration, p. 199-200.

9/ 26 U.S.C. 6012(a)(6)

10/ Sudow, Organization and Administration, p. 207. Although money raised from contributions for political expenditures is tax-exempt, political organizations must pay taxes on income from investments.

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B. Records and Reports

Under 2 U.S.C. 432, the treasurer is required to keep an account of the PAC's financial transactions and to store these records for three years after the relevant reports are filed. In terms of receipts, these records must include:

- (1) an account of all contributions received;
- (2) the name and address of persons who contribute more than \$50;
- (3) employment status of persons contributing over \$200 in a year;
- (4) identification of any contribution by a political committee.

For items 2-4, the date and amount of contribution must be included, as well. For all PAC disbursements, the records must provide:

- (1) name and address of every recipient;
- (2) date, amount, and purpose;
- (3) name of candidate (and office sought) on whose behalf disbursement was made.

A receipt, invoice, or cancelled check is required to be kept for disbursements exceeding \$200.

Section 434 of the FECA requires PACs to report information on their financial activity to the Federal Election Commission at regular intervals; 2 U.S.C. 439 also requires relevant sections of reports to be filed with the Secretary of State in those States where candidates have received PAC contributions. Current regulations require them to use FEC Form 3-X. (See Appendix B).

These reports elicit information on PAC receipts through two methods. The first, categories of receipts, requires the reporting of total amounts in contributions from individuals, party committees, other political committees,

and all these sources combined; in addition, total amounts of transfers from affiliated committees, loans, offsets to operating expenses, and other receipts must be reported in the categories section. The second section of the receipts report provides an itemized account (with dates and amounts) of contributions from individuals who contribute more than \$200 in a year and from all committees (political and otherwise); in addition, itemized accounting is required for transfers from affiliated committees, all loans to the PAC, all rebates to offset operating costs in excess of \$200, and dividends or interest in amounts over \$200. 11/

With regard to PAC disbursements, the same two methods are used. The categories of disbursements provide the total amounts spent on operating expenses, transfers to affiliated committees, loan repayments, offsets, contributions to other political committees, loans made by the PAC, independent expenditures, and other expenses. An itemized accounting (with dates and amounts) is required for each disbursement of more than \$200 in a year (stating the purpose of the expenditure), each transfer to an affiliated committee, each loan repayment, each refund or offset, each contribution to a political committee (with name and office sought, if to a candidate's authorized committee), each loan, and each independent expenditure of more than \$200. 12/

Finally, the reports filed must also disclose such information as cash on hand, outstanding debts and obligations, and summaries of contributions and operating expenditures. 13/

11/ 11 C.F.R. 104.3(a)(2) and (4)

12/ 11 C.F.R. 104.3(b)(1) and (3)

13/ 11 C.F.R. 104.3(a)(1), (c), and (d)

PACs may choose one of two schedules for filing their disclosure reports. The first option requires election-year reports on a quarterly basis (due January 31, April 15, July 15, and October 15), a pre-election report (due 12 days before a primary or general election), and a post-election report (due 30 days after a general election); in non-election years, two semi-annual reports are required under this system (due July 31 and January 31). The second reporting option requires monthly reports (due by the 20th day of the following month) in both election and non-election years; during election years, however, pre- and post-election reports and a year-end report (due January 31) are required in lieu of the November and December monthly reports. 14/

C. Solicitation of Contributions

At the core of a PAC's existence is its ability to raise money. The FECA and its interpretative regulations offer detailed guidelines which must be followed by the various types of separate segregated funds in their appeals for voluntary contributions. One overriding rule, at least with respect to union or corporate employers who solicit their subordinates, is that all solicitations must inform the employee of the political purposes of the PAC and of his right to refuse to contribute without fear of reprisal. 15/

Corporations may solicit contributions to their PACs only from their stockholders, administrative or executive personnel, and families. 16/ The

14/ 11 C.F.R. 104.5(c)

15/ 2 U.S.C. 441b(b)(3)(B) and (C)

16/ 2 U.S.C. 441b(b)(4)(A)(i)

law defines "executive or administrative personnel" as:

individuals employed by a corporation who are paid on a salary, rather than hourly, basis and who have policymaking, managerial, professional, or supervisory responsibilities. 17/

Labor unions may only solicit contributions from their members and their families. 18/ Such solicitations by unions and corporations may be in written or oral form and may occur at any time, with no limitation on the number of times per year.

In addition to the above guidelines, the law permits corporations and unions to solicit each other's solicitation pools twice a year. This type of solicitation must be in writing and be sent to the residence of the prospective donor. 19/ The regulations further require that these written solicitations inform the reader that a custodial arrangement exists to protect the anonymity of those who do not contribute, those who make a single contribution of \$50 or less, and those whose aggregate contributions in a year do not exceed \$200; the corporation or union may not be informed of those who fail to contribute, and those who contribute less than \$50 at a time or \$200 in the aggregate may send their contributions to the custodian. 20/

The law requires that whatever methods a corporation uses in its fundraising efforts must be made available at cost to a labor union which represents its employees. 21/ The regulations suggest that such methods of

17/ 2 U.S.C. 441b(7)

18/ 2 U.S.C. 441b(b)(4)(A)(ii)

19/ 2 U.S.C. 441b(b)(4)(B)

20/ 11 C.F.R. 114.6(c) and (d)

21/ 2 U.S.C. 441b(b)(6)

solicitation include but are not limited to a payroll deduction or check-off system, computers for addressing envelopes for home solicitations, and the use of corporate facilities for fundraising events. 22/

The rules governing solicitation by membership organizations (other than trade associations), cooperatives, and corporations without capital stock are much simpler than those for corporations and unions. Any of the three former types of organizations may solicit its members at any time and in any manner, without any restriction on number of solicitations per year. 23/

The guidelines governing a trade association permit it to solicit the stockholders and administrative or executive personnel (and families) of member corporations, provided that the corporation grants specific, prior approval and that it not permit such solicitations by any other association that year. The corporation is free to limit the number of solicitations during the year by the authorized trade association and to further restrict the solicitation pool. 24/

The law has little to say regarding solicitations by non-connected PACs, except that they must identify any communications as being paid for by them. 25/ Beyond that, as previously stated, they may solicit anyone for contributions, through any vehicle, any number of times.

One final comment regarding PAC solicitation of contributions deserves mention here. Contributions to a PAC are generally eligible for the 50 percent

22/ 11 C.F.R. 114.5(k)

23/ 2 U.S.C. 441b(b)(4)(C); 11 C.F.R. 114.7

24/ 2 U.S.C. 441b(b)(4) (D); 11 C.F.R. 114.8

25/ 11 C.F.R. 110.11

tax credit applicable to all political contributions; a maximum credit of \$50 may be taken by a single taxpayer and \$100 by those filing a joint return. This provision is commonly mentioned by PACs in their fundraising appeals.

D. The Decision-Making Process

Of all the aspects of political action committees, their operation and their role in our political system, the one which is probably the least understood is the PAC decision-making process. There is a dearth of literature on how PACs arrive at decisions on which candidates to support, and there is no systematic, comprehensive examination of this question. What literature does exist is largely confined to examples of selected PACs and is heavily anecdotal in nature. Furthermore, the insights into the inner workings of PACs focus especially on corporate PACs. This is perhaps attributable to the efforts of corporate spokesmen to publicize their operations, in order to help shape a sympathetic public perception of them. Thus, not only are the existing accounts oriented to the corporate sector but they may be lacking in objectivity, as well. Although this section attempts to provide some useful generalizations on the PAC decision-making process, it is necessarily limited by the aforementioned constraints.

The fundamental reason for the generally vague perception of PAC internal workings is the absence of detailed legal guidelines and disclosure requirements, such as those that apply to the PAC's financial operations. In the case of the vast majority of PACs which are affiliated, it is known that the leadership of the sponsoring organization has broad authority to control the spending decisions of their PACs. A board of directors is usually established as the ultimate decision-making body of the PAC, and management-level officers of the

company or union typically serve on the PAC board. The day-to-day operations of the PAC are generally handled by a designated manager, who may serve only part-time in that capacity and whose principal occupation might be government affairs specialist of the connected organization. 26/ The PAC board may also rely on standing committees to assist with such specific tasks as fundraising, monitoring legislators' votes, or voter education. 27/

The number of people actually involved in the decision-making process will also vary. It appears that some actively encourage input from the contributors, which may involve an earmarking system, while others reserve the decisions on whom to support to the PAC board of directors or a subgroup thereof. Some may place particular emphasis on the advice of Washington representatives of the connected organization; others may solicit input from local affiliates before making decisions for the national body. 28/

Most of the literature stresses the wide number of options open to PAC decision-makers. Some of these options are summarized below as a means of illustrating how varied the operations and foci of PACs are likely to be.

Through these choices, a PAC assumes its own identity:

- (1) to limit contributions to local races or to support candidates across the Nation;
- (2) to pursue an incumbent-oriented approach or to take more risks on challengers;

26/ Cohen, Richard E. Congressional Democrats Beware--Here Come the Corporate PACs. National Journal, v. 12, August 9, 1980: 1306.

27/ Sudow, Organization and Administration, p. 197.

28/ Budde, Bernadette. Business Political Action Committees. In Michael J. Malbin (ed.). Parties, Interest Groups, and Campaign Finance Laws. Washington, American Enterprise Institute for Public Policy Research, 1980. p. 22-23.

- (3) to concentrate contributions on incumbents in legislatively strategic places, such as key committee positions;
- (4) to contribute early in the election cycle (perhaps taking more risks) or wait until later in the campaign (perhaps to assess who is most likely to win);
- (5) to contribute in primaries or only in general elections;
- (6) to coordinate giving with other PACs or to work alone;
- (7) to give a small number of large donations or to give a larger number of token contributions;
- (8) to contribute to Presidential candidates, to parties, to other PACs, as well as to congressional candidates;
- (9) to give to State and local or only Federal candidates;
- (10) to allow contributors to earmark contributions to designated candidates;
- (11) to make post-election donations to help ease a candidate's campaign deficit;
- (12) to make in-kind donations to candidates (such as providing goods and services) or only financial contributions;
- (13) to make independent expenditures or limit spending to direct candidate contributions. 29/

One final point might be made here regarding PAC decision-making. Often, if not most of the time, the initial suggestion for contributing to a particular

29/ Kendall, Don R. Corporate PACs: Step-by-Step Formation and Troublefree Operation. Campaigns and Elections, v. 1, Spring 1980: 18;
 Kayden, Xanda. The Impact of the FECA on the Growth and Evolution of Political Action Committees. In U.S. Congress. House of Representatives. Committee on House Administration. An Analysis of the Impact of the Federal Election Campaign Act, 1972-1978. From the Institute of Politics. John F. Kennedy School of Government. Harvard University. Committee Print, 96th Cong., 1st Sess. Washington, U.S. Govt. Print. Off., 1979. p. 101. (Hereafter cited as U.S. Congress. An Analysis of the Impact of the FECA)

candidate emanates from the candidate himself. 30/ The practice of candidates making appeals for PAC money has become so widespread that advice on how to maximize their chances for obtaining PAC contributions appears to have become a standard part of the training for modern-day candidates. 31/

E. Regulation of PACs

PACs are Federally regulated by three primary sources. The first is the Federal Election Campaign Act of 1971 and its 1974, 1976, and 1979 Amendments: Public Laws 92-225, 93-443, 94-283, and 96-187, respectively. The FECA is codified in law as 2 U.S.C. 431 et seq. Secondly, Title 11 of the Code of Federal Regulations includes regulations promulgated by the Federal Election Commission which are based on the statutes and which serve as more detailed guidelines for participants in the campaign finance process; these also have the advantage of being written with the intent of easier comprehensibility than statutory language. Finally, the FEC is authorized under 2 U.S.C. 437f to issue advisory opinions, at the request of individuals, candidates, or committees, which are intended to clarify questions or perceived ambiguities about the law. These advisory opinions are compiled and indexed by the FEC; the index is updated periodically and is available from the Commission.

30/ Kayden, Xanda. Campaign Finance: The Impact on Parties and PACs. In U.S. Congress. An Analysis of the Impact of the FECA, p. 86.

31/ How to Solicit PACs. Campaigning Reports, v. 1, July 26, 1979: 7-9.

CHAPTER TWO: EVOLUTION OF POLITICAL ACTION COMMITTEES

Although they have only recently become a major source of campaign funding in the United States, political action committees are not a recent phenomenon. Furthermore, interest group involvement in the electoral process is not a new development. Groups have always sought--legally and illegally, directly and indirectly--to maximize their influence over the selection of public officials. The first section of this chapter outlines the laws governing group involvement in Federal elections prior to the Federal Election Campaign Act of 1971 and discusses the types of activities in which the groups were engaged. The second section traces the key laws and administrative and judicial rulings of the 1970's which served to facilitate the establishment of PACs as that decade advanced.

I. GROUP INVOLVEMENT PRIOR TO THE 1970sA. Legal Restrictions

Direct participation in elections by corporations and labor unions, the foremost types of interest groups, has been circumscribed for much of this century. The Tillman Act of 1907 ^{32/} prohibited all corporations and national banks from making "money contribution[s]" in connection with Federal elections. It was enacted at the suggestion of President Theodore Roosevelt in the wake of charges during his 1904 campaign that he had received large corporate

^{32/} 34 Stat. 864 (1907)

contributions from prospective government contractors and in light of increased public cynicism over the role of large corporations in the electoral process. 33/ This prohibition was extended by the Corrupt Practices Act of 1925 34/ to all contributions (not just monetary ones). That law, however, excluded primary elections and nominating conventions from its restrictions, in accordance with the prevailing interpretations of the Supreme Court's decision in Newberry v. United States. 35/

The role of labor unions in election campaigns was not circumscribed until 1943, with the enactment of the War Labor Disputes (or Smith-Connally) Act. 36/ Prior to that, most labor campaign contributions had come from union dues of members. What had prompted the move to curtail labor's political giving was the marked upsurge of such activity in and following the 1936 elections, as described in the following account:

The 1936 elections saw an eruption of political activity by organized labor. Reported political expenditures by interstate labor organizations ran to over \$750,000. This exceeded by eight times the sum raised by the American Federation of Labor for political purposes during the previous 30 years. Labor dove into active campaigning and into campaign contributing on behalf of Democratic candidates. The move provoked a fierce howl that clearly marked 1936 as a watershed year in the political alignment of social and economic interests. 37/

33/ Epstein, Edwin M. Corporations, Contributions, and Political Campaigns: Federal Regulation in Perspective. Berkeley, Institute of Governmental Studies, May 1968. p. 11-12.

34/ 43 Stat. 1074 (1925)

35/ 256 U.S. 232 (1921); the Newberry decision was seen as placing limits on the Federal Government's authority to control party primaries and conventions.

36/ 57 Stat. 167 (1943)

37/ Heard, Alexander. The Costs of Democracy. Chapel Hill, The University of North Carolina Press, 1960. p. 169.

In addition to the concern over the growing power of unions among opponents of labor's political philosophy, there developed a desire to protect the rights of union members from having their dues monies given to candidates with whom they differed politically. 38/ Consequently, the 1943 Act prohibited unions from making contributions in connection with elections for Federal office. An important distinction to note is that although unions were barred from using their treasuries for campaign contributions, they interpreted the law as not applying to their separate segregated funds.

The 1943 Act was in effect only until six months after the end of World War II, and, in 1947, Congress passed the Labor Management Relations (or Taft-Hartley) Act which made permanent the restrictions on labor's political activities. 39/ Furthermore, it extended the ban for both corporations and labor unions to expenditures as well as contributions, in light of efforts by the CIO's Political Action Committee in 1944 to circumvent the Smith-Connally prohibition on union contributions. 40/ The 1947 Act also extended coverage (for corporations and unions) to primaries and conventions. This appeared to be consistent with the Supreme Court's ruling in United States v. Classic, 41/ which was interpreted as overruling the Newberry decision by sanctioning Federal regulation of the nominating process. 42/

38/ Ibid., p. 190.

39/ 61 Stat. 159 (1947)

40/ Epstein, Corporations, Contributions, and Political Campaigns, p. 14.

41/ 313 U.S. 299 (1941)

42/ Epstein, Corporations, Contributions, and Political Campaigns, p. 151-152 [fn. 43]

The 1925 Corrupt Practices Act, as amended by the 1947 Taft-Hartley Act and codified at 18 U.S.C. 610, was the principal law governing the political activities of corporations and labor unions until the Federal Election Campaign Act took effect in 1972. The 1925 law, however, was widely considered to be vague, while the judicial interpretations were seen to be insufficiently precise to offer a clear "line of demarcation" between permissible and impermissible corporate and labor activities. 43/ Furthermore, rulings by the Supreme Court and lower courts in six cases during the 25-year period had cast sufficient doubt on the constitutionality of 18 U.S.C. 610 that the Justice Department was reluctant to prosecute presumed offenders of the law. 44/ As depicted by one observer:

Virtually no corporation or labor union that wished to do so was deterred de facto from making campaign contributions and expenditures. 45/

B. How Interest Groups Made Political Contributions

1. Labor

Labor unions had been engaged in political activity for quite some time, but until 1936, unions had contributed only small amounts directly to political campaigns. The American Federation of Labor (AFL), the major umbrella labor organization at that time, maintained a practice of

43/ Ibid., p. 56-57.

44/ Epstein, Edwin. Corporations and Labor Unions in Electoral Politics. In Alexander, Herbert (ed.). Political Finance: Reform and Reality. Philadelphia, The Annals of the American Academy of Political and Social Science, v. 425, May 1976. p. 37.

45/ Ibid., p. 39.

not using its general funds for political purposes. 46/ The enormous increase in union contributions in 1936 (noted earlier) emanated almost exclusively from unions affiliated with the more politically aggressive Committee for Industrial Organization (CIO), established in 1935. The preponderance of contributions by the CIO affiliated unions were made from union funds, as authorized by convention votes. 47/

In response to the Smith-Connally Act's prohibition on labor contributions in 1943, the Congress of Industrial Organization--as the CIO was later called--made the first foray into the field of political action committees, as we now know them. Labor unions had operated political committees in the past (most notably Labor's Non-Partisan League, which began a brief existence in 1936), but the CIO-PAC, established in July 1943, constituted the earliest effort at successfully maintaining what is today known in law as a "separate segregated fund"--a separate account for transferring voluntary contributions from members to political candidates. In addition to the CIO-PAC, the CIO, under the direction of Sidney Hillman, established the National Citizen's Political Action Committee (NC-PAC) in 1944, in order to collect political funds from progressive individuals outside of labor's ranks. 48/

The CIO-PAC entered the political arena during the election of 1944. Prior to the Democratic Convention, it raised \$647,903 from the general funds of its affiliated unions, of which it spent \$478,499 on primary campaigns and "political education" of its members on issues. Given that the 1943 law did not cover

46/ Overacker, Louise. Presidential Campaign Funds. Boston, Boston University Press, 1946. p. 50.

47/ Ibid., p. 50-51.

48/ Ibid., p. 57-58.

primary elections, it was an allowable expenditure for CIO-PAC. But once the convention was held and the general election campaign was considered to have begun, the existing PAC funds were frozen. Thereafter, the CIO-PAC launched its "A Buck for Roosevelt" drive to collect one dollar in voluntary contributions from its five million members; half of the money was to be used by the PAC and the other half was to be channeled to the union's State or local political action committees. The PAC raised \$470,852 in this manner. 49/

It is important to bear in mind that the CIO-PAC's activities were controversial at the time (indeed the primary contributions led to the tighter restrictions in the 1947 Act), but they played a major role in establishing precedents for later--and modern--modes of political activity by labor unions (and other groups). As the following passage reveals, the principal focus was, from the outset, on the maintenance of separate and distinct accounts for channeling political contributions:

The status of the PAC committees also posed some legal conundrums. Union officials argued that these were not "labor organizations" within the meaning of the Smith-Connally Act as they were separately organized, under different sets of officers, and maintained independent treasuries. Nevertheless, the connection between the PAC and the CIO was very close on every level of organization. Sidney Hillman, President of the Amalgamated Clothing Workers of America, an important CIO affiliate, was chairman of both the CIO-PAC and the NC-PAC; the State political action committees frequently utilized the existing mechanism of CIO State councils; and local political action committees were similarly set up as committees of CIO locals. At the national level, and in most of the States, financial separation was strictly observed, and at the local level union personnel assigned to full-time PAC work were transferred to the PAC payroll. But when CIO personnel were assigned to the PAC on a part-time basis it was frequently impossible to distinguish the services which were political and which should be charged to the PAC. In California the separation between CIO and CIO-PAC was never very clearly defined. The State PAC was set up as a subcommittee of the

49/ Ibid., p. 57-59.

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CIO, funds were not separate, and no separate records were kept. After the trade union fund was "frozen," the financial support of the CIO-PAC came from individual trade union members. CIO membership lists were, of course, used in soliciting contributions, and in some instances the "voluntary" character of these gifts was questioned. However, the modest size of the funds would seem to indicate that if compulsion was used, it was surprisingly ineffective. 50/

With the CIO breaking ground in establishing and operating separate political funds in order to comply with Federal law, other labor unions followed suit. The AFL, the other major labor organization, set up its Labor's League for Political Education in 1947. 51/ In 1955, these two umbrella organizations merged to become the AFL-CIO, and their PACs were united as the Committee on Political Education (COPE). COPE quickly established itself as the foremost source of labor-oriented political giving, although other national unions added considerably to the overall political war chest of the American labor movement.

In 1956, seventeen national labor political committees made disbursements of some \$2.1 million; in addition, 155 State and local union affiliates had political committees in operation that year, although much of the local groups' funds constituted transfers from the national committees. 52/ By 1968, there were 37 national labor political committees making disbursements of \$7.1 million. 53/

The most visible manifestation of labor's political giving took the form of "free funds"--direct contributions to candidates from voluntary donations

50/ Ibid., p. 60-61.

51/ Heard, The Costs of Democracy, p. 192 (fn).

52/ Ibid., p. 189.

53/ Alexander, Herbert. Financing the 1976 Election. Washington, Congressional Quarterly Press, 1979. p. 559.

by union members. Contributions to candidates for Federal office by interstate committees (limited to amounts of \$5000) were required to be reported under the Federal Corrupt Practices Act, thus making it possible to gauge (however ineffectively) the level of contributions by such groups as labor unions.

But free funds alone did not reflect the true level of labor's political giving, and three other major avenues were widely used--all of which were funded from the general treasuries of unions:

(1) Contributions to candidates for State and local offices could be made from union treasuries in those States which did not prohibit such practices (few did). In some States, Democratic candidates could expect to receive 10-20 percent of their campaign funds from unions.

(2) Union treasuries were used for "educational" expenditures, which were technically non-political (thus not subject to Federal laws prohibiting union dues money for political purposes) but which typically involved such activities as get-out-the-vote drives, voter registration drives, and distribution of voting records of elected officials. The following passage indicates the significance of this category of labor assistance to candidates:

Organized labor's registration drives may be of more value to the Democrats than direct money contributions. In 1968 COPE spent more than \$1 million on registration alone, concentrating on marginal Congressional districts. Local and state labor organizations tried to match this national outlay. Labor's registration drives, naturally, are carried out selectively in heavily Democratic precincts. 54/

(3) Public service activities, such as union newspapers and radio programs, could be funded from the union treasuries, and they were able

54/ Alexander, Herbert E. Money in Politics. Washington, Public Affairs Press, 1972. p. 170.

to disseminate information and views supportive of their political philosophy. 55/

In addition to the channels of activity open to labor unions discussed above, the unions enjoyed wide latitude in political activity as a result of various Supreme Court decisions. Common practices included union employees' receiving compensation while providing services to candidates and advocating candidates' election or defeat in TV or radio time paid from union funds. 56/

The above discussion reveals the range of options open to labor unions which sought to influence the political process prior to the campaign finance laws enacted during the 1970s. While pioneering in the field of separate segregated funds and political action committees for direct candidate contributions, the unions found many other valuable means of making their influence felt. As the costs of many of these activities were not required to be reported under the financial disclosure laws in existence through 1972, it was exceedingly difficult to obtain accurate data on the degree of labor unions' financial activity in Federal elections. This difficulty was compounded by the ease with which the disclosure laws could be legally circumvented, as reflected in the practice by national labor committees of transferring funds to State affiliates, not subject to Federal reporting requirements. 57/ However uncertain one may be as to the extent of labor spending in the years leading up to the FECA of 1971, one may safely conclude that the unions were playing a vital role in the financing of election campaigns.

55/ Ibid., p. 170-171; and Heard, The Costs of Democracy, p. 177-178.

56/ Alexander, Money in Politics, p. 171.

57/ Ibid., p. 172.

2. Business

The channels for political activity by the business sector prior to the 1970s were also well-established, although it is even more difficult to gauge the level of business-oriented activity than it is for labor activity. Corporate interests did not enter the political action committee field until the 1960s, having instead become accustomed to donating large amounts of money to campaigns through corporate executives and other wealthy individuals associated with large corporations. ^{58/} While this was perhaps the most visible way of spending political money in the interests of business, it was by no means the only way.

Corporations themselves were prohibited from spending treasury money on contributions to Federal candidates, but, as with labor unions, there was a wide range of activities relating to the political process on which general funds could be spent. Here again, the line between partisan and bipartisan, permissible and impermissible, was often blurred enough to facilitate the undertaking of activities by a corporation which had a distinct slant toward an intended beneficiary or point of view. Such election-related activities as voter registration and get-out-the-vote drives among employees, provision of employee and stockholder lists to political parties, payroll deduction systems for political contributions, and campaign fund-raising drives among employees were conducted by various corporations, apparently not in violation of 18 U.S.C. 610. ^{59/}

Aside from the above-mentioned "educational" activities, corporations had some leeway in engaging in more partisan endeavors, such as to:

^{58/} Epstein, Edwin M. An Irony of Electoral Reform. Regulation, v. 3, May/June 1979. p. 35.

^{59/} Epstein, Corporations, Contributions, and Political Campaigns, p. 45.

(1) support or oppose candidates, parties and issues in their regular publications, circulated to their employees, stockholders, suppliers and customers;

(2) distribute informational literature to the general public which stated the issues and candidates' records, but which did not advocate the election or defeat of candidates;

(3) engage in public service advertising on public issues;

(4) wage advertising campaigns with regard to public policy issues not on the ballot as referenda or initiatives;

(5) advertise in program books of national party conventions--a popular practice for which corporations could receive a tax deduction; and

(6) use corporate facilities and personnel to seek voluntary contributions to an affiliated political action committee (discussed further below). 60/

The discussion until this point has been confined to corporate political activities apart from direct contributions to candidates. But this aspect was not neglected by those seeking to inject business' point of view into the political process. There were both direct (and legal) and indirect (and extra-legal) methods for contributing to candidates.

A survey of the Nation's businessmen in 1959 found that half of those interviewed claimed to have contributed to election campaigns in 1958--a high figure for a non-Presidential year and markedly higher than that of the overall population in any year. 61/ Corporate officials gave considerably to election campaigns, with the understanding that the corporation would receive the credit in the eyes of the campaign officials. The following passage discusses this practice:

60/ Ibid., pp. 46-55.

61/ Ibid., p. 69.

Since, obviously, there is no official record of "corporate giving," an index of company contributions is usually compiled by aggregating the "individual" donations of corporate officers and directors. The underlying assumption of such compilations is that corporate officials act as conduits for company contributions to parties or candidates. 62/

In 1956, for example, 199 officials of some of the 225 largest corporations contributed \$1.9 million in amounts of \$500 or more to interstate committees. 63/ Both political parties made an effort to attract wealthy (often corporate-affiliated) donors, by creating such prestigious conduits as the Democrats' President's Club--which raised around \$3.8 million in 1964--and the Republican Congressional Boosters Club. 64/

As impressive as these and other data may be, they reflect only a share of the contributions from corporation-associated individuals. By giving cash contributions or giving to intrastate committees, donors could and did avoid Federal reporting requirements. By giving to intrastate committees, wealthy donors could also circumvent the Federal contribution limit of \$5000. This limit was also circumvented through the practice of giving contributions through members of one's own family. An example of this practice can be found in 1956, when 12 families commonly associated with particular corporations gave over \$1.1 million to interstate political committees. (The families were DuPont, Field, Ford, Harriman, Lehman, Mellon, Olin, Pew, Reynolds, Rockefeller, Vanderbilt, and Whitney.) 65/ Hence, large amounts of money could be given legally, despite the limits, and large amounts could go unreported legally, despite the disclosure requirements.

62/ Ibid., p. 61.

63/ Ibid., p. 64.

64/ Ibid., p. 67.

65/ Ibid., p. 68.

The indirect corporate contributions, those made illegally with corporate treasury funds, are, not surprisingly, more difficult to gauge.

Such donations did not appear on any lists filed with governmental agencies, nor were they mentioned in annual reports to stockholders. Most businessmen were understandably disinclined to discuss their campaign activities. 66/

In 1960, Alexander Heard wrote:

It is not unusual for corporate funds to make up 10 percent of the campaign fund of a candidate for state or local office, and the percentage has gone higher. In all, in a presidential election year, several million dollars of corporate money finds its way by one process or another into political campaigning. 67/

When read in the wake of the experiences of the 1972 Nixon re-election campaign, this passage understates the potential for channelling corporate money into political campaigns. According to Edwin Epstein, an estimated \$30 million was contributed to that campaign from the business sector--through both legal and illegal channels. There were widespread allegations of strong pressure tactics applied to corporate officials, and some 20 corporations and officials were indicted (with most pleading guilty or nolo contendere) on charges of making illegal corporate political contributions. Thus, the 1972 campaign illustrated that the corporate sector could be a lucrative source of campaign funds given a systematic solicitation effort by a campaign. 68/ Significantly, the 1972 experiences were a major impetus in the amending of the campaign finance law in 1974.

66/ Ibid., p. 69.

67/ Heard, The Costs of Democracy, p. 130.

68/ Epstein, Edwin M. Labor and Federal Elections: The New Legal Framework. Industrial Relations, v. 15, October 1976. p. 262.

According to Heard, the various, commonly-used methods of indirect corporate contributions stressed concealment of corporate funds:

(1) expense accounts were used to reimburse corporate officials for campaign-related entertaining and traveling;

(2) contributions "in-kind," whereby goods and services were loaned or donated by a business to a campaign (e.g., office equipment, company airplanes, etc.);

(3) advertisements in political journals, paid for from corporate funds but with the source concealed;

(4) corporate money "laundered" through public relations firm on retainer, with money then funneled into campaigns;

(5) fees to lawyers re-routed to campaigns;

(6) salaries and bonuses to employees, given with the expectation that they, in turn, will make political donations (said to be a particularly notorious practice);

(7) contributions channeled through other organizations, such as trade associations; and

(8) direct corporate payments, e.g., from petty cash. 69/

One practice omitted in Heard's list was that of corporate officials' receiving remuneration while doing campaign work, a widespread occurrence according to most accounts. The picture that emerges is of corporate activities resembling those of labor unions in exploring avenues for political involvement.

The final avenue of business activity during the pre-1970's era was the political action committee. The first major PAC in the business (and professional) sector was the American Medical Political Action Committee (AMPAC),

69/ Heard, The Costs of Democracy, p. 133-134.

founded in 1961 by the American Medical Association to further the goal of "minimizing government control over the medical profession." 70/ It was followed in August 1963, by the Business-Industry Political Action Committee (BIPAC), which was established by the National Association of Manufacturers "to provide financial support to Congressional candidates who support the principles of constitutional government." 71/

Both of these PACs followed the lead of COPE and created two separate accounts--one for administrative costs for which corporate funds could be used and the other for the contributions themselves for which only voluntary funds could be sought. The system was described by the then-President of BIPAC, Robert Humphrey, before House hearings in the 89th Congress:

[W]e have two distinct funds. We have two distinct divisions of operation. One is political education, and the other is political action. We maintain separate bank accounts. The political education funds are used for our administrative overhead. We do not intermingle the funds. We have a small political education budget and the money in our education account comes from corporate contributions and from subscriptions to our publication. 72/

During the 1964 elections, BIPAC spent \$203,283 and AMPAC spent \$402,052 (compared with the \$988,810 spent that year by COPE). 73/ In 1968, BIPAC's spending jumped to \$519,700 and AMPAC's to \$682,000 (COPE spent \$1,207,000 that year). 74/ BIPAC

70/ Alexander, Herbert E. Financing the 1968 Election. Lexington, D.C. Heath and Company, 1971. p. 202.

71/ Ibid., p. 201.

72/ U.S. Congress. House. Committee on House Administration. Subcommittee on Elections. Election Reform Act of 1966. Hearings, 89th Cong., 2nd Sess., July 21, Aug. 17, 22, and 25, 1966. Washington, U.S. Govt. Print. Off., 1966. p. 120.

73/ Alexander, Herbert E. Financing the 1964 Election. Princeton, Citizens' Research Foundation, 1966 [study number 9]. p. 64-65.

74/ Alexander, Financing the 1968 Election, p. 195, 201-202.

and AMPAC together accounted for 61 percent of total expenditures by the 33 national business and professional committees then in existence. 75/

Those 33 represented a three-fold increase in the number of business and professional committees registered in 1964, 76/ and by 1972, there were some 200 such committees. 77/ Furthermore, as more business-oriented groups were formed, the enormous gap between reported business and labor spending (nationally) was narrowed significantly. Gross disbursements by the 37 national-level labor committees totaled \$7.1 million in 1968; a little over \$2 million was spent by the 33 business and professional committees that year--a gap of around three and one-half in labor's favor. 78/ By 1972, the national labor committees spent \$8.5 million, while the business/professional committees spent \$6.8 million--an advantage by labor of around 33 percent. 79/ Of course, the labor totals do not reflect the substantial value in additional services which unions have traditionally provided, as indicated in this 1972 account:

. . . it would be difficult to exaggerate the political value of labor's enormous manpower pool, particularly for voter registration and get-out-the-vote activities on election day. The AFL-CIO Industrial Union Department and affiliates may put as much as \$4 to \$5 million into citizenship activities, including registration drives. 80/

By the same token, the spending data do not reflect the additional resources of the business sector which was channeled into political campaigns through

75/ Ibid., p. 200-201.

76/ Ibid., p. 200.

77/ Alexander, Herbert E. Financing the 1972 Election. Lexington, D.C. Heath and Company, 1976. p. 461.

78/ Alexander, Financing the 1968 Election, p. 194, 201.

79/ Alexander, Financing the 1972 Election, p. 504, 461.

80/ Ibid., p. 506.

the many avenues described above. The data is indicative, however, of the growing, open role of corporations in the political process during the decade preceding the Federal Election Campaign Act.

3. Conclusion

Business and labor have, as noted, long sought to influence the electoral process. In examining the proliferation of PACs in the 1970s and beyond, it is important to bear in mind that their underlying *raison d'etre*--the furthering of the group's policy goals and the maximizing of its influence through the election of sympathetic public officials--has been a guiding principle long before the modern-day era of PACs. Groups sought influence and spent money in large quantities, through legal and extra-legal channels. The PAC evolved as a means of legally circumventing the prohibition on corporate and, later, union contributions to candidates. Once labor unions were forced to turn to this method, they quickly developed a pattern of effective operations through the use of separate segregated funds. It was only a matter of time before the business community began to emulate labor's successes. The fundamental point is that interest group involvement generally and political action committee activity specifically pre-dated the campaign finance reforms of the 1970's. Indeed, they set the precedents for today's PACs.

II. STIMULI TO PAC GROWTH IN THE 1970s PROVIDED BY LEGISLATIVE, JUDICIAL, AND ADMINISTRATIVE DECISIONS

A number of actions by the three branches of the Federal Government set the stage for the proliferation of political action committees during the 1970's.

Essentially, this section provides a legislative history of the important PAC provisions, specifically focusing on the Federal Election Campaign Act of 1971 and its 1974 and 1976 Amendments. In addition, the Supreme Court's 1971 decision in Pipefitters Local 562 v. United States, its 1976 decision in Buckley v. Valeo, and the Federal Election Commission's 1975 advisory opinion in the Sun Oil Company case will be examined, for their relevance to the legislative history and their role in PAC growth of the 1970s.

These actions occurred against a backdrop in which PACs had existed and were growing in number but in which uncertainty existed over what types of political activity were permissible. Such concerns were heightened by inconclusive judicial rulings and interpretations of the law (18 U.S.C. 610), and they served to hamper interest groups in exploring the full potential of the PAC vehicle. By clarifying the ambiguities in the law and by institutionalizing the PAC as a recognized vehicle under the law, these legislative and other actions created the climate in which political action committees could flourish.

A. The Federal Election Campaign Act of 1971

The Federal Election Campaign Act of 1971 (Public Law 92-225) 81/ marked the first time the concept of the political action committee was codified into Federal law. Section 205 of that Act amended 18 U.S.C. 610 to exclude three specific activities from the legal restraints on corporate and union political expenditures. As stated in the amended version of Section 610, the following activities could be funded from corporate or union general treasuries:

81/ 86 Stat. 3.

communications by a corporation to its stockholders and their families or by a labor organization to its members and their families on any subject;

nonpartisan registration and get-out-the-vote campaigns by a corporation aimed at its stockholders and their families, or by a labor organization aimed at its members and their families; [and]

the establishment, administration, and solicitation of contributions to a separate segregated fund to be utilized for political purposes by a corporation or labor organization

While thus opening the door for the political action committee, the amended section added the following language to ensure that only truly voluntary contributions be made to the PAC:

. . . . Provided, that it shall be unlawful for such a fund to make a contribution or expenditure by utilizing money or anything of value secured by physical force, job discrimination, or financial reprisal; or by dues, fees, or other monies required as a condition of membership in a labor organization or as a condition of employment, or by monies obtained in any commercial transaction.

The above amendments to 18 U.S.C. 610 were initially offered as an amendment to H.R. 11060 (the House version of the FECA) by Representative Orval Hansen. The Hansen amendment passed the House by a 233-147 vote, 82/ replacing a section of the House Administration Committee's bill which also sanctioned the separate segregated fund but which was seen as prohibiting the use of union (and corporate) funds in registration and get-out-the-vote drives.

Supporters of the Hansen amendment argued that its intended effect was to codify in law what 18 U.S.C. 610 had been interpreted to mean. 83/ Describing his amendment as consistent with the then-existing statute, Hansen stated:

For the underlying theory of section 610 is that substantial general purpose treasuries should not be diverted to political

82/ Federal Election Reform. [Vote in the House] Congressional Record, v. 117, November 30, 1971. p. 43391.

83/ Steiger, William. Federal Election Reform. Remarks in the House. Congressional Record, v. 117, November 30, 1971. p. 43388.

purposes, both because of the effect on the political process of such aggregated wealth and out of concern for the dissenting member or stockholder. Obviously, neither of these considerations cuts against allowing voluntary political funds. For no one who objects to the organization's politics has to lend his support, and the money collected is that intended by those who contribute to be used for political purposes and not money diverted from another source. 84/

The Senate's version of the FECA--S. 382--had contained no provision comparable to the Hansen amendment, and the conferees on the legislation accepted the House-passed language. 85/ Thus the Hansen amendment became law.

Section 206 of the FECA amended 18 U.S.C. 611, which prohibited political contributions by Government contractors, to extend the ban to indirect, as well as direct, contributions. 86/ Because PAC contributions could be viewed as indirectly emanating from the organization's treasury funds, this section apparently had a chilling effect on Government contractors interested in establishing PACs. Furthermore, the fact that many of the most important corporations and unions were engaged in some form of Government contracting meant that the new provisions of 18 U.S.C. 611 would conceivably affect a wide range of interest groups. 87/ It was ironic that, while one section of the new campaign finance law provided the legal foundation for political action committees, the next section may have caused sufficient confusion so as to inhibit many potential sponsors of PACs from establishing them.

84/ Hansen, Orval. Federal Election Reform. Remarks in the House. Congressional Record, v. 117, November 30, 1971. p. 43381.

85/ U.S. Congress. House. Conference Committee. Federal Election Campaign Act of 1971. Conference Report to accompany S. 382. House Report No. 92-752, 92nd Cong., 1st Sess. Washington, U.S. Govt. Print. Off., 1971. p. 30-31.

86/ Epstein, Corporations and Labor Unions, p. 40-41.

87/ Alexander, Financing the 1976 Election, p. 560.

B. Pipefitters Local 562 v. United States

The Supreme Court's June 1972 ruling in the case of Pipefitters Local 562 v. United States 88/ provided the first legal interpretation of the revised 18 U.S.C. 610, and it validated the concept of unions' and corporations' maintaining separate voluntary funds for political contributions. The case involved the conviction of the union and three officers for their maintaining control over a separate segregated fund for which solicitations were systematically made at job sites. The Court of Appeals had upheld their conviction 89/ on the grounds that the fund was compulsory and union-financed rather than voluntary and member-financed. 90/

The Supreme Court's 6-2 reversal of the Court of Appeals ruling coincided with the aspirations of organized labor, which had played a key role in the passage of the Hansen amendment, apparently with the pending Supreme Court ruling in mind. According to one account:

Uncertain as to what direction the Supreme Court would take, the AFL-CIO sought legislative legitimization of the key aspects of its electoral role since the 1940s: utilization of the political action committee device to raise and distribute political monies; communicating politically with its members; and, finally, member-oriented registration and get-out-the-vote activities. 91/

Thus, the Pipefitters case served, while it was still pending, as the catalyst for the passage of the Hansen amendment and, later, as the first judicial decision that observers saw as legitimizing the thrust of the Hansen amendment.

88/ 407 U.S. 385 (1972).

89/ 434 F. 2d 1127 (CCA 8th, 1970).

90/ Epstein, Labor and Federal Elections, p. 261.

91/ Epstein, Edwin M. The Emergence of Political Action Committees. In Alexander, Herbert (ed.). Political Finance. Beverly Hills, Sage Publications, 1979. p. 165.

The Supreme Court held that no violation of the (amended) law had occurred, in view of the fact that contributions were sought for the PAC on a voluntary basis (with no reprisals threatened), that the intended political purpose of the donations was clearly indicated, and that the money was kept segregated from the union treasury (dues money). That the union officials were involved in collecting the funds and retained control over their disposition was not viewed by the Court as a violation of the law.

Nowhere, however, has Congress required that the political organizations be formally or functionally independent of union control or that union officials be barred from soliciting contributions or even precluded from determining how the monies raised will be spent 92/

By giving its sanction to the voluntary, separate segregated fund, the Court accorded primacy to the protection of the individual stockholder or union member from having to contribute to candidates opposed to their personal philosophies over the sometimes conflicting goal of limiting the influence of unions and corporations in elections through their aggregated wealth. 93/ The Court stated:

When Congress prohibited labor organizations from making contributions or expenditures in connection with federal elections, it was, of course, concerned not only to protect minority interests within the union but to eliminate the effect of aggregated wealth on elections. But the aggregated wealth it plainly had in mind was the general union treasury--not the funds donated by union members of their own free and knowing choice. 94/

Although it refused to deal with constitutional issues, 95/ the Court's

92/ 407 U.S., at 415.

93/ Epstein, Corporations and Labor Unions, p. 42.

94/ 407 U.S., at 415-416.

95/ 407 U.S., at 407.

ruling in the Pipefitters case nonetheless offered a sense of legitimacy to the operation and concept of the separate segregated fund--the essence of the PAC--and particularly to the practice of union (or corporate) control over the disposition of the funds. Without the right to involve themselves in this aspect of the process, the political influence of business and labor would be sharply curtailed.

C. The Federal Election Campaign Act Amendments of 1974

The Federal Election Campaign Act Amendments of 1974 (Public Law 93-443) 96/ constituted a response of Congress to the Watergate scandal and is principally remembered for its imposition of limitations on campaign contributions and expenditures, and the establishment of the Federal Election Commission. With regard to PACs, the FECA Amendments of 1974 made three changes, relating to penalties, contribution limits, and Government contractors; the basic intent of 18 U.S.C. 610, as amended by the 1971 Act, was not affected by the 1974 legislation.

Section 101(a) of Public Law 93-443 amended 18 U.S.C. 608 to impose a limitation of \$5000 on the amount a "political committee" (other than a candidate's principal campaign committee) could donate per election to a candidate for Federal office, while any other "person" was limited to giving \$1000. As defined in the amended section (b)(2), a "political committee" met the criteria of what the 1976 Amendments later defined as a "multicandidate committee"--one that is registered for at least six months with the FEC, receives contributions from more than 50 persons, and makes contributions to

96/ 88 Stat. 1263 (1974).

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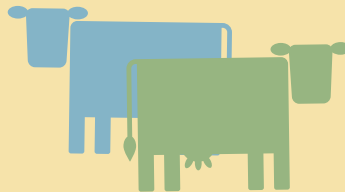
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five or more Federal candidates. Hence, the term "political committee" under the 1974 Amendments can be read as "multicandidate committee" or "political action committee," the terms used today; the term "person" under the 1974 Amendments would today refer to both an "individual" or a (non-multicandidate) "political committee." Thus, the 1974 Amendments made the critical distinction for purposes of the contribution limit between the political action committee and the individual. The opportunity for greater leverage accorded the PAC has had a definite impact on the financing of congressional elections, as will be discussed later.

The second PAC-related provision in the 1974 Amendments was in Section 101(e) which amended 18 U.S.C. 610 to impose higher penalties for violations of the ban on corporate and union contributions. The penalty for organizations convicted of violating the ban was raised from \$5000 to \$25,000 and from \$10,000 to \$50,000 for officers of those organizations who were found guilty of such violations.

The third provision, and the one which may well have had the biggest impact on PAC development in the 1970s, was the authorization for Government contractors to set up PACs. The confusion over this question stemming from the 1971 Act was exacerbated by a 1972 law suit by Common Cause against TRW, Inc., which alleged that the company, a major Government contractor, violated the law by setting up a PAC. 97/ Both the House Administration Committee, in its report on H.R. 16090, 98/ and the Senate Rules and Administration Committee, in its report on

97/ Epstein, Corporations and Labor Unions, p. 49.

98/ U.S. Congress. House. Committee on House Administration. Federal Election Campaign Act Amendments of 1974. Report to accompany H.R. 16090. House Report no. 93-1239, 93rd Cong., 2nd Sess. Washington, U.S. Govt. Print. Off., 1974. p. 20-21.

S. 3044, 99/ recommended amending 18 U.S.C. 611 to allow Government contractors to establish separate segregated funds. These provisions were passed by the respective chambers, and the following language was reported by the conference committee 100/ and was written into Public Law 93-443 as Section 103, amending 18 U.S.C. 611 to read:

This section does not prohibit or make unlawful the establishment or administration of, or the solicitation of contributions to, any separate segregated fund by any corporation or labor organization for the purpose of influencing the nomination for election, or election, of any person to Federal office, unless the provisions of section 610 of this title prohibit or make unlawful the establishment or administration of, or the solicitation of contributions to, such fund.

This provision removed a major stumbling block to the establishment of PACs by those companies and unions doing business with the Federal Government.

D. The FEC's SUN PAC Advisory Opinion

On November 18, 1975, the newly-created Federal Election Commission issued an advisory opinion in response to a request from the Sun Oil Company which had a dramatic effect on the rise of the corporate political action committee. Sun Oil had requested permission from the FEC to expend corporate funds in seeking employee and stockholder contributions to two separate political programs: a trustee payroll deduction plan (SUN EPA), which would act as a conduit for political contributions to candidates designated by the donor, and a political

99/ U.S. Congress. Senate. Committee on Rules and Administration. Federal Election Campaign Act Amendments of 1974. Report to accompany S. 3044. Senate Report no. 93-689, 93rd Cong., 2nd Sess. Washington, U.S. Govt. Print. Off., 1974. p. 17.

100/ U.S. Congress. House. Conference Committee. Federal Election Campaign Act Amendments of 1974. Conference Report to accompany S. 3044. House Report no. 93-1438, 93rd Cong., 2nd Sess. Washington, U.S. Govt. Print. Off., 1974. p. 67-69.

action committee (SUN PAC), through which contributions would be given to candidates at the discretion of company officials.

In Advisory Opinion 1975-23, the FEC approved the proposed Sun Oil Company programs and, in so doing, established several important precedents:

(1) that general treasury funds could be used to establish, administer, and solicit contributions to both SUN PAC and SUN EPA;

(2) that Sun could solicit contributions to SUN PAC from employees, as well as stockholders;

(3) that Sun could establish multiple PACs with separate contribution and expenditure limits (as long as the funds came solely from voluntary contributions); 101/ and

(4) that the payroll deduction (automatic check-off) plan was a legitimate vehicle with which the company could seek contributions, in contrast with the prohibition on such a plan for labor unions engendered in the 1947 Taft-Hartley Act. 102/

Clearly, the major ground broken by the SUN PAC ruling was the permission granted for corporations to solicit employees, in addition to stockholders (as specifically permitted in 18 U.S.C. 610). This was seen by labor unions and the two dissenting FEC Commissioners as upsetting the political balance Congress had sought to establish between corporations and unions. Sun Oil, for example, had 126,555 stockholders and 27,707 employees, few of whom were unionized; thus, while the company could solicit over 150,000 persons, the union could solicit just a small fraction of that. 103/ The FEC did seek to alleviate some of the

101/ Epstein, The Emergence of Political Action Committees, p. 167.

102/ Epstein, Labor and Federal Elections, p. 268.

103/ Epstein, The Emergence of Political Action Committees, p. 168.

potential problems caused by allowing employees to be solicited by the corporation, and it recommended the following guidelines in its opinion:

First, no superior should solicit a subordinate. Second, the solicitor should inform the solicited employee of the political purpose of the fund for which the contribution is solicited. Third, the solicitor should inform the employee of the employee's right to refuse to contribute without reprisal of any kind. 104/

The guidelines apparently did little to assuage the concerns of organized labor that employees would be pressured, however subtly by their employers. In general, unions were distressed by the SUN PAC (and SUN EPA) ruling, while the business sector hailed it.

In its detailed prescriptions for the establishment and operation of corporate PACs, the FEC helped create a climate more conducive to their establishment. As one account stated:

While it was the 1971 and 1974 amendments that provided the legal authority for business PACs, it was SUN PAC that provided the imprimatur for the explosion in their size and numbers. 105/

E. The Supreme Court's Buckley v. Valeo Decision

On January 30, 1976, the Supreme Court issued its decision in the case of Buckley v. Valeo, 106/ in which the constitutionality of many of the campaign finance reforms of 1974 were at issue. Most notably, the Court upheld the limits on contributions, while nullifying the expenditure limits. Although 18 U.S.C. 610 and 611 were not directly at issue, the Buckley decision did have a bearing on political action committees in three areas.

104/ Federal Election Commission. Advisory Opinion 1975-23. Federal Register, v. 40, no. 233, Dec. 3, 1975. p. 56584-56588.

105/ Epstein, An Irony of Electoral Reform, p. 36.

106/ 424 U.S. 1 (1976)

In two instances, the Court relied upon, and its decision coincided with, the FEC's ruling in the SUN PAC case. In its defense of the limitation on contributions, the Court argued that ample opportunities remained for individuals and groups to have an impact on the electoral process. The PAC was held up as an example in the following footnote, in which the Court made reference to the ability of corporations to solicit employees (the prime contribution of the SUN PAC decision in the view of many commentators):

While providing significant limitations on the ability of all individuals and groups to contribute large amounts of money to candidates, the Act's contribution ceilings do not foreclose the making of substantial contributions to candidates by some major special interest groups through the combined effect of individual contributions from adherents or the proliferation of political funds each authorized under the Act to contribute to candidates. As a prime example, §610 permits corporations and labor unions to establish segregated funds to solicit voluntary contributions to be utilized for political purposes. Corporate and union resources without limitation may be employed to administer these funds and to solicit contributions from employees, stockholders, and union members. Each separate fund may contribute up to \$5,000 per candidate per election so long as the fund qualifies as a political committee under §608(b)(2)
 . . . 107/

As the footnote continued, the Court appeared to adopt another aspect of the SUN PAC ruling--concerning the question of proliferation, the establishment of multiple PACs within an organization:

The Act places no limit on the number of funds that may be formed through the use of subsidiaries or divisions of corporations, or of local and regional units of a national labor union. The potential for proliferation of these sources of contributions is not insignificant. In 1972, approximately 1,824,000 active corporations filed federal income tax returns In the same year, 71,409 local unions were chartered by national unions

The Act allows the maximum contribution to be made by each unit's fund provided the decision or judgment to contribute to particular candidates is made by the fund independently of control

107/ 424 U.S., at 28 [fn. 31].

or direction by the parent corporation or the national or regional union. 108/

The third respect in which the Buckley decision had an impact on PACs concerned the issue of independent expenditures. The Court declared unconstitutional the FECA's limitations on independent expenditures, those made in support of or opposition to candidates without prior approval of or coordination with a candidate's own campaign. 109/ By lifting the limits on such expenditures, while leaving intact those on direct contributions to candidates, the Court's ruling created a major avenue for individuals and groups seeking to influence elections beyond the level permitted under the FECA. In the years since 1976, particularly in 1980 and 1982, the independent expenditure route has become increasingly popular, with the leaders in the field being the political action committees. These two vehicles--the PAC and the independent expenditure--are changing the way in which our politics are financed in the 1980s. And the increasing convergence of the two methods have compounded their impact on the system.

F. The Federal Election Campaign Act Amendments of 1976

On May 11, 1976, the Federal Election Campaign Act Amendments of 1976 (Public Law 94-283) 110/ were signed into law. Although the new amendments were necessitated by the Supreme Court's ruling in the Buckley v. Valeo case, which did not deal directly with PACs, the 1976 law contained numerous and important provisions which had a direct bearing on PACs and their evolution. These provisions

108/ Ibid.

109/ Ibid., at 47-48.

110/ 90 Stat. 475 (1976).

represented an attempt to clarify the laws relating to PACs through greater specificity as to who could establish separate segregated funds and how they could be operated. Furthermore, the PAC provisions constituted a compromise between the interests of business and labor, in view of charges by labor that the balance of power between the sectors had been tilted toward business by the SUN PAC ruling; such concerns by labor had been heightened by the significant increase in corporate PACs following that advisory opinion. 111/

Major changes resulting from the 1976 Amendments included: the explicit authority granted to trade associations, membership organizations, and other groups to establish separate segregated funds; the restriction on types of employees corporations could solicit; guidelines for soliciting contributions for all categories of segregated funds; a limit on the proliferation of PACs within an organization; permission for unions to make use of payroll deduction plans to solicit contributions to its PACs; the introduction of the term "multicandidate committee"; and, new limits affecting contributions by both a political committee and a multicandidate committee.

First, the campaign finance laws were recodified with the removal of all relevant sections from Title 18 of the U.S. Code and their reassignment to Title 2. Section 610, dealing with contributions by unions, corporations, and national banks, became 2 U.S.C. 441b; Section 611, dealing with contributions by Government contractors, became 2 U.S.C. 441c.

Under section 441b, the prohibition on political contributions and expenditures by unions and corporations was recodified as subsection (a). The definition of "contribution or expenditure" and the exclusions became

111/ Epstein, The Emergence of Political Action Committees, p. 169-170.

subsection (b)(2), with alterations made in the wording of each of the three excluded activities--those that could be conducted with the organization's general treasury. The permission for internal communications [(b)(2)(A)] and nonpartisan registration and get-out-the-vote drives [(b)(2)(B)] were amended to allow corporations to direct such activities at executive or administrative personnel (and their families), in addition to stockholders (and their families); no change was made affecting the eligible pool for unions (members and their families). The third exclusion--separate segregated funds--was amended to give specific authority for such funds to organizations other than unions and corporations; section 441b (b)(2)(C) excluded from the term "contribution or expenditure":

. . . the establishment, administration, and solicitation of contributions to a separate segregated fund to be utilized for political purposes by a corporation, labor organization, membership organization, cooperative, or corporation without capital stock.

The original FECA prohibition against coercion in the solicitation of contributions to PACs was transferred intact to subsection (b)(3)(A). Furthermore, two prohibitions, based on the FEC's guidelines for solicitation in the SUN-PAC ruling, were added. Subsection (b)(3)(B) required employees to be informed of the political purposes of the fund when solicited, while subsection (b)(3)(C) required that the solicited party be informed of his right to refuse to contribute, without reprisal. (The FEC suggestion that supervisors not solicit their subordinates was not incorporated into the 1976 Amendments.)

Subsection (b)(4)(A) made it unlawful, unless specifically permitted, for corporations to solicit anyone other than stockholders and executive or administrative personnel and their families [(b)(4)(A)(i)] and for unions to solicit anyone other than union members and their families [(b)(4)(A)(ii)]. This provision was generally seen as a defeat for the business sector by

curtailing the blanket permission to solicit all employees in a corporation. Subsection (b)(4)(B) granted permission for unions and corporations to make two written solicitations per year of each other's pool of potential contributors, the solicitations to be conducted by a third party to protect the confidentiality of membership lists.

The guidelines for groups other than unions and corporations were outlined in subsection (b)(4)(C) and (D). In the former, membership organizations, cooperatives, and corporations without capital stock were authorized to solicit their members for contributions to a separate segregated fund. In the latter subsection, trade associations were granted permission to solicit the executive or administrative personnel and stockholders (and families) of member corporations, provided that the corporations gave prior approval and permitted no more than one affiliated trade association to make such solicitations a year.

Organized labor received a substantial boost from subsections (b)(5) and (6), which gave them permission to solicit contributions in the same manner that corporations did and required corporations to make available such systems to unions at cost. This meant that the payroll deduction plan approved for corporations by the SUN PAC Opinion but denied to labor unions by the Taft-Hartley Act was now available to labor, as well. Thus, a fundraising system which greatly facilitated the collection of donations would be available to unions, with the corporations required to assist in the mechanics of the operation.

The final subsection of the new 2 U.S.C. 441b defined what was meant by the terms "executive or administrative personnel." Subsection (b)(7) defined them as:

individuals employed by a corporation who are paid on a salary, rather than hourly, basis and who have policymaking, managerial, professional, or supervisory responsibilities.

Overall, Section 441b underscores one of the basic issues in the discussion of PACs--who can be solicited for contributions. Although PACs may accept contributions from any source generally permitted to contribute to American elections, they are strictly limited as to whom they may solicit to contribute. For example, organized labor has argued that the definition of "executive or administrative personnel" is so broad that the vast majority of corporate employees can be considered eligible to receive company solicitations. At issue is the potential for influence; the greater the audience to whom one can direct one's appeals and communications, the greater the potential harvest of funds and, in turn, political clout.

The provisions relating to Government contractors were recodified as 2 U.S.C. 441c. The prohibitions on political contributions and expenditures by contractors were moved to subsection (a), and the explicit authority for Government contractors to maintain separate segregated funds was placed in subsection (b). PACs set up by contractors would be treated as they would by any other organization and would abide by the same principles as elaborated in section 441b.

The framework in which PACs were to operate following the 1976 Amendments was completed by that section of the new law which established the limitations on contributions and expenditures. Section 441a added new limits on contributions and expenditures, introduced the term "multicandidate committee," and imposed anti-proliferation rules on PACs established within a single organization.

Whereas the 1974 Amendments had already established three criteria which a political committee had to meet in order to qualify for the \$5000 limit on contributions, the 1976 Amendments simply gave this preferentially-treated political committee a new name. For purposes of the contribution limitations, section 441a(a)(4) defined the term "multicandidate political committee" as:

a political committee which has been registered under section 433 of this title for a period of not less than 6 months, which has received contributions from more than 50 persons, and, except for any State political party organization, has made contributions to 5 or more candidates for Federal office.

The distinctions between the multicandidate political committee and the political committee lies principally in the different contribution limits imposed on each. Section 441a(a)(2) imposed the following limits on multicandidate committees:

- (A) \$5,000 to any candidate or his authorized political committee;
- (B) \$15,000 to national political party committees; and
- (C) \$5,000 to any other political committee.

The \$5,000 limit on candidate contributions was unchanged from the 1974 Amendments, whereas the limits on national party committees and on other political committees were imposed for the first time in 1976.

In contrast with the multicandidate committee, the limits on the ordinary political committee were, in all but one respect, the same as those imposed on the individual. Section 441a(a)(1) imposed the following limits on contributions by persons (including both an individual and a political committee):

- (A) \$1,000 to any candidate or his authorized political committee;
- (B) \$20,000 to national political party committees; and
- (C) \$5,000 to any other political committee.

The \$1,000 limit remained unchanged from 1974, but the limits affecting national party committees and other committees were innovations of the 1976 legislation. While a multicandidate committee may give less than an individual or an ordinary political committee to national party committees, this feature imposed little hardship on the multicandidate committees which have strongly preferred contributing directly to candidates. The one distinction in limits which has

had a great impact on the electoral process is that affecting contributions to Federal candidates, the \$5,000 versus the \$1,000 limit.

As mentioned above, only in one respect are individuals and political committees treated differently under the law for purposes of contributions. Under Section 441a(a)(3), the individual is limited to an aggregate of \$25,000 for all contributions in a calendar year (to candidates, parties, PACs, etc.). There is no aggregate limit on political committees; nor is there for multicandidate committees. Thus, in this crucial respect, any political committee, whether or not it qualifies as a multicandidate committee, is given a greater opportunity to affect the outcome of elections than is any individual (at least through the direct candidate contribution route).

Section 441a(a)(5) established the anti-proliferation rules, which declared that:

In any case in which a corporation or any of its subsidiaries, branches, divisions, departments, or local units, or a labor organization and any of its subsidiaries, branches, divisions, departments, or local units establish or finance or maintain or control more than one separate segregated fund, all such separate segregated funds shall be treated as a single separate segregated fund for purposes of the limitations provided by paragraph (1) and paragraph (2).

This provision overruled the SUN PAC Opinion which allowed separate contribution limits for each PAC established within a single organization. It was intended to restrict the activities of both labor and business. As described in the conference report on the 1976 Amendments:

The anti-proliferation rules established by the conference substitute are intended to prevent corporations, labor organizations, or other persons or groups of persons from evading the contribution limits of the conference substitute. Such rules are described as follows:

1. All of the political committees set up by a single corporation and its subsidiaries are treated as a single political committee.

2. All of the political committees set up by a single international union and its local unions are treated as a single political committee.

3. All of the political committees set up by the AFL-CIO and all its State and local central bodies are treated as a single political committee.

4. All the political committees established by the Chamber of Commerce and its State and local Chambers are treated as a single political committee.

5. The anti-proliferation rules stated also apply in the case of multiple committees established by a group of persons. 112/

The 1976 Amendments were considered at the time a victory for labor, whereas business groups expressed concern over their impact. 113/ In fact, "they gave the business community far greater running room in the electoral process than theretofore." 114/ Furthermore, the explicit authority given to trade associations, membership organizations and others to establish PACs adds to the overall impression that all types of PACs benefitted from the 1976 Amendments.

G. Conclusion

Each law and judicial and administrative ruling discussed above added new and more detailed guidelines for the establishment and operation of PACs. Each one served to reduce barriers to their existence, thus individually and cumulatively contributing to their proliferation.

112/ U.S. Congress. House. Conference Committee. Federal Election Campaign Act Amendments of 1976. Report to accompany S. 3065. 94th Cong., 2nd Sess., House Report no. 94-1057. Washington, U.S. Govt. Print. Off., 1976. p. 58.

113/ Epstein, Labor and Federal Elections, p. 268.

114/ Epstein, An Irony of Electoral Reform, p. 37.

CHAPTER THREE: GROWTH OF PACs SINCE 1972:
THE NUMBERS, THE DOLLARS, AND THE REASONS

The previous chapter traced the political action committee as it evolved in Federal law during the 1970s. This chapter will present and analyze the data which document the PAC growth facilitated by the changes in the law. In fact, it must be remembered in reviewing these data that not only was PAC growth made possible by the laws but that the laws were necessitated by the growth in PACs; the process of amending the FECA was coupled with the proliferation of PACs which these statistics reveal.

Section I presents the growth of PACs since 1974 in terms of the numbers. Section II offers evidence of PAC growth in terms of financial activity. It examines the levels of PAC spending in every election from 1972 to 1982, placing the figures in the context of overall campaign spending activity. In addition, it provides such information as which types of PACs have grown the most rapidly, who has benefitted from their growth, and which PACs have spent the most money in each election year. Finally, Section III offers a discussion of the reasons for PAC growth in the past decade, in light of the foregoing documentation of the legal and statistical bases for it.

I. PAC GROWTH SINCE 1974

On April 6, 1972, the day the FECA of 1971 took effect, there were 113 PACs in existence (according to unpublished FEC data). By January 1, 1975, when the Federal Election Commission was established and began systematically keeping tabs on PACs, the number stood at 608. In the nine years since then,

the number of nonparty committees (PACs) registered with the FEC has nearly sextupled, increasing to 3,525 by the end of 1983. The following table presents the numbers of nonparty committees registered with the FEC from 1974 through 1983. The data is broken down by type of PAC, using the categories the Commission devised in 1977: corporate, labor, trade/membership/ health, non-connected, cooperative, and corporation without stock. Prior to the year-end figures for 1977, all PACs other than corporate and labor were included in the trade/membership/health grouping (thus explaining the drop in that category from December 31, 1976, to December 31, 1977).

TABLE 1. Number of Registered PACs: 1974-1983 1/

Type	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Corp.	89	139	433	550	784	949	1204	1327	1467	1536
Labor	201	226	224	234	217	240	297	318	380	378
Trade/ Memb./ Health <u>2/</u>	318	357	489	438	451	512	574	608	628	617
Non- Conn.				110	165	250	378	539	746	821
Coop.				8	12	17	42	41	47	51
Corp. w/o stock				20	24	32	56	68	103	122
Total	608	722	1146	1360	1653	2000	2551	2901	3371	3525

1/ Data as of December 31 for every year except 1975 (November 24).

2/ Includes all non-corporate and non-labor PACs through 12/31/76.

Source: U.S. Federal Election Commission. FEC Releases New PAC Figures (press release): Jan. 20, 1984.

Although the numbers relating the net growth in PACs shown in Table 1 are largely self-explanatory, some observations may be appropriate. The sharpest percentage increase occurred between November 24, 1975, and December 31, 1976. The earlier date is significant because it marked the issuance of Advisory Opinion 1975-23--the SUN PAC ruling. In the following 13 months, PACs experienced a net increase of 59 percent, from 722 to 1,146. Thereafter, PACs grew in ever-increasing increments: 214 in 1977, 293 in 1978, 347 in 1979, and 551 in 1980. The net growth in 1980, the largest numerical increase during the six-year period, is attributable in large measure to the enormous amount of publicity accorded PACs in the media since the 1978 elections.

Since 1980, the rate of PAC proliferation has slowed notably. From an average annual increase of 21 percent between 1974 and 1980, the rate fell to 14 percent in 1981 (an increase of 352 PACs) and rose slightly in 1982 to 16 percent (an increase of 470 PACs). At the end of 1983, only 154 additional PACs had registered--an increase of less than 5 percent for the year. It appears that the proliferation of PACs has tapered off from the rapid growth in the late 1970s, although one can hardly interpret this as an indication of a decrease in importance of or interest in PACs.

Beyond the overall growth in PACs, Table 1 reports the relative growth of the various categories of PACs. Clearly, the corporate committees have demonstrated the most enormous growth in their ranks--with an increase of more than 1600 percent in nine years, from 89 in 1974 to 1,536 in 1983. Here, the SUN PAC ruling can be seen as having had a particularly salient effect on the willingness of corporations to establish separate segregated funds; corporate PACs more than tripled in number in the 13 months following that advisory opinion. As of 1983, 44 percent of all PACs were grouped in the "corporate" category.

As notable as the dramatic increase in corporate PACs, there has been relative stability in the area of labor PACs. Having increased just 88 percent in nine years, labor PACs actually experienced a net decline in several of those years. Unlike in the corporate sector, the potential for increase in labor PACs is distinctly limited. Most of the large, politically active unions have operated PACs for many years. In contrast, most of the remaining unions are either too small or not sufficiently political or, as affiliates of national and international unions, are subject to the same single contribution limit as their parent bodies, thus reducing the incentives to establish PACs. ^{115/} Thus, the data reveal that while labor unions pioneered the field of political action committees, establishing precedents for others to imitate, they have been increasingly dwarfed by the PAC growth in other sectors. In 1974, labor PACs constituted one-third of all PACs; at the end of 1983, they constituted only one-ninth. In 1974, there were over twice as many labor PACs as there were corporate PACs; by 1983, corporate PACs exceeded those of labor unions by a 4 to 1 ratio.

The growth of the trade/membership/health category is more difficult to document, in view of the inclusion between 1974 and 1977 of PACs which were ultimately assigned separate categories. Nonetheless, it is fair to say that the growth here has been significant. If all 318 PACs in the trade/membership/health category in 1974 were appropriately listed there under the standards introduced in 1977, one can say that they increased by 94 percent as of 1983. If, on the other hand, the 138 PACs separated into new categories in 1977 were

^{115/} Epstein, Edwin M. Business and Labor Under the Federal Election Campaign Act of 1971. In Malbin, Parties, Interest Groups, and Campaign Finance Laws, p. 143.

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in existence in 1974, the accurate 1974 count of trade/membership/health PACs would be 180, thus indicating an increase of 243 percent through 1983. In fact, the correct estimate of growth in this category likely falls somewhere between the 94 percent and the 243 percent figures--not as high as the 480 percent increase in PACs overall, but high enough to add measurably to the increasing business orientation of PACs today. (See further discussion of this aspect below.)

The "non-connected" category (those PACs not affiliated with an existing organization) has experienced extremely rapid growth in the seven years it has been used by the FEC. As a reflection of the political climate in which PACs operate today, the sharp increase of non-connected PACs is hardly surprising, comprised, as they are, largely of ideological interest groups. In just six years, PACs in this grouping have more than septupled--from 110 in 1977 to 821 in 1983, during which time the overall number of PACs increased by two-and-one-half-fold.

The data presented and discussed above offers partial evidence of the growth of political action committees in general and the growth of corporate, non-connected, and trade/membership/health PACs in particular. It also offers partial evidence of the overshadowing of labor PACs by other interest groups. All of these phenomena will be further developed as the financial activity data is presented later in this chapter.

The relative power of labor and business to influence our political process is an age-old struggle. Thus, a closer look at relevant statistics which may shed light on this struggle is warranted. As bleak a picture as the data depict for organized labor, they, in fact, do not adequately represent the magnitude of the increasing gap between labor PACs and those associated with the business sector. A comparison of the numbers for corporate vs. labor PACs does not tell

the whole story. There is a strong business orientation in the trade/membership/health category, as represented by such powerful trade groups as the National Association of Realtors and such important health groups (largely professional associations) as the American Medical Association. Among non-connected PACs, is the Business-Industry Political Action Committee (BIPAC), the first major business PAC. Among cooperatives are the PACs of the Associated Milk Producers, Inc. (AMPI), and the Mid-America Dairymen, Inc. The corporations without stock are, by definition, business-oriented, as exemplified by the California Almond Growers Exchange. 116/ Thus, many business-oriented PACs are classified in categories other than the "corporate" one.

In an attempt to construct a system which more accurately reflects the number of PACs which promote a basically pro-business philosophy, political scientist Edwin Epstein has estimated that one-half of all non-labor and non-corporate PACs under the FEC scheme can be classified as business-related, along with all of the "corporate" PACs. 117/ Based on this system and using the data in Table 1, one can construct the following chart of labor and business-related PACs.

116/ Ibid., p. 118.

117/ Ibid., p. 116.

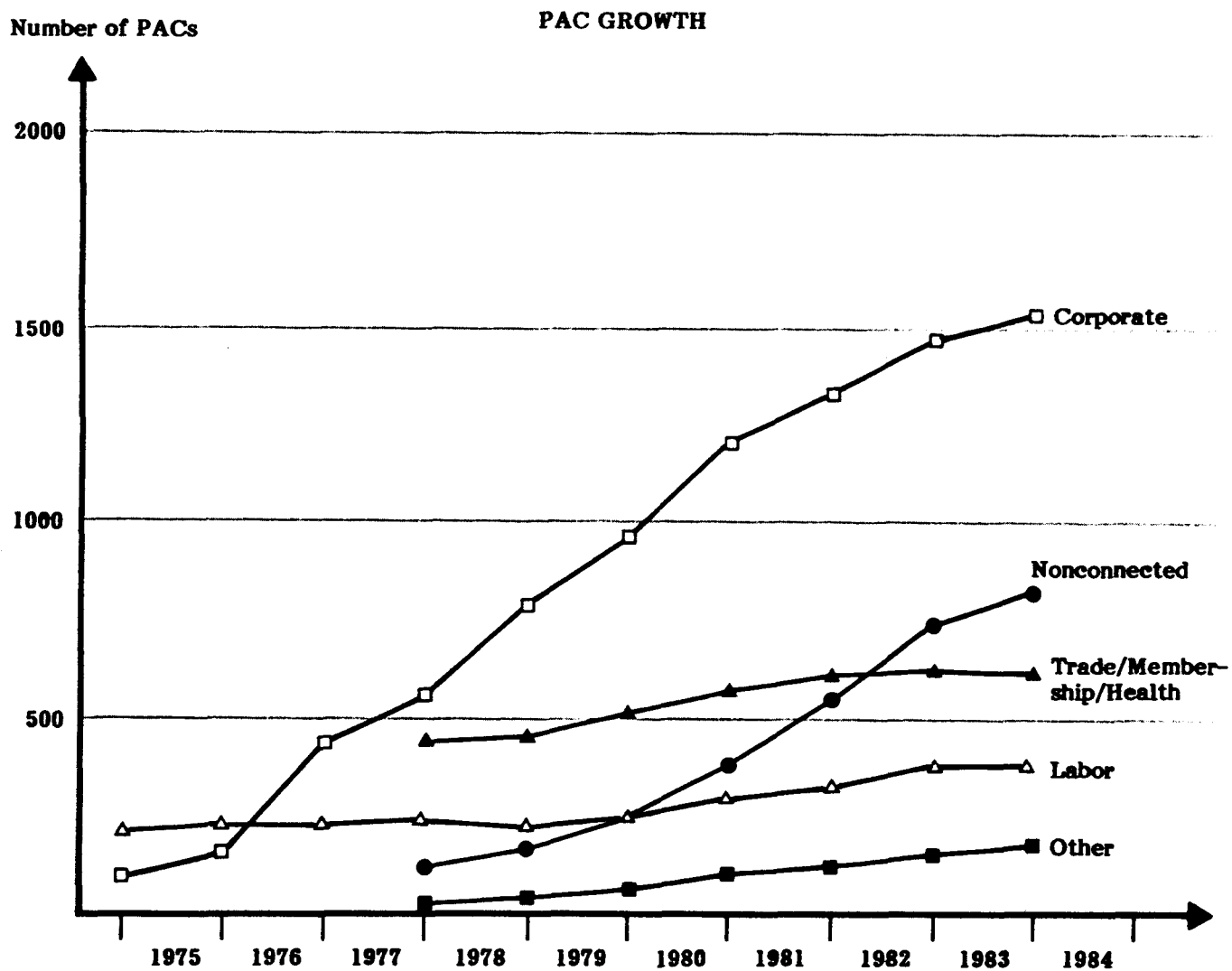
TABLE 2. Numbers of Labor and Business-Related PACs: 1974-1982

Category	1974	1976	1978	1980	1982
Labor	201	224	217	297	380
Business-oriented ^{1/}	248	678	1100	1729	2229

^{1/} Business-oriented equal all corporate PACs plus one-half of all trade/membership/health, non-connected, cooperative, and corporations without stock.

While these data do present a more accurate picture of business strength in the PAC movement, there are many tools which organized labor uses to compensate for this perceived imbalance; of course, the business sector has other strengths, as well. These approaches will be discussed in Chapter Four. More fundamentally, one may question the extent to which issues which face modern society lend themselves to the traditional framework of a conflict essentially between business and labor interests. Increasingly, one finds public policy issues which pit various interests against the combined forces of labor and business, with unpredictable results. This, too, will be discussed further in Chapter Four.

In concluding this section on the numerical growth of PACs, it is instructive to examine the data in graph format (from 1974-1984), as prepared by the FEC.



Source: U.S. Federal Election Commission. FEC Record, March 1984, p. 6.

II. PAC GROWTH FROM 1972-1982: THE DOLLARS

This section of the report places the discussion of political action committees within the context of their financial activity during the past decade. The tables of data and the accompanying analysis will explore many fundamental questions concerning PAC spending. Part A will examine the aggregate data on PAC expenditures and contributions since 1972, from the perspective of both the PACs and the candidates. Part B will address the question of where the money originated, by looking at the relative levels of activity among the various types of PACs and at the leading PACs in each election year. Part C will explore the question of where the money has been going, from the perspective of both the PACs and the candidates. Finally, Part D will summarize the major findings of this (and the previous) section.

The compilation of the data presented in this section's tables has been made difficult by many factors, not the least of which is the absence of a single, uniform source for the various statistics. The sophistication and the reliability of the data has increased enormously in the last three election cycles, as a result of the efforts by the Federal Election Commission to impose systematic and comprehensive methods of compiling the various statistics from the disclosure statements filed with that agency. Before the FEC was established and before it established its primacy as the source of campaign finance data, private organizations assumed the responsibility of reporting the aggregate data to the public. Common Cause maintained campaign finance monitoring projects during the elections of 1972, 1974, and 1976. The Citizens Research Foundation, under the direction of Professor Herbert Alexander, compiled its own data for the 1972 and 1976 elections. Each of these organizations adopted its own methods for organizing data, and,

as a result, they reached varying conclusions about spending levels in the years their research overlapped. In 1976, the Federal Election Commission was operational, but its reports did not reflect the comprehensiveness of its more recent studies. Thus, for each of the three earliest elections covered in this chapter--1972, 1974, and 1976--between one and three sources are available for information.

For 1972, there is the additional handicap of two different systems of campaign disclosure required during that year. The Federal Election Campaign Act did not take effect until April 7, 1972, prior to which time disclosure was governed by the 1925 Corrupt Practices Act, which had long since been regarded as an ineffective system. Furthermore, five changes in the election law over the past twelve years and the concomitant changes in the disclosure forms, have made compiling uniform, comparable data even more difficult.

In addition to three organizations which compiled campaign finance data during the past twelve years, several scholars have also sought to compile data in useful ways, often basing their work on the findings of the three organizations but sometimes exploring on their own. The work of these scholars, notably among them Edwin Epstein, Michael Malbin, and Gary Jacobson (all cited in the ensuing pages), has generally clarified the data from other sources. Sometimes, unfortunately, their findings appear to conflict, either with one another or with those of Common Cause, the Citizens Research Foundation, or the FEC. Journalists, too, have presented useful campaign finance data, which often highlighted events or statistics at a given time, without analysis of overall trends; often they clarified, but other times they confused, the overall picture.

This chapter makes use of the findings of all of the above sources. In attempting to reconcile seemingly conflicting data, the guiding principles have been simplicity, uniformity of data, availability of data in useful breakdowns,

and comparability with other data within a table or with data in other tables. Because of the variety of sources and the different methods of categorizing data from source to source or from year to year, frequently data within a table are not exactly comparable with other data in that table. Consequently, the tables are filled with explanations and caveats; the accompanying analysis offers broader explanations and caveats. Such questions as why some tables offer data for only House races or why some offer data only for candidates in general elections will be explained within these pages. One obvious and overriding reason is that such types of data may have been all that were compiled by any of the various sources cited.

In terms of PAC contributions to candidates, this chapter confines itself exclusively to congressional candidates. Since 1976, PACs (and others) have been prohibited from making contributions to Presidential candidates accepting public funds in the general election. Although they have been allowed to contribute in the primaries, they have not taken much advantage of this opportunity; as will be discussed later, PACs generally save their money for the general election contests. In 1980, only 3 percent of PAC contributions to Federal candidates went to Presidential contenders, according to FEC data on PAC activity. For this reason and because most PAC activity in recent years has been directed at the congressional elections, it is the role of PACs in those elections on which this chapter will focus.

A. PAC Spending Since 1972: The Aggregate Data

This subsection provides the broad overview of the significance of the PAC phenomenon in American politics during the past twelve years. Data and

analysis presented in Part 1 offer the spending figures from the PACs' perspective: "How much has been spent by PACs?" The data and commentary in Part 2 address the question from the candidates' perspective: "How reliant have candidates become on PAC money, in view of their other sources of funding?" All of the tables and discussion that follow in Chapter Three must be viewed in the context of this overview.

1. The Overview from the PAC Perspective

Table 3 provides aggregate data on PAC receipts, expenditures, and contributions to congressional candidates in each election cycle since 1972. Although some of the receipt and expenditure figures for the three earlier years are either non-existent or of limited reliability (as in the 1974 expenditure figure), the overall trend is unmistakable. PACs spent almost 900 percent more in the 1982 elections than they did in the 1972 elections, from \$19.2 million in 1972 to \$190.2 million in 1982. PACs contributed nearly 900 percent more to congressional candidates in 1982 than they did in 1972, from \$8.5 to \$83.6 million.

In terms of the rate of increase, the rise in both direct contributions and spending was the sharpest from 1974 to 1976, an 80 percent and 100 percent increase, respectively--certainly a function to some extent of the FEC's 1975 SUN PAC ruling. The second highest jump was from 1978 to 1980, when the level of contributions to congressional candidates rose by some 57 percent and the level of adjusted expenditures rose by an even higher 69 percent. The increase in contributions in 1974, 1978, and 1982 was in each case approximately 50 percent--significant rises, despite the fact that they did not equal the magnitude of increase witnessed in 1976 and 1980.

TABLE 3. Financial Activity of Political Action Committees: 1972-1982
(full election cycle data)

Election cycle <u>1/</u>	Adjusted receipts <u>2/</u>	Adjusted expenditures <u>2/</u>	Contributions to congressional candidates
1972	n.a.	\$ 19,168,000	\$ 8,500,000 *
1974	n.a.	\$ 25,000,000 **	\$ 12,526,586
1976	\$ 54,045,588	\$ 52,894,630	\$ 22,571,912
1978	\$ 79,956,291	\$ 77,412,860	\$ 35,187,215
1980	\$137,728,528	\$131,153,384	\$ 55,217,291
1982	\$199,452,356	\$190,173,539	\$ 83,620,190

1/ The periods covered by the election cycles vary. Data for 1972 is limited for the period prior to April 7, 1972, the effective date for disclosure under the Federal Election Campaign Act of 1971. Until then, campaign finance disclosure was governed by the Federal Corrupt Practices Act of 1925, under which much activity went unreported. 1974 data covers Sept. 1, 1973, to Dec. 31, 1974. 1976 data covers Jan. 1, 1975, to Dec. 31, 1976. 1978 data covers Jan. 1, 1977, to Feb. 22, 1980. 1980 data covers Jan. 1, 1979, to Dec. 31, 1980. 1982 data covers Jan. 1, 1981, to Dec. 31, 1982. 1982 data covers Jan. 1, 1981, to Dec. 31, 1982.

2/ Adjusted data exclude monies transferred between affiliated committees and are thus more representative of levels of financial activity.

* Excludes contributions to candidates defeated in primaries.

** This is a rough estimate and does not correspond to the detailed breakdowns in Table 8.

Source: For 1972 expenditures: Alexander, Herbert E. Financing the 1972 Election. Lexington, D.C. Heath and Company, 1976: p. 93, 95. Total represents the sum of the totals for labor, other special interest, and ideological spending.

For 1972 contributions: Common Cause. Campaign Finance Monitoring Project. 1972 Federal Campaign Finances: Interest Groups and Political Parties. Washington, 1974, v. 1. p. vi.

For 1974 expenditures: [National Information Center on Political Finance]. Interest Groups: Bigger Spenders on '74 Races. Congressional Quarterly Weekly Reports, v. 31, September 28, 1974: 2583-2584. Estimate reflects \$13.3 million in adjusted expenditures plus the great bulk of the \$13.0 million in cash on hand.

TABLE 3. Financial Activity of Political Action Committees: 1972-1982
(full election cycle data)--Continued

For 1974 Contributions: Common Cause. Campaign Finance Monitoring Project. 1974 Congressional Campaign Finances. Vol. 5--Interest Groups and Political Parties. Washington, 1976. p. xii.

For 1976 receipts and expenditures: Federal Election Commission, unpublished data.

For 1976 contributions: Common Cause data. In Interest Group Gifts to 1976 Congressional Campaigns. Congressional Quarterly Weekly Reports, v. 35, April 16, 1977. p. 710.

For 1978: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1977-1978. Final Report. Party and Non-Party Political Committees. Vol. 1--Summary Tables. April 1980. p. 138, 140, 142.

For 1980: U.S. Federal Election Commission. FEC Releases Final PAC Report for 1979-80 Election Cycle (press release): Feb. 21, 1982.

For 1982: U.S. Federal Election Commission. FEC Publishes Final 1981-82 PAC Study (press release): Nov. 29, 1983.

The gap between adjusted expenditures and contributions to congressional candidates is readily observed in Table 3. While the gap widened substantially every election in dollar amounts (\$10.7, \$12.5, \$30.3, \$42.2, \$75.9, and \$106.6 million, respectively), the percentage of expenditures constituted by contributions remained at a rather constant level in every election: 42-50 percent--the low figure in 1980 and the high in 1974, which, being based on estimated data, is not an especially reliable figure. The somewhat less than 1 to 2 ratio of contributions to expenditures is a key finding of Table 3, one which has a bearing on data presented in the pages that follow.

The following list of commonly-made PAC expenditures specifies the components of PAC spending other than contributions to congressional candidates. It thus helps account for the gap discussed above.

(1) contributions to State and local candidates (these must be disclosed within the various States, but not necessarily to the FEC);

(2) contributions to Presidential candidates (in primaries); these play a smaller role than they did perhaps in 1972 and earlier, before the prohibition against accepting private contributions was imposed on general election

candidates taking public funds. As mentioned above, only 3 percent of PAC contributions to Federal candidates in 1980 went to Presidential contenders;

(3) contributions to national party committees and other political (non-candidate) committees, including other PACs e.g., PACs gave \$6 million to political parties in 1982);

(4) administrative costs--a particularly significant budget item for the non-connected PACs, which cannot have such costs borne by a sponsoring organization (as can corporate, labor, and trade/membership/health PACs);

(5) fundraising costs--again, a particularly large factor for non-connected PACs which are not limited in terms of who they may solicit to any sponsoring organization's membership lists. As they are permitted to solicit funds from the general population, they have turned increasingly to the direct-mail route--a method of growing sophistication and growing costs, as well. Estimates of the cost of raising money through direct-mail range as high as 90 percent of the total receipts; 118/ and

(6) independent expenditures--funds spent directly on communication with voters, for or against candidates and without any advance consultation with candidates, are not subject to any limits under the Federal Election Campaign Act. Consequently, these have been a growing force in American politics in the past three elections. The FEC reported that a little over \$2 million was spent independently in the 1976 elections; 119/ the level of independent

118/ Shaw, Robert D., Jr. Direct-Mail Pleas Raise Thousands for Fundraisers, Little for Causes. Miami Herald, March 30, 1981: 1A, 4A.

119/ U.S. Federal Election Commission. FEC Releases Information on Independent Expenditures (press release): October 9, 1980.

expenditures rose to \$16.1 million in the 1980 elections. 120/ This large increase is particularly relevant to the subject of PACs since all but about 12 percent of these funds were spent by PACs. (The great majority of this spending, however, was by a handful of PACs, and most of it was concentrated in Presidential contests.) Of greater relevance for congressional campaigns, the level of independent expenditures in House and Senate races rose from \$2.3 million in 1980 to \$5.8 million in 1982 (again, mostly by PACs). 121/

The growing amounts of money spent on fundraising and independent expenditures are the two most important factors in the widening gap in recent years between PAC expenditures and PAC contributions to congressional candidates. This is hardly surprising, in view of the heavy use of direct-mail and independent expenditures by the ideological (generally non-connected) PACs, which, as will be demonstrated later, have constituted of late the fastest growing component of overall PAC spending.

Table 4 takes the last column of the previous table--contributions to congressional candidates--and presents the breakdown of how much of the money (and what percentage) went to House vs. Senate candidates. Furthermore, because those figures represent financial activity during the entire election cycle (usually the election year and the one preceding it), the table also presents the data (with similar House and Senate breakdowns) for only those candidates who competed in general elections. It excludes contributions to candidates defeated in primaries and, in some of the years, candidates who ran in special

120/ U.S. Federal Election Commission. FEC Study Shows Independent Expenditures Top \$16 Million (press release): Nov. 29, 1981.

121/ U.S. Federal Election Commission. FEC Issues Final Report on 1981-82 Independent Spending (press release): Oct. 14, 1983.

elections; primary election contributions are included for only those contenders who appeared on the general election ballot.

TABLE 4. PAC Contributions to House and Senate Candidates in General Elections and in Full Election Cycles: 1972-1982
(in millions of dollars and percentages) 1/

Year	Full Election Cycle <u>2/</u>	House	Senate	General Election <u>3/</u>	House	Senate
1972	n.a.	n.a.	n.a.	\$ 8.5	\$ 5.4 (64%)	\$ 3.1 (36%)
1974	\$12.5	n.a.	n.a.	\$11.6	\$ 8.4 (72%)	\$ 3.2 (28%)
1976	\$22.6	n.a.	n.a.	\$20.5	\$15.0 (73%)	\$ 5.4 (26%)
1978	\$35.2	\$25.0 (71%)	\$10.2 (29%)	\$31.8	\$22.9 (72%)	\$ 8.9 (28%)
1980	\$55.2	\$37.9 (69%)	\$17.3 (31%)	\$51.9	\$36.0 (69%)	\$15.9 (31%)
1982	\$83.6	\$61.1 (73%)	\$22.6 (27%)	\$79.7	\$57.9 (73%)	\$21.8 (27%)

1/ Dollar amounts rounded off to the nearest tenth; percentages are based on rounded dollar amounts and are rounded off to nearest whole percent.

2/ Full election cycle includes data for all candidates in primaries and special and general elections for the election year and the year preceding it (except for 1974 which goes back to September 1, 1973). These data correspond to those in Table 3, *infra*.

3/ General election data excludes defeated candidates in primaries (and, perhaps, candidates in special elections). These data correspond to those in Table 5, *infra*.

TABLE 4. PAC Contributions to House and Senate Candidates in General Elections and in Full Election Cycles: 1972-1982
(in millions of dollars and percentages) 1/--Continued

Source: For 1972: Common Cause. Campaign Finance Monitoring Project. 1972 Federal Campaign Finances: Interest Groups and Political Parties. Washington, 1974. v. 1. p. vi.

1972 breakdowns extrapolated from: Jacobson, Gary C. The Pattern of Campaign Contributions to Candidates for the U.S. House of Representatives, 1972-78. In U.S. Congress. House. Committee on House Administration. An Analysis of the Impact of the Federal Election Campaign Act, 1972-78. From the Institute of Politics, John F. Kennedy School of Government, Harvard University. Committee Print, 96th Cong., 1st Sess. Washington, U.S. Govt. Print. Off., October 1979. p. 25 (Table 6).

For 1974: Common Cause. Campaign Finance Monitoring Project. 1974 Congressional Campaign Finances. Vol. 5--Interest Groups and Political Parties. Washington, 1976. p. ix, xii.

For 1976 general election data: Common Cause. 1976 Federal Campaign Finances. Interest Group and Political Party Contributions to Congressional Candidates. Washington, 1978. v. 1. p. viii.

For 1976 full election cycle: Common Cause data. In Interest Group Gifts to 1976 Congressional Campaigns. Congressional Quarterly Weekly Reports, v. 35, April 16, 1977: p. 710.

For 1978 full election cycle: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1977-1978. Final Report: Party and Non-Party Political Committees. Vol. 1--Summary Tables. Washington, April 1980. p. 142.

For 1978 general election data: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1977-1978. Interim Report No. 5--U.S. Senate and House Campaigns. Washington, June 1979. p. 32, 34.

For 1980: U.S. Federal Election Commission. FEC Releases Final Statistics on 1979-80 Congressional Races (press release): March 7, 1982.

For 1982: U.S. Federal Election Commission. FEC Releases Final Report on 1981-82 Congressional Elections (press release): Dec. 2, 1983.

Although the gap between the general election and the full election cycle figures has increased since 1974, signaling a greater willingness on the part of PACs to contribute in primaries, the chart demonstrates that the great bulk of PAC contributions are contributed (during the entire two-year cycles) to candidates who will be in the general elections (this could be shown more clearly if it were possible to sort out only those funds contributed in the general election, per se). In some of the tables which follow, data is presented only for the general election (again, including primary contributions which may have been given to candidates who later appeared on the general election ballot).

Although it might have been preferable to see the relevant breakdowns on a particular chart for the entire election cycle, it can be justified nonetheless by the fact that the general election data does constitute most of the PAC contributions.

The second salient feature in Table 4 is that, regardless of whether the data is for the general election or the full cycle, the proportion of funds going to House vs. Senate candidates remains constant, as it has roughly since 1974. Approximately 70 percent of PAC money goes to House candidates, as compared with 30 percent to Senate candidates. Of course, it must be noted that there are many more House candidates than Senate candidates in any given year, thus accounting in large measure for the disproportionate share going to one of the two bodies. The greater amounts of PAC money given to House candidates, combined with the greater reliance of House candidates on PAC money (as will be demonstrated shortly), provide some justification for the focus on only House elections in some later charts.

2. The Overview from the Candidates' Perspective

While the overall dollar figures reflect the magnitude of PAC giving, one must examine the data from the candidates' perspective to round out a basic understanding of the role PAC money has been playing in elections. Tables 5-7 offer evidence that PAC contributions have grown significantly in relative importance among the various sources of candidate funding and that this trend has been particularly pronounced in House races, and that 1980 marked a notably increased level of Senate candidate reliance on PAC giving. As Table 5 indicates, PAC contributions to congressional candidates in general elections as a percentage of all candidate receipts has risen from 13.7 percent

in 1972 to 26.6 percent in 1982. The sharpest percentage increase occurred in the 1980 election--5.6 percent over 1978. The second highest increase was the 3.9 percent jump from 1974 to 1976, which, as Table 3 revealed, marked the highest increase in PAC spending and contributing. It is too soon to tell whether the less than one percent increase in 1982 may signal a leveling off of this aspect of PAC growth.

TABLE 5. PAC Contributions as a Percentage of Congressional Candidates'
Overall Receipts in General Elections: 1972-1982 1/

Year	Candidate Receipts <u>2/</u>	PAC Contributions <u>2/</u> <u>3/</u>	Percent Given by PACs
1972	\$ 62.2	\$ 8.5	13.7%
1974	\$ 73.9	\$ 11.6	15.7%
1976	\$104.8	\$ 20.5	19.6%
1978	\$158.2	\$ 31.8	20.1%
1980	\$201.6	\$ 51.9	25.7%
1982	\$299.9	\$ 79.7	26.6%

1/ Data combines House and Senate receipts (adjusted, where possible) only for candidates who ran in the general election; data for defeated primary election candidates is excluded.

2/ In millions of dollars

3/ These amounts correspond with those in the third from last column in Table 4, *infra*.

Source: For 1972, 1974, 1976, and 1978 receipts: Malbin, Michael J. *Of Mountains and Molehills: PACs, Campaigns, and Public Policy*. In *His Parties, Interest Groups, and Campaign Finance Laws*. Washington, American Enterprise Institute for Public Policy Research, 1980. p. 154-155 (Table 1).

For 1972 contributions: Common Cause. *Campaign Finance Monitoring Project*. 1972 Federal Campaign Finances: Interest Groups and Political Parties. Washington, 1974. v. 1, p. vi.

For 1974 contributions: Common Cause. *Campaign Finance Monitoring Project*. 1974 Congressional Campaign Finances. Vol. 5--Interest Groups and Political Parties. Washington, 1976. p. ix.

TABLE 5. PAC Contributions as a Percentage of Congressional Candidates' Overall Receipts in General Elections: 1972-1982 1--Continued

For 1976 contributions: Common Cause. 1976 Federal Campaign Finances. Interest Group and Political Party Contributions to Congressional Candidates. Washington, 1978. v. 1. p. viii.

For 1978 contributions: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1977-1978. Interim Report No. 5--U.S. Senate and House Campaigns. Washington, June 1979. p. 34.

For 1980: U.S. Federal Election Commission. FEC Releases Final Statistics on 1979-80 Congressional Races (press release): March 7, 1982.

For 1982: U.S. Federal Election Commission. FEC Releases Final Report on 1981-82 Congressional Elections (press release): Dec. 2, 1983.

Table 6 presents for each the House and Senate the percentages of overall receipts which were constituted between 1972-1982 by the four principal sources of candidate funding: PACs, individual contributors, political parties, and candidate contributions to their own campaigns. This table amplifies the findings in Table 5 by showing how the PAC component of candidate receipts compared with the other key funding sources and how that component factored into House versus Senate campaigns. It should be noted at the outset that the data in this table is subject to dispute among various sources and may, in fact, be of limited utility because of changes in the way information is reported and divergent theories about the correct way to compile information. Indeed, for all but the PAC and party categories, this configuration appears to be much less relevant today than it did four or six years ago. Hence, the table is offered for purposes of rough estimations of relative roles of funding sources and with only limited claim of authoritativeness.

At a glance, one notices that PAC contributions have consistently accounted for a greater share of House candidate receipts than of Senate candidate receipts. The proportion of PAC money among all sources of funding has increased steadily for House candidates, from 14.0 percent in 1972 to 31.5 percent in 1982--with the sharpest rise occurring in 1976, followed by the rise in 1980; as of 1982, nearly one-third of House candidates' funds came from PACs.

In contrast with the House, no definitive trend on the PAC role is revealed in the data on Senate campaigns. Although it appeared after the 1980 elections that PACs might play a significantly greater role than in the past (the percentage increase actually surpassed that in the House in 1980), it was followed by a decline in the importance of PAC money in 1982. The 4 percent jump in 1976 was in keeping with the overall growth in the importance and level of PAC spending that year, but the increase was transitory, as the PAC percentage fell again in 1978. (Senate data is made even more difficult to analyze in view of a much longer fundraising period than for House races.)

A commonly offered explanation for the greater proportion of PAC contributions to House candidates relates to the lower visibility of House Members and campaigns vis-a-vis their Senate counterparts. It is far more difficult for the typical House Member to attract the attention of the news media, particularly in view of the concentration of so many Members in the same media markets, than it is for the typical Senate Member. As news of the official activities and election contests of the latter is more widely disseminated than for their House counterparts, it generates a greater degree of citizen interest in and enthusiasm for the Senate election and its contestants; from this enthusiasm flows a higher level of individual contributions, which, in turn, renders PAC donations less important in the scheme of things. Furthermore, the much larger population of States, as compared to the average congressional district, combined with the greater resources generally available to Senate contenders, makes the direct-mail system of fundraising more viable in a Senate jurisdiction than in a congressional district. Direct-mail is a key component of modern efforts to raise small individual contributions. Lacking both the same degree of

citizen interest in their contests and the means to finance costly direct-mail campaigns, House candidates may be more reliant on contributions from groups (parties or PACs), through which they can raise money in larger amounts from fewer sources.

TABLE 6. Funding Sources for Candidates in House and Senate General Elections: 1972-1982

Year	Candidate Receipts <u>1/</u>	Source (in percentages)				
		PACs	Parties <u>2/</u>	Individuals	Candidates <u>3/</u>	Unknown
<u>House</u>						
1972	\$ 38.9	14.0	17	60	---	9
1974	\$ 45.7	17.1	4	73	6	---
1976	\$ 65.7	22.4	8	59	9	---
1978	\$ 92.2	24.8	5	61	9	---
1980	\$ 124.6	28.9	4	67	---	---
1982	\$ 183.9	31.5	3	66	---	---
<u>Senate</u>						
1972	\$ 23.3	11.9	14	67	0	8
1974	\$ 28.2	11.0	6	76	1	6
1976	\$ 39.1	14.8	4	69	12	---
1978	\$ 66.0	13.5	2	76	8	---
1980	\$ 76.9	20.7	2	78	---	---
1982	\$ 116.0	18.8	1	81	---	---

1/ In millions of dollars, adjusted where possible

2/ Excludes party expenditures on behalf of candidates. Also, some of the figures herein are particularly unreliable, most notably the 17% in 1972 which exaggerates the party role because of the large amounts of unreported private money prior to April 7 of that year as compared with party money which is generally given later in the campaign season.

TABLE 6. Funding Sources of Candidates in House and Senate General Elections: 1972-1982--Continued

3/ Includes candidate loans unrepaid at time of filing.

* Includes candidate contributions to own campaign.

** Includes candidate contributions, loans and other items.

Source: For 1972 - 1976 receipts data: Malbin, Michael J. Of Mountains and Molehills: PACs, Campaigns, and Public Policy. In Parties, Interest Groups, and Campaign Finance Laws. Washington, American Enterprise Institute for Public Policy Research, 1980. p. 154-155 (Table 1).

For 1972 - 1978 data: Jacobson, Gary C. The Pattern of Campaign Contributions to Candidates for the U.S. House of Representatives, 1972-78. In U.S. Congress. House. Committee on House Administration. An Analysis of the Impact of the Federal Election Campaign Act, 1972-1978. From the Institute of Politics, John F. Kennedy School of Government, Harvard University. Committee Print, 96th Cong., 1st Sess. Washington, U.S. Govt. Print. Off., 1979. p. 20 (Table 1).

For 1980 - 1982 data: Jacobson, Gary C. "Money in the 1980 and 1982 Congressional Elections." In Michael J. Malbin (ed.). Money and Elections: Financing Politics in the 1980s. American Enterprise Institute/Chatham House, forthcoming 1984.

For 1972 - 1974 PAC data (House): Jacobson, The Pattern of Campaign Contributions to Candidates for the U.S. House, p. 20 (Table 1).

For 1972 - 1976 PAC data (Senate): Ibid., p. 24 (Table 5).

For 1976 PAC data (House): Federal Election Commission. FEC Disclosure Series. No. 9: 1976 House of Representatives Campaigns, Receipts and Expenditures. Washington, September 1977. p. 4.

For 1978 PAC and receipts data: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1977-1978. Interim Report No. 5. U.S. Senate and House Campaigns. Washington, June 1979. p. 31-32.

For 1980 PAC and receipts data: U.S. Federal Election Commission. FEC Releases Final Statistics on 1979-80 Congressional Races (press release): Mar. 7, 1982.

For 1982 PAC and receipts data: U.S. Federal Election Commission. FEC Releases Final Report on 1981-82 Congressional Elections (press release): Dec. 2, 1983.

Because of the problems with the comparability of data in this table (as mentioned above), there is little to be gained from any extensive analysis.

Several conclusions can be drawn, however. First, by far the largest source of all campaign funds has consistently been individual citizens giving directly to campaigns (as opposed to contributing to intermediaries such as PACs and political parties). Because the Federal Election Commission did not separate

candidate contributions in its compilations for 1980 and 1982, one cannot determine what proportion of the "individuals" entry for those years is candidate funding and what proportion is, in fact, individual citizens. Hence, we cannot know for sure whether the individual role in funding campaigns has declined during the past ten years. If one assumes that the level of candidate support has remained at the 1978 levels, it would follow that the individual component has shrunk; this would make sense given the demonstrably increasing role of the PACs. We can only say for sure that the individual givers do constitute the greatest share of campaign funds and that this component has been a greater factor in Senate campaigns than in House campaigns.

The role of parties has become an issue of some controversy in the broader campaign finance debate in the last few years. Certainly charts such as this one show a declining role for political parties in the funding of candidates, even discounting the widely discredited, inflated figures for 1972 (see footnote 2 in table). Rather than attempt to analyze this apparent decline in the party funding role, it might be more helpful to understand more fully the basis for computing this decline and to offer alternative methods of such calculation.

The Federal Election Campaign Act (in 2 U.S.C. 441a) imposes limitations on political party contributions to its own candidates--essentially the same \$5,000 per candidate, per election as applies to PACs, except that the national committees of a party may give as much as \$17,500 to its Senate candidates. These limitations were established in 1974 and have never been adjusted for inflation. In addition, the Act created a special category of party financial assistance to candidates--coordinated expenditures, in which the party pays for certain campaign services on behalf of and in coordination with the

affected candidate. As such, these expenditures are neither contributions, wherein the candidate is given authority to spend the funds, nor independent expenditures, wherein no advance consultation with the candidate is permitted. These coordinated expenditures, which commonly include such things as the production costs of TV commercials or polling services, are limited by 2 U.S.C. 441a(d) to \$10,000 plus cost-of-living allowance (COLA) in House races and the greater of \$20,000 or two cents times the State voting age population (plus COLA) in Senate races; these expenditures may only be made in general elections, and the limits apply separately to the national and the State parties. In 1982, for example, a House candidate could have benefitted from as much as \$36,880 (\$18,440 spent by each the State and national party committees), while these committees may have spent between \$73,760 and \$1.3 million on behalf of Senate candidates (depending on the size of the State). Clearly, the coordinated expenditures have become a significant factor in the funding of House and Senate campaigns. They are, however, not accounted for in the total receipts figures for these candidates; therein lies the understatement of the party role in Table 6.

The data in Table 7 is derived from an alternate method of calculating the sources of funding for congressional candidates. The party coordinated expenditures were added to the total receipts as the base figure, while the party contributions were added to the coordinated expenditures to derive the party funding figure. Because the base figure has changed from Table 6 to Table 7, all of the resulting component percentages are changed, as well. This is particularly true for the party funding figures. Only data for the years 1978 through 1982 are included in this chart, because FEC data in useful breakdowns were available only for those years.

By Bradford Fitch

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Citizen's Handbook

To Influencing Elected Officials

Citizen Advocacy in
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TABLE 7. Alternate Calculation of Funding Sources of Candidates in House and Senate General Elections: 1978-1982*

Year	Candidate Receipts <u>1/</u>	Source (in percentages)		
		PACs	Parties	Individuals, Candidates, and Other
<u>House</u>				
1978	\$ 93.6	24.5	6.7	69
1980	127.1	28.3	5.5	66
1982	189.8	30.5	6.2	63
<u>Senate</u>				
1978	68.9	12.9	6.0	81
1980	83.5	19.1	9.2	72
1982	127.0	17.2	9.6	73

* Includes party expenditures on behalf of candidates (441a[d] funds) in the base receipts figure and in the party funding percentage.

1/ In millions of dollars, adjusted.

Source: For 1978: U.S. Federal Election Commission. Press Release, Jun. 29, 1979.

For 1980: U.S. Federal Election Commission. FEC Releases Final Statistics on 1979-80 Congressional Races (press release): Mar. 7, 1982.

For 1982: U.S. Federal Election Commission. FEC Releases Final Report on 1981-82 Congressional Elections (press release): Dec. 2, 1983.

The most striking difference between the two companion tables is the relative role indicated for the political parties. Whereas the party role is shown to have decreased to miniscule levels in the first table, the second indicates a more constant level for House candidates and a distinctly growing role in Senate races. Particularly significant is the gap between the two;

the 3 percent for the House in 1982 in Table 6 compares with a 6.2 percent figure in Table 7, while the 1 percent in Senate races in Table 6 that same year pales in comparison with the nearly 10 percent level indicated in Table 7. When one considers that the parties provide assistance to their candidates even outside the framework of the direct contributions and the coordinated expenditures e.g., party-building TV advertisements, candidate training schools, research assistance), the role of the major political parties in the financial support of their candidates looms even larger than Table 7 reveals. Regarding the other categories, the PAC proportions decline by one percent or less for House races and by less than two percent in Senate races--not significant enough a difference to undermine confidence in the rest of the PAC data in this report (all computed by the method used in Table 6). Regarding the third category, its "catch-all" nature makes it extremely difficult to analyze.

B. PAC Spending Since 1972: Where Has the Money Come From?

This section examines the components of the vast increases in PAC spending since 1972. Subsection 1 traces the growth of each category of PAC (labor, corporate, etc.), in terms of adjusted expenditures and contributions to congressional candidates. Subsection 2 examines the biggest spenders and contributors among PACs between 1972 and 1982, primarily as a means of illustrating broader trends in the PAC arena.

1. Expenditures and Contributions by PAC Groupings Since 1972

Tables 8 and 9 contribute to an understanding of where the PAC money has been coming from, by demonstrating the trends in spending and contributing among the various sectors of the PAC community. Because of different sources and standards for grouping PACs in the three earlier years, there exist significant

limitations in the comparability of data within and between these two tables. While all of the breakdowns are comparable for 1978-1982, only the figures for labor PACs are based on fairly consistent standards of inclusion in 1972-1976. Conclusions can be drawn affecting labor PACs and the total PAC community for 1972-1982 and affecting every PAC grouping for 1978-1982, but observations about the business-related, non-connected, and other PACs for 1972-1976 are subject to dispute. All of the totals in both tables correspond to those in Table 3, except for the 1974 expenditures, which, as explained in the notes to Table 8, are thought to be low. Despite the limitations of Tables 8 and 9, they provide important insights into sources of PAC growth.

According to Table 8, spending by labor PACs quadrupled in the six-election period. However, with overall PAC spending increasing by ten-fold during this period, one sees further evidence of the erosion of labor's preeminent role in the PAC community since 1972. While labor PACs accounted for roughly half of PAC expenditures in 1972 and 1974, their share of total spending fell to one-third in 1976, one-fourth in 1978, and less than one-fifth in 1980 and 1982. Although labor's sharpest spending increase occurred in 1982, all of the other three major PAC groupings exhibited an even higher dollar rise that year over their 1980 spending.

In contrast to labor, the corporate PACs experienced a meteoric rise in expenditure levels in just the last four elections, a more than seven-fold increase, which, in 1980, allowed them to overtake labor PACs as a group for the first time. It is likely, in fact, that 1976 marked the point at which the "business-related" PACs first outspent the labor PACs. Recent corporate spending increases are a reflection, to some degree, of changes in methods of reporting State and local candidate contributions (i.e., through the Federal PAC, rather through separate State PACs).

The trend among the trade/membership/health grouping is made more difficult to discern because of unavailability of a breakdown for 1976, although one might estimate that between \$15-\$20 million (of the amount listed for "other") was spent by these PACs. They ranked first in expenditures in 1978, second in 1980, and a close third to the corporate group in 1982.

Expenditures by the non-connected PACs increased at an even greater rate from 1978-1982 than did those of the corporate PACs, a \$47 million dollar increase and more than three times the amount of spending in four years. It is possible that their level of expenditures as much as doubled from 1976 to 1978, as well, but, again, the absence of breakdowns makes such estimates difficult to substantiate. Non-connected PACs rose from third to first place in spending by the four major groups in 1980 and held the lead easily in 1982.

TABLE 8. Adjusted Expenditures of PACs by Category: 1972-1982
(in millions of dollars) 1/

Type of PAC	1972	1974*	1976	1978	1980	1982
Labor	\$ 8.5	11.0	17.5	18.6	25.1	34.8
Business-related <u>2/</u>	8.0	8.1	---	---	---	---
Corporate	---	---	5.8	15.2	31.4	43.3
Trade/ Membership/ Health	---	---	---	23.8	32.0	41.9
Non-connected <u>3/</u>	2.6	.8	---	17.4	38.6	64.3
Other <u>4/</u>	---	1.1	29.6	2.4	4.0	5.8
Total <u>5/</u>	\$19.2	\$20.9	\$52.9	\$77.4	\$131.2	\$190.2

TABLE 8. Adjusted Expenditures of PACs by Category: 1972-1982
(in millions of dollars) 1/--Continued

1/ Adjusted expenditures excludes transfers of monies between affiliated committees.

2/ This category is based on a large assumption that the majority of PACs it encompasses do indeed have a basically pro-business orientation. It is included here for the purpose of listing the data for 1972 and 1974, before the specific breakdowns were devised by the FEC for the corporate and other categories, and it is only roughly comparable to the combined corporate and trade/membership/health data in 1978-1982. For 1972, it includes PACs listed by the Citizens Research Foundation as business/professional, dairy, education, health, and rural; for 1974, it includes those PACs grouped by Common Cause under the headings of business/professional, health, and agriculture/dairy. Most of these PACs would today fall into the corporate and trade/membership/health categories used by the FEC, although some would be scattered in the non-connected, cooperative, and corporation without stock categories.

3/ For 1972 and 1974, this represents spending by ideological PACs, as grouped by the Citizens Research Foundation (1972) or Common Cause (1974). After 1976, it corresponds directly to the FEC category by that name (which is dominated by the ideological groups).

4/ This is a catch-all category, for which only the 1978-1982 figures are comparable with one another. For 1974, this represents PACs grouped as "miscellaneous" by Common Cause and includes such groups as the NEA (and affiliates), environmentalists, and some cooperatives. For 1976, it includes all PACs now grouped by the FEC as trade/membership/health, non-connected, cooperative, and corporation without stock. For 1978-1982, it combines the FEC categories of cooperatives and corporations without stock.

5/ Totals (which are keyed to those in Table 3) may not add up exactly because of rounding off.

* Data for 1974 does not correspond with that in Table 3. The latter reflects an estimated amount, because the data in Table 8 was thought to be low.

Source: For 1972: Alexander, Herbert E. Financing the 1972 Election. Lexington, D.C. Heath and Company, 1976. p. 93, 95.

For 1974: Common Cause. Campaign Finance Monitoring Project. 1974 Congressional Campaign Finances. Vol. 5--Interest Groups and Political Parties. Washington, 1976. Total expenditures derived by adding the figures for contributions to congressional candidates by each type of PAC (on page xii) to the amounts each type gave to State and local candidates and to organizations, as listed on the summary pages (1, 16, 135, 214, 396, and 425).

For 1976 (labor): U.S. Federal Election Commission. FEC Disclosure Series. No. 10: Labor-Related Political Committees. Receipts and Expenditures. 1976 Campaign. Washington, January 1978. p. 6.

TABLE 8. Adjusted Expenditures of PACs by Category: 1972-1982
(in millions of dollars) 1/--Continued

For 1976 (corporate): U.S. Federal Election Commission. FEC Disclosure Series. No. 8: Corporate-Related Political Committees. Receipts and Expenditures. 1976 Campaign. Washington, September 1977. p. 8.

For 1976 (other): U.S. Federal Election Commission, unpublished data.

For 1978: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1977-1978. Final Report: Party and Non-Party Political Committees. Vol. 1--Summary Tables. April 1980. p. 140. (adjusted disbursements column).

For 1980: U.S. Federal Election Commission. FEC Releases Final PAC Report For 1979-80 Election Cycle (press release): Feb. 21, 1982.

For 1982: U.S. Federal Election Commission. FEC Publishes Final 1981-82 PAC Study (press release): Nov. 29, 1983.

Turning attention to the growth of PACs in terms of their contributions to congressional candidates, Table 9 provides continued evidence of the strength of the corporate and trade/membership/health PACs, of the diminished power of labor PACs (albeit less diminished than it appeared from the overall expenditure patterns), and, in the one divergence from the data in Table 8, the relatively small role played by non-connected PACs in their contributions to congressional candidates.

As they did in Table 8, labor PACs experienced a steady growth in the amount of money they contributed to congressional candidates, even while becoming increasingly dwarfed by the contributions of other sectors of the PAC community. The percentage of overall PAC contributions which was constituted by labor declined steadily from the high point in 1974 (50 percent) to their 1980 level of nearly 24 percent, with a fractional increase above 24 percent in 1982. Nevertheless, labor accounted for a significantly higher share of all PAC contributions to congressional candidates than of all PAC expenditures. It can be surmised from Table 9 that labor PACs were in first place as late as 1976 in terms of their contributions, while retaining this status only through 1974 in terms of overall expenditures. (This ignores the "business-related"

category, basing the ranking instead on today's PAC groupings.) By 1978, labor PACs ranked second among contributors, and, in 1980 and 1982, they ranked third. A little more than half of labor expenditures took the form of congressional candidate contributions in both 1978 and 1980; an even greater share of these expenditures took the form of direct contributions in 1982.

Corporate PACs contributed the third highest amount to congressional candidates in 1978, jumping to first place in 1980 and 1982. Table 1 may provide some insight into this development; the sheer numbers of corporate PACs and the growth thereof account in large measure for the ability to rank first in contributions today. In fact, one-third of all PAC contributions in 1982 came from corporate PACs. Corporate PACs spent about three-fifths of their money in 1978, 1980 and 1982 on congressional contributions, a higher proportion than was given by labor.

Trade/membership/health groups contributed the most in 1978, falling to second place in 1980 and 1982. In each of the latter years, about one-half of their money was spent in the form of congressional candidate contributions, a smaller proportion than was given by either the labor or corporate PACs.

Perhaps the most striking feature arising from a comparison of Tables 8 and 9 is the first place ranking of the non-connected PACs in terms of overall expenditures in 1982 and their relatively low level of direct contributions that same year. In sharp contrast to the spending patterns of all three of the other major PAC groupings, only 17 percent of non-connected expenditures took the form of congressional candidate donations (although the comparable figure for 1980 was only 13 percent). This suggests once again a higher degree of spending by these PACs--largely ideological in nature--on activities such as fundraising by direct-mail and independent expenditures. This will be confirmed in later illustrations of some of the largest non-connected PACs.

TABLE 9. Contributions to Congressional Candidates of PACs by Category:
1972-1982 (in millions of dollars) 1/

Type of PAC	1972	1974	1976	1978	1980	1982
Labor	\$3.6	6.3	8.2	10.3	13.2	20.3
Business-related <u>2/</u>	2.7	4.4	10.0	---	---	---
Corporate	---	---	---	9.8	19.2	27.5
Trade Membership/ Health	---	---	---	11.3	15.9	21.9
Non-connected <u>3/</u>	---	.7	1.5	2.8	4.9	10.7
Other <u>4/</u>	2.2	1.0	2.8	1.0	2.0	3.2
Total <u>5/</u>	\$8.5	\$12.5	\$22.6	\$35.2	\$55.2	\$83.6

1/ All data is for full election cycle, except for 1972, wherein primary losers are excluded.

2/ This encompasses the Common Cause categories for business, health, and, in 1976, lawyers. This category is included here for the purpose of listing the data for 1972-1976, before the specific breakdowns were devised by the FEC for the corporate and other categories, and it is based on the assumption that the majority of PACs it includes have a basically pro-business orientation. It is only roughly comparable to the combined corporate and trade/membership/health groups in 1978-1982, but most of the business-related PACs would fall into those two FEC categories (some would be scattered in the non-connected, cooperative, and corporation without stock groupings).

3/ For 1974 and 1976, the non-connected category, as defined by the FEC, correlates with the ideological group used by Common Cause for those two years. Most of the ideological PACs are today listed in the non-connected grouping, but the latter also includes PACs not ideological in nature. Thus, the data for 1974 and 1976 are not exactly comparable to those for 1978-1982, in view of the different standards applied to the non-connected and the ideological groupings. (Ideological PACs in 1972 were lumped into Common Cause's "miscellaneous" group.)

TABLE 9. Contributions to Congressional Candidates of PACs by Category:
1972-1982 (in millions of dollars) 1/--Continued

4/ This is a catch-all category, in which the earlier figures are only roughly comparable to the later ones. For 1972-1976, the data represents Common Cause's "miscellaneous" category, which included such groups as the NEA (and affiliates), environmentalists, and some cooperatives, and its agriculture/dairy category. In 1972, Common Cause included the ideological PACs under "miscellaneous," prior to their separate listing in 1974; thus 1972 includes more types of PACs than the 1974 and 1976 data did. For 1978-1982, the "other" data equates directly with the FEC's cooperatives and corporations without stock groups. Thus, the data for 1972 is not exactly comparable with those for 1974 and 1976, which, in turn, are not highly comparable with those for 1978-1982. The common thread is the inclusion of the major dairy PACs--ADEPT, C-TAPE, and SPACE--in "other" for all six election years.

5/ Totals (which are keyed to Table 3) may not add up exactly, because of rounding off.

Source: For 1972: Common Cause. Campaign Finance Monitoring Project. 1972 Federal Campaign Finances: Interest Groups and Political Parties. Washington, 1974. v. 1. p. vi.

For 1974: Common Cause. Campaign Finance Monitoring Project. 1974 Congressional Campaign Finances. Vol. 5--Interest Groups and Political Parties. Washington, 1976. p. xii.

For 1976: Common Cause data. In Interest Group Gifts to 1976 Congressional Campaigns. Congressional Quarterly Weekly Reports, v. 35, April 16, 1977: p. 710.

For 1978: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1977-1978. Final Report. Party and Non-Party Political Committees. Vol. 1--Summary Tables. Washington, April 1980. p. 142.

For 1980: U.S. Federal Election Commission. FEC Releases Final PAC Report For 1979-80 Election Cycle (press release): Feb. 21, 1982.

For 1982: U.S. Federal Election Commission. FEC Publishes Final 1981-82 PAC Study (press release): Nov. 29, 1983.

Tables 8 and 9 present evidence of the growing strength of the corporate and trade PACs, the diminished but residual power of labor PACs, and the "wild card" role left to the non-connected PACs. Having assessed the major components of aggregate PAC spending, these can next be compared with the activities of the major individual PACs.

2. The Largest PAC Contributors and Spenders

This section provides for each election since 1972 a listing of the largest PACs in terms of their contributions to Federal candidates and, for each election since 1976, a listing of the largest PACs in terms of their overall expenditures. This indicates how large contributors changed in rank over the six-election period and how the large spenders changed in rank over the last four elections, while comparing the listings of the different kinds of PACs reflected in these two arrangements.

At the outset, it must be stated that the top 20 lists tell only part of the overall PAC story. They are useful in understanding which PACs may have the most power, if one equates power with a high level of financial activity. They also help to demonstrate which sectors of the society have most successfully employed the PAC route. Finally, they are helpful in illustrating in yet another form the various standards which are used to gauge PAC activity and the shortcomings of the respective standards.

These lists cannot, in and of themselves, tell the reader where power lies in American politics today. The fact that not a single corporate PAC appears on any of these lists is one of most important overall observations one can make. But, rather than being indicative of an absence of corporate political interest or influence, it is more the result of the proliferation of PACs among a wide number of corporations. While few corporate PACs reach significant levels of spending on an individual basis, they may have a significant combined effect on behalf of particular industries. Furthermore, to the extent that some corporations sponsor numerous PACs (despite the single overall limitation on contributions), it goes unnoticed on charts such as these, arranged by PAC instead of by sponsoring organization. The conclusion

for this section will return to this point, while offering comparative comments on the two types of listings used in Tables 10-19.

a. Top 20 PAC contributors from 1972-1982

Tables 10-15 present the largest 20 PACs in each biennial election since 1972, ranked in terms of their direct contributions to Federal candidates. The measurement of PACs according to their contribution levels is a less reliable indicator of their financial activity and influence today than it was earlier in this twelve-year period. As later tables will reveal, PACs have become increasingly willing to spend money in other, perhaps more imaginative, ways than limiting themselves to direct contributions to candidates. Nonetheless, it can be argued that if one is seeking to determine which PACs have the greatest potential for access to elected officials, the level of contributions still may be the most useful single measure. This discussion highlights some of the most salient features of each year's list, concluding with observations of trends in the top 20 grouping over the six-election period.

The 1972 group (Table 10) covers a range of \$137,500 to \$824,301 in contributions, with the AFL-CIO's COPE--the father of modern PACs--in first place and the UAW's V-CAP in second place. Labor PACs constitute ten of the top twenty, not surprising in view of labor's undisputed predominance in the PAC arena as the 1970s began. Four trade associations--those connected with the realtors, the Associated General Contractors, the AMA, and the National Association of Manufacturers (BIPAC)--were in the top 20. The list includes all three of the major dairy co-ops--Committee for Thorough Agricultural Political Education (C-TAPE), Agricultural and Dairy Educational Political Trust (ADEPT), and Trust for Special Political Agricultural Community Education (SPACE); in view of the later revelations about their illegal

contributions in 1972, the total of their contributions listed in Table 10 actually understates the level of their financial giving that year. ^{122/} Finally, three unaffiliated PACs are included, one of which is Democratic in orientation--the DSG Campaign Fund--and the others are liberal--National Committee for an Effective Congress (NCEC) and the Committee for Twelve.

In 1974 (Table 11), the range of contributions was \$134,100 (lower than in 1972) to \$1,090,696 (the first PAC to top the million dollar mark in contributions during this period). COPE was again in first place, but the AMA's PAC supplanted the UAW in second place. Labor PACs increased their representation from 10 to 12 of the top 20, while none of three dairy co-ops were included at all, undoubtedly a result of the negative publicity they received in the wake of the disclosures of their illegal contributions in the previous election. The trade associations increased their ranks from 4 to 6, with the American Medical PAC (AMPAC), Business-Industry PAC (BIPAC), and the Realtors PAC remaining, and the PACs of the American Dental Association, the Trucking Association, and the California chapter of the AMA added. Two unaffiliated PACs were included, with the conservative Committee for the Survival of a Free Congress joining (and surpassing) one of the liberal groups from 1972 (NCEC).

In 1976 (Table 12), the cut-off level for inclusion more than doubled, in conjunction with the overall jump in PAC spending that year; the range in contributions was \$290,125 to \$1,167,365. Labor PACs remained at about the same level, with 11 included. The trade associations dropped to five--with AMPAC, Realtors PAC, BIPAC, and American Dental PAC (ADPAC) remaining, and the National Automobile Dealers Association's PAC added. Two of the dairy

^{122/} Alexander, Financing the 1972 Election, p. 495.

co-ops--C-TAPE and ADEPT--returned to the list, and the number of unaffiliated PACs remained at two--NCEC, again, and National Conservative PAC (NCPAC), replacing the Committee for the Survival of a Free Congress (CSFC) as the largest conservative ideological contributor.

In 1978 (Table 13), the cut-off level increased slightly--to \$307,902, while the maximum contributed increased by almost 50 percent--to \$1,639,795. AMPAC was again in first place, and for the first time, neither of the top two were labor PACs. Furthermore, UAW V-CAP, in third place, for the first time supplanted COPE as the leading labor contributor. The trade associations increased in number to six--with AMPAC, ADPAC, Realtors PAC, and the Automobile and Truck Dealers EAC remaining (BIPAC left the top 20 for the first time) and the Life Underwriters PAC and the Trial Lawyers Association PAC added. In addition, one membership organization--the National Rifle Association (NRA)--had its Victory Fund added to the list, thus bringing the trade/membership/health total to seven, and adding a conservative single-issue PAC (NRA) to the top 20--the first single-issue PAC to make the lists at all since 1972. The unaffiliated PACs were down to only one, the conservative Citizens for the Republic, which was organized to promote the philosophy and political fortunes of Ronald Reagan. Citizens for the Republic was the forerunner of the candidate-oriented PACs, which many candidates, often Presidential, organized to conduct the early, pre-formal operations of their campaigns. Finally, the 1978 top 20 list included one dairy co-op--C-TAPE.

The 1980 list (Table 14) includes PACs whose contributions ranged between \$424,008 (a 40 percent rise from the 1978 cut-off) and \$1,536,573 (a slight drop from the high point in 1978). The Realtors PAC was in first place, followed by the UAW V-CAP, and then AMPAC. The AFL-CIO's COPE dropped to sixth place, no longer even among the top five. Labor PACs again constituted

11 of the top 20. The trade/membership/health group was again represented by seven of its members--with AMPAC, Realtors PAC, Automobile and Truck Dealers EAC, ADPAC, Life Underwriters PAC, and the NRA Victory Fund included again, and the American Banking Association BANKPAC on the list for the first time--in 13th place. C-TAPE was again the sole dairy co-op included, and only one unaffiliated PAC--NCEC--ranked among the top 20. Thus, the only non-connected PAC was a liberal one, in a year in which conservative PACs received so much attention in the media (unless, of course, the NRA Victory Fund is included as a conservative ideological PAC). This apparent incongruity will be resolved when the top 20 PACs are ranked by overall expenditures.

The 1982 list (Table 15) includes PACs whose contributions ranged between \$621,601 (47 percent higher than the 1980 cut-off) and \$2,115,135 (38 percent more than the biggest contributor of 1980). The top three PACs were the same as in 1980, with the Realtors PAC again first, and AMPAC switching places with UAW V-CAP to become, respectively, second and third. Labor's ranks grew from 11 to 12, including three of the top five; the AFL-CIO COPE fell to tenth place in 1982. The trade/membership/health group was again represented by seven PACs, although two from 1980--American Dental PAC and the National Association of Life Underwriters PAC--were missing from the list. They were replaced by two PACs which had not previously made the top 20 rankings: the Associated General Contractors PAC was seventeenth largest, and Build PAC (of the National Association of Home Builders) was the sixth largest. As in 1980, the NRA Political Victory Fund was the only membership organization in this category. There were no non-connected organizations represented in the 1982 listing, and, as in 1978 and 1980, the only co-op was C-TAPE.

TABLE 10. Top 20 PAC Contributors to Federal Candidates: 1972

Rank	Committee (and Affiliation*)	Contributions
1	AFL-CIO COPE Political Contributions Committee (AFL-CIO)	\$824,301
2	UAW Voluntary Community Action Program (United Auto Workers)	599,183
3	American Medical Political Action Committee (American Medical Association)	473,105
4	Business-Industry Political Action Committee (National Association of Manufacturers)	428,100
5	National Committee for an Effective Congress (non-connected)	393,888
6	Committee for Thorough Agricultural Political Education (Associated Milk Producers, Inc.)	301,865
7	United Steelworkers of America Political Action Fund (United Steelworkers of America)	294,935
8	Agricultural & Dairy Educational Political Trust (Mid-America Dairymen, Inc.)	264,150
9	Seafarers Political Activity Donation (Seafarers International Union of North America)	239,234
10	Trust for Special Political Agricultural Community Education (Dairymen, Inc.)	222,900
11	CWA-COPE Political Contributions Committee (Communication Workers of America)	217,007
12	Active Ballot Club (Retail Clerks International Association)	193,175
13	Machinists Non-Partisan League (International Association of Machinists)	177,793
14	ILGWU Campaign Committee (International Ladies Garment Workers Union)	176,294
15	Democratic Study Group Campaign Fund (non-connected)	175,500
16	Committee for Twelve (non-connected)	165,136
17	Laborers' Political League (Laborers Union/AFL-CIO)	164,950
18	AMCOPE (Meatcutters Union/AFL-CIO)	152,651
19	Committee for Action (Associated General Contractors)	145,049
20	Real Estate PEC (National Association of Real Estate Boards)	137,850

* Affiliation may not necessarily correspond to legal status.

Source: Common Cause. Campaign Finance Monitoring Project. 1972
Federal Campaign Finances: Interest Groups and Political Parties.
Washington, 1974, v. I-III.

TABLE 11. Top 20 PAC Contributors to Federal Candidates: 1974

Rank	Committee (and Affiliation*)	Contributions
1	AFL-CIO COPE Political Contributions Committee (AFL-CIO)	\$1,090,696
2	American Medical Political Action Committee (American Medical Association)	861,052
3	UAW Voluntary Community Action Program (United Auto Workers)	835,958
4	Machinists Non-Partisan League (International Association of Machinists)	446,680
5	MEBA Political Action Fund (Marine Engineers Beneficial Association)	391,864
6	United Steelworkers of America Political Action Fund (United Steelworkers of America)	357,975
7	Active Ballot Club (Retail Clerks International Association)	276,055
8	Business-Industry Political Action Committee (National Association of Manufacturers)	271,000
9	Real Estate Political Action Committee (National Association of Realtors)	248,600
10	Laborers' Political League (Laborers Union/AFL-CIO)	237,400
11	Transportation Political Education League (United Transportation Union)	233,720
12	NEA-PAC (National Education Association)	227,680
13	Seafarers Political Activity Donation (Seafarers International Union of North America)	198,250
14	Committee for the Survival of a Free Congress (non-connected)	197,500
15	Railway Clerks Political League (Railway, Airline and Steamship Clerks)	181,596
16	National Committee for an Effective Congress (non-connected)	162,869
17	CAL-PAC (American Medical Association-California)	159,298
18	Carpenters Legislative Improvement Committee (Carpenters Union)	157,700
19	Truck Operators Non-Partisan Committee (Trucking Association, Inc.)	136,050
20	American Dental Political Action Committee (American Dental Association)	134,100

* Affiliation may not necessarily correspond to legal status.

Source: Common Cause. Campaign Finance Monitoring Project.
1974 Congressional Campaign Finances. Vol. 5--Interest Groups and
Political Parties. Washington, 1976.

TABLE 12. Top 20 PAC Contributors to Federal Candidates: 1976

Rank	Committee (and Affiliation*)	Contributions
1	American Medical Political Action Committee (American Medical Association)	\$1,167,365
2	AFL-CIO COPE Political Contributions Committee (AFL-CIO)	935,723
3	UAW Voluntary Community Action Program (United Auto Workers)	894,930
4	Realtors Political Action Committee (National Association of Realtors)	671,525
5	Committee for Thorough Agricultural Political Education (Associated Milk Producers, Inc.)	635,939
6	NEA Political Action Committee (National Education Association)	611,492
7	Machinists Non-Partisan Political League (International Association of Machinists)	525,100
8	Agricultural and Dairy Educational Political Trust (Mid-America Dairymen, Inc.)	466,035
9	United Steelworkers of America Political Action Fund (United Steelworkers of America)	464,867
10	Transportation Political Education League (United Transportation Union)	450,006
11	National Conservative Political Action Committee (non-connected)	433,357
12	Automobile and Truck Dealers Election Action Committee (National Automobile Dealers Association)	424,710
13	National Committee for an Effective Congress (non-connected)	344,376
14	CWA-COPE Political Contributions Committee (Communication Workers of America)	325,758
15	Seafarers Political Activity Donation (Seafarers International Union of North America)	313,321
16	American Dental Political Action Committee (American Dental Association)	310,741
17	Business-Industry Political Action Committee (National Association of Manufacturers)	306,000
18	Active Ballot Club (Retail Clerks International Association)	302,393
19	MEBA Political Action Fund (Marine Engineers Beneficial Association)	300,871
20	Laborers Political League (Laborers Union/ AFL-CIO)	290,125

* Affiliation may not necessarily correspond to legal status.

Source: U.S. Federal Election Commission (from reports on file).

TABLE 13. Top 20 PAC Contributors to Federal Candidates: 1978

Rank	Committee (and Affiliation)	Contributions
1	American Medical Political Action Committee (American Medical Association)	\$1,639,795
2	Realtors Political Action Committee (National Association of Realtors)	1,123,378
3	UAW Voluntary Community Action Program (United Auto Workers)	976,245
4	Automobile & Truck Dealers Election Action Committee (National Automobile Dealers Association)	964,175
5	AFL-CIO COPE Political Contributions Committee (AFL-CIO)	884,441
6	United Steelworkers of America Political Action Fund (United Steelworkers of America)	599,930
7	Transportation Political Education League (United Transportation Union)	559,403
8	Machinists Non-Partisan Political League (International Association of Machinists)	525,410
9	American Dental Political Action Committee (American Dental Association)	510,050
10	CWA-COPE Political Contributions Committee (Communication Workers of America)	471,183
11	Committee for Thorough Agricultural Political Education (Associated Milk Producers, Inc.)	446,161
12	Citizens for the Republic (non-connected)	431,586
13	MEBA Political Action Fund (Marine Engineers Beneficial Association)	410,166
14	Seafarers Political Activity Donation (Seafarers International Union of North America)	396,052
15	Life Underwriters Political Action Committee (National Association of Life Underwriters)	380,638
16	NRA Political Victory Fund (National Rifle Association of America)	366,161
17	Attorneys Congressional Campaign Trust (Association of Trial Lawyers of America)	349,850
18	NEA Political Action Committee (National Education Association)	338,987
19	Railway Clerks Political League (Railway, Airline and Steamship Clerks)	320,908
20	Carpenters Legislative Improvement Committee (United Brotherhood of Carpenters & Joiners of America)	307,902

Source: U.S. Federal Election Commission. FEC Releases Final Report on 1977-78 Financial Activity of Non-Party and Party Political Committees, press release: April 24, 1980.

TABLE 14. Top 20 PAC Contributors to Federal Candidates: 1980

Rank	Committee (and Affiliation)	Contributions
1	Realtors Political Action Committee (National Association of Realtors)	\$1,536,573
2	UAW Voluntary Community Action Program (United Auto Workers)	1,422,731
3	American Medical Political Action Committee (American Medical Association)	1,348,985
4	Automobile and Truck Dealers Election Action Committee (National Association of Automobile Dealers)	1,035,276
5	Machinists Non-Partisan Political League (International Association of Machinists)	847,708
6	AFL-CIO COPE Political Contributions Committee (AFL-CIO)	776,577
7	Committee for Thorough Agricultural Political Education (Associated Milk Producers, Inc.)	738,289
8	Seafarers Political Activity Donation (Seafarers International Union of North America)	685,248
9	United Steelworkers Political Action Fund (United Steelworkers of America)	681,370
10	National Association of Life Underwriters PAC (National Association of Life Underwriters)	652,112
11	American Dental Political Action Committee (American Dental Association)	647,875
12	MEBA Political Action Fund (Marine Engineers Beneficial Association)	614,795
13	American Bankers Association BANKPAC (American Bankers Association)	592,960
14	Transportation Political Education League (United Transportation Union)	584,144
15	Active Ballot Club (Food & Commercial Workers International Union)	559,775
16	Carpenters Legislative Improvement Committee (United Brotherhood of Carpenters & Joiners of America)	553,675
17	ILGWU Campaign Committee (International Ladies Garment Workers Union)	488,810
18	CWA-COPE Political Contributions Committee (Communication Workers of America)	444,520
19	NRA Political Victory Fund (National Rifle Association)	434,603
20	National Committee for an Effective Congress (non-connected)	424,008

Source: U.S. Federal Election Commission. FEC Releases Final PAC Report for 1979-80 Election Cycle (press release): Feb. 21, 1982.

TABLE 15: Top 20 PAC Contributors to Federal Candidates: 1982

Rank	Committee (and Affiliation)	Contributions
1	Realtors Political Action Committee (National Association of Realtors)	\$2,115,135
2	American Medical Association Political Action Committee (American Medical Association)	1,737,090
3	UAW Voluntary Community Action Program (United Auto Workers)	1,628,347
4	Machinists Non-Partisan Political League (International Association of Machinists)	1,445,459
5	National Education Association PAC (National Education Association)	1,183,215
6	Build Political Action Committee (National Association of Home Builders)	1,006,628
7	Committee for Thorough Agricultural Political Education (Associated Milk Producers, Inc.)	962,450
8	American Bankers Association BANKPAC (American Bankers Association)	947,460
9	Automobile and Truck Dealers Election Action Committee (National Association of Automobile Dealers)	917,295
10	AFL-CIO COPE Political Contributions Committee (AFL-CIO)	906,425
11	Seafarers Political Activity Donation (Seafarers International Union of North America)	850,514
12	Active Ballot Club (United Food and Commercial Workers International Union)	729,213
13	United Steelworkers of America Political Action Fund (United Steelworkers of America)	715,757
14	Engineers Political Education Committee (International Union of Operating Engineers)	711,535
15	NRA Political Victory Fund (National Rifle Association)	710,902
16	MEBA Political Action Fund (Marine Engineers Beneficial Association)	701,153
17	Associated General Contractors Political Action Committee (Associated General Contractors of America)	683,766
18	CWA-COPE Political Contributions Committee (Communication Workers of America)	643,428
19	Carpenters Legislative Improvement Committee (United Brotherhood of Carpenters & Joiners of America)	637,479
20	ILGWU Campaign Committee (International Ladies Garment Workers Union)	621,601

Source: U.S. Federal Election Commission. FEC Publishes Final 1981-82 PAC Study (press release): Nov. 29, 1983; and U.S. Federal Election Commission. FEC Reports on Financial Activity, 1981-1982. Final Report. Party and Non-Party Political Committees. Vol. 3--Non-Party Detailed Tables (Corporate and Labor). Washington, 1983.

Looking at the six tables as a set, one can venture several observations about the relative strengths of the major PAC groupings:

(1) Labor PACs have consistently constituted 10-12 of the top 20 PAC contributors in each of the six elections. They have, in fact, made up around half of the top 10, although some decline has been evidenced since 1974 when seven of the top 10 were labor PACs; the number fell to six in 1976 and 1978, five in 1980, and four in 1982. Although labor PACs have remained relatively constant in number since 1972 and have been surpassed in aggregate contributions and expenditures by both corporate and trade/membership/health committees, their strength has consistently been concentrated in a relatively small number of large, well-organized, politically-minded unions.

(2) The reverse of the above description of labor PACs can be applied to corporate PACs. No single corporate committee achieved any predominance among corporate PACs, with none appearing on any of the top 20 lists. Rather, corporate PAC strength has been emanating from their ever-increasing proliferation, which, in turn, has contributed to their high rate of increase in aggregate level of expenditures--tripling it from 1976 to 1978 and more than doubling it again in 1980. The slowing of this growth rate to 37 percent in 1982 may signal a leveling off in this area, but the corporate PACs' position remains strong relative to the other groupings.

(3) The trade/membership/health committees have modestly increased their representation among the top 20 contributors, from four in 1972 to seven in 1982. These committees ranked second in terms of their inclusion on these lists, as they ranked second in terms of their aggregate level of contributions in 1982.

(4) The non-connected PACs, despite their astonishing growth in both numbers and financial activity in recent years, receive just token representation among the big PAC contributors. And the conservative ideological groups, which

have led the growth in the non-connected category, were no better represented--if at all--than the liberal groups.

(5) Only one single-issue PAC--the NRA Political Victory Fund--ranked among the 20 largest contributors in any year. This, too, appeared to conflict with the media-fostered impression of the growth of single-issue politics.

(6) The dairy co-ops, once a cornerstone in the PAC movement, have dwindled among the largest contributors from three in 1972 to one in 1978-1982.

(7) Seven PACs were included among the twenty largest contributors in in all six elections, those affiliated with the AFL-CIO, the UAW, the Realtors, the AMA, the Seafarers, the Steelworkers , and the Machinists.

Among the four largest PAC contributors over the six-election period, there have been some noteworthy developments. The Realtors PAC has experienced a meteoric rise from number twenty in 1972 to number one in 1980 and 1982. AMPAC, the oldest major non-labor PAC, has remained in the top three in every election. COPE, the modern precedent-setter among PACs, declined steadily from first place in 1972 and 1974 to tenth in 1982. COPE has been supplanted since 1978 as the foremost labor PAC--in terms of contributions to Federal candidates--by UAW V-CAP. The latter committee has remained in the top three in every election since 1972. Finally, while the top three PACs from 1972-1976 included two labor and one trade PAC, the situation since 1978 has reversed.

b. Top 20 PAC spenders from 1976-1982

This subsection focuses on Tables 16-19, which list the top 20 PACs ranked by their adjusted expenditures in each of the last four elections. Highlights of each table will be described, along with key differences between the largest contributors and the largest spenders in that year. The conclusion of this subsection will review the trends over the four elections covered.

The twenty largest PACs in 1976 (Table 16) spent between \$512,844 and \$2,878,490, with the former 75 percent higher and the latter 150 percent higher than the twentieth and the first largest contributors in 1976 (Table 12). Fifteen of the committees in Table 16 also were listed among the twenty largest contributors that year; the five not ranking among the large contributors included one union (ILGWU), one co-op (SPACE), two conservative membership groups (Gun Owners and ACU PAC), and one conservative unaffiliated group (CSFC). Among the categories of PACs represented were nine labor unions (compared with eleven on the top contributors list), three non-connected groups (the same number as in Table 12), three trade associations (with five in Table 12), two membership committees, both conservative (compared with none in Table 12), and three co-ops (one more than in Table 12). In the top five spenders were, in order, two conservative unaffiliated PACs, one conservative membership organization, one liberal unaffiliated committee, and one association. The two most prominent labor PACs, COPE and UAW V-CAP, ranked seventh and eighth, compared with ranking second and third among the PAC contributors that year.

The twenty largest 1978 PACs (Table 17) spent between \$658,236 and \$4,509,074, respectively 30 and 60 percent higher than the 1976 range and 114 percent more than the twentieth largest contributor and 175 percent more than the top contributor in 1978. Twelve PACs ranked among both the largest contributors and the largest spenders, three less than in 1976, with the other eight including four conservative non-connected PACs (Citizens for the Republic, NCPAC, CSFC, and Conservative Victory Fund), one conservative membership group (Gun Owners), one liberal unaffiliated group (NCEC), and two associations (the California and Texas chapters of the AMA). Among the key types of PACs, labor PACs dropped to only six (down from nine in 1976 and compared with eleven among the largest 1978 contributors), non-connected

jumped to six (from three in 1976 and compared with one among the top contributors), associations rose to six (from three in 1976 and the same number as in the top contributors list in 1978), membership groups dropped to one (from two in 1976, and the same number as in the 1978 largest contributors list), and co-ops dropped to one (from three in 1976, and the same number as in Table 13). It should be noted that two of the conservative non-connected PACs (Citizens for the Republic and the John Connally Citizens Forum) were, in fact, oriented heavily to furthering the candidacies of two Presidential candidates (Reagan and Connally, respectively). Also, the rise among associations was largely the result of two of AMA's State PACs joining it among the top 20 spenders. The two big labor PACs ranked eighth (COPE) and ninth (UAW) among spenders, in contrast to their respective rankings of fifth and third among contributors. The top five PAC spenders were, in order, three conservative non-connected groups and two associations.

The range of the top twenty PAC spenders in 1980 (Table 18) rose by respectively 50 and 67 percent over the 1978 level to a range of \$995,501 to \$7,530,060, 134 percent higher than the twentieth largest contributor and nearly 400 percent higher than the largest contributor in 1980. Again in 1980, twelve committees were on both the top spender and top contributor lists, but, in 1980, all eight of the top spenders that did not rank among the top contributors were conservative ideological PACs: seven non-connected (NCPAC, Congressional Club, Fund for a Conservative Majority, Citizens for the Republic, Americans for an Effective Presidency, CSFC, and Americans for Change) and one membership group (Gun Owners). The non-connected PACs constituted the largest category of the top spenders with eight in number (the seven above plus the liberal NCEC), a gain of two over 1978, but in contrast with only one among the largest contributors in 1980--NCEC. Membership groups added one over

1978, giving them two top spenders (the Gun Owners and the NRA PAC), one more than on the top contributors list for 1980. Labor PACs declined in number to five (eleven on 1980's contributor list). Labor's big two PACs (UAW and COPE) ranked sixth and seventeenth among spenders, but second and sixth among contributors. Associations declined to four (six among the top contributors), and co-ops remained constant with one (the same as in the contributors listing). The top five PAC spenders in 1980 included four conservative non-connected groups and one association.

The 20 biggest PACs in 1982 (Table 19) spent between \$1,202,475 and \$10,404,521, 20 and 38 percent higher, respectively, than the 1980 range and twice and four times the respective amounts given by the twentieth largest and the largest PAC contributors that year. The number of PACs ranked in both the top contributors and spenders lists for 1982 fell to eight. Nine of the twelve top spenders not ranked among the largest contributors were non-connected, including four conservative groups (Congressional Club, NCPAC, FCM, and CSFC), one liberal group (NCEC), and four partisan/ideological groups (Citizens for the Republic, Fund for a Democratic Majority, Committee for the Future of America, and Republican Majority Fund) known for their close ties to prominent political figures (Ronald Reagan, Edward Kennedy, Walter Mondale, and Howard Baker, respectively). With nine PACs listed in Table 19, the non-connected PACs were the largest group, in contrast with none listed among the 20 largest contributors. Trade groups and co-ops remained constant in number in 1982 at four and one, respectively (six and one among top contributors). Membership groups rose to two, with the addition of the League of Conservation Voters; only the NRA was ranked in Table 15. Labor PACs declined from five to four in 1982, with the notable absence of the AFL-CIO COPE; this was in contrast with the twelve labor PACs among the top contributors. The top five spenders included three conservative and one liberal non-connected committees and one trade association.

TABLE 16. Top 20 PACs Ranked by Adjusted Expenditures: 1976 1/

Rank	Committee (and Affiliation*)	Expenditures
1	National Conservative Political Action Committee (non-connected)	\$2,878,490
2	Committee for the Survival of a Free Congress (non-connected)	2,249,451
3	Gun Owners of America Campaign Committee (Gun Owners of America)	2,094,821
4	National Committee for an Effective Congress (non-connected)	1,298,986
5	American Medical Political Action Committee (American Medical Association)	1,297,296
6	Committee for Thorough Political Agricultural Education (Associated Milk Producers, Inc.)	1,256,019
7	AFL-CIO COPE Political Contributions Committee (AFL-CIO)	1,197,965
8	UAW Voluntary Community Action Program (United Auto Workers)	1,193,188
9	American Conservative Union Political Action Committee (American Conservative Union)	1,116,016
10	Realtors Political Action Committee (National Association of Realtors)	893,656
11	NEA Political Action Committee (National Education Association)	762,994
12	Transportation Political Education League (United Transportation Union)	754,089
13	Machinists Non-Partisan Political League (International Association of Machinists)	732,484
14	Agricultural and Dairy Educational Political Trust (Mid-America Dairymen, Inc.)	712,142
15	United Steelworkers Political Action Fund (United Steelworkers of America)	649,330
16	ILGWU Campaign Committee (International Ladies Garment Workers Union)	647,190
17	Trust for Special Political Agricultural Community Education (Dairymen, Inc.)	643,212
18	Automobile and Truck Dealers Election Action Committee (National Association of Automobile Dealers)	556,771
19	Active Ballot Club (Retail Clerks International Association)	521,056
20	MEBA Political Action Fund (Marine Engineers Beneficial Association)	512,844

* Affiliation does not necessarily correspond to legal status.

1/ Adjusted expenditures represents the gross disbursements of the committee minus monies transferred to affiliated committees.

Source: U.S. Federal Election Commission (unpublished data).

TABLE 17. Top 20 PACs Ranked by Adjusted Expenditures: 1978 1/

Rank	Committee (and Affiliation)	Expenditures
1	Citizens for the Republic (non-connected)	\$4,509,074
2	National Conservative Political Action Committee (non-connected)	3,030,408
3	Committee for the Survival of a Free Congress (non-connected)	2,029,122
4	American Medical Political Action Committee (American Medical Association)	1,879,164
5	Realtors Political Action Committee (National Association of Realtors)	1,805,390
6	Gun Owners of America Campaign Committee (Gun Owners of America)	1,548,075
7	Automobile and Truck Dealers Election Action Committee (National Association of Automobile Dealers)	1,541,761
8	AFL-CIO COPE Political Contributions Committee (AFL-CIO)	1,290,404
9	UAW Voluntary Community Action Program (United Auto Workers)	1,158,673
10	National Committee for an Effective Congress (non-connected)	1,052,142
11	Committee for Thorough Agricultural Political Education (Associated Milk Producers, Inc.)	1,016,040
12	Transportation Political Education League (United Transportation Union)	945,963
13	United Steelworkers of America Political Action Fund (United Steelworkers of America)	810,688
14	Texas Medical Political Action Committee (Texas Medical Association)	757,074
15	The John Connally Citizens Forum (non-connected)	718,884
16	Conservative Victory Fund (non-connected)	697,211
17	California Medical Political Action Committee (California Medical Association)	674,808
18	Machinists Non-Partisan Political League (International Association of Machinists)	665,035
19	Attorneys Congressional Campaign Trust (Association of Trial Lawyers of America)	658,306
20	CWA-COPE Political Contributions Committee (Communication Workers of America)	658,236

1/ Adjusted expenditures represents the gross disbursements of the committee minus monies transferred to affiliated committees.

Source: U.S. Federal Election Commission (press release):
April 24, 1980.

TABLE 18. Top 20 PACs Ranked by Adjusted Expenditures: 1980 1/

Rank	Committee (and Affiliation)	Expenditures
1	National Conservative Political Action Committee (non-connected)	\$7,530,060
2	Congressional Club (non-connected)	7,212,754
3	Fund for a Conservative Majority (non-connected)	3,150,496
4	Realtors Political Action Committee (National Association of Realtors)	2,576,077
5	Citizens for the Republic (non-connected)	2,384,426
6	UAW Voluntary Community Action Program (United Auto Workers)	2,027,737
7	Americans for an Effective Presidency (non-connected)	1,874,312
8	American Medical Political Action Committee (American Medical Association)	1,812,021
9	Committee for the Survival of a Free Congress (non-connected)	1,623,750
10	National Committee for an Effective Congress (non-connected)	1,420,238
11	Gun Owners of America Campaign Committee (Gun Owners of America)	1,398,670
12	Automobile and Truck Dealers Election Action Committee (National Association of Automobile Dealers)	1,389,951
13	Committee for Thorough Agricultural Political Education (Associated Milk Producers, Inc.)	1,274,931
14	Transportation Political Education League (United Transportation Union)	1,196,241
15	NRA Political Victory Fund (National Rifle Association)	1,125,123
16	Machinists Non-Partisan Political League (International Association of Machinists)	1,096,598
17	AFL-CIO COPE Political Contributions Committee (AFL-CIO)	1,078,150
18	Americans for Change (non-connected)	1,061,123
19	Life Underwriters Political Action Committee (National Association of Life Underwriters)	1,024,139
20	United Steelworkers Political Action Fund (United Steelworkers of America)	995,501

1/ Adjusted expenditures represents gross disbursements of the committee minus monies transferred to affiliated committees.

Source: U.S. Federal Election Commission. FEC Releases Final PAC Report For 1979-80 Election Cycle (press release): Feb. 21, 1982.



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TABLE 19: Top 20 PACs Ranked by Adjusted Expenditures: 1982 1/

Rank	Committee (and Affiliation)	Expenditures
1	National Congressional Club (non-connected)	\$10,404,521
2	National Conservative Political Action Committee (non-connected)	10,118,891
3	Realtors Political Action Committee (National Association of Realtors)	3,144,475
4	Fund for a Conservative Majority (non-connected)	2,945,883
5	National Committee for an Effective Congress (non-connected)	2,496,017
6	American Medical Association Political Action Committee (American Medical Association)	2,489,644
7	Citizens for the Republic (non-connected)	2,480,629
8	Committee for the Survival of a Free Congress (non-connected)	2,392,336
9	Fund for a Democratic Majority (non-connected)	2,207,305
10	UAW Voluntary Community Action Program (United Auto Workers)	2,204,645
11	Committee for the Future of America (non-connected)	2,170,295
12	Republican Majority Fund (non-connected)	2,018,794
13	Machinists Non-Partisan Political League (International Association of Machinists)	1,613,118
14	Committee for Thorough Agricultural Political Education (Associated Milk Producers, Inc.)	1,611,630
15	National Education Association Political Action Committee (National Education Association)	1,442,722
16	California Medical Political Action Committee (California Medical Association)	1,369,171
17	NRA Political Victory Fund (National Rifle Association)	1,349,726
18	Transportation Political Education League (United Transportation Union)	1,348,236
19	League of Conservation Voters (League of Conservation Voters)	1,255,082
20	Automobile and Truck Dealers Election Action Committee (National Association of Automobile Dealers)	1,202,475

1/ Adjusted expenditures represents gross disbursements of the committee minus monies transferred to affiliated committees.

Source: U.S. Federal Election Commission. FEC Publishes Final 1981-82 PAC Study (press release): Nov. 29, 1983.

In reviewing the lists of the largest spenders among PACs from 1976- 1982, apart from any comparisons with their counterpart lists of large contributors, several significant trends can be discerned. The first is the enormous increase in just eight years in the amount of money spent by the PACs. Whereas the cut-off level for inclusion among the top 20 was around half a million dollars in 1976, it more than doubled to \$1.2 million dollars in 1982. And while the top PAC in 1976 spent an impressive \$2.9 million, the 1982 high was more than three times as much--\$10.4 million.

The second notable trend has been the decline in labor PACs among the big spenders by more than half, from nine in 1976 to four in 1982. This decline has been accompanied by a third trend, the increase in the non-connected PACs; three were included in 1976, and, by 1982, their number had reached nine.

Concomitantly, the ideological PACs (consisting of some from the membership and some from the non-connected categories) have doubled in number since 1976, and, in 1982, more than half of the largest PACs were ideological or issue-oriented in nature (as opposed to the economic orientation of business and labor groups). While conservative groups were particularly prominent in 1982, they did not dominate the field to the extent they had in 1980 when nine out of the ten such PACs were conservative in nature. Apparently, their perceived successes in 1980 had prompted stronger efforts by liberal and Democratic-oriented groups in 1982.

The final major trend has been the tendency of a few large conservative PACs to skew the overall spending figures. The top two PAC spenders in each of the four elections were conservative groups whose dollar totals were distinctly higher (and more dramatically so with each succeeding election) than the next others on the list. In 1976, the top two PACs spent \$2.9 and \$2.2 million, with only \$150,000 separating the second and third highest

groups. In 1978, the top two spent \$4.5 and \$3.0 million, with the second largest exceeding the third by 50 percent--a gap of \$1 million. In 1980, the top two groups spent \$7.5 and \$7.2 million, exceeding the third largest PAC by 129 percent, or \$4 million. The two big spenders of 1982 (the same two as in 1980, in fact) spent \$10.4 and \$10.1 million, with the third ranked group spending nearly \$7 million--or 222 percent--less than the second. For the first time in 1982, the third highest spender was not also a conservative ideological or issue organization; the Realtors PAC spent an impressive \$3.1 million, reportedly in part reflecting stepped-up operations by the group and partly because of an independent expenditure effort by this major trade organization. The next subsection will discuss the skewing of the expenditure statistics by the ideological PACs by exploring the question of where the enormous sums of money have been going, as it is apparent that they have not been spent in large measure on candidate contributions.

c. Comparison of the largest spenders and contributors among PACs

The attention given to the big PAC spenders and contributors reflects an interest in determining which groups have acquired the greatest potential for influencing the political process. This section has explored this topic, particularly in the context of the aggregate data presented for categories of PACs in Tables 8 and 9. Before arriving at some conclusions about the largest PACs and the standards reflected in the two different schemes for arranging them, one additional criterion for gauging an interest group's potential for political influence should be noted.

As mentioned earlier, some unions and corporations sponsor more than one PAC, despite the anti-proliferation provisions of the 1976 FECA Amendments, which subjected all the PACs established by the same parent organization to a

single contribution limit per candidate (\$5000). It was intended to reduce the incentives for proliferating PACs within an organization. It appears, however, that there may be other incentives working in favor of establishing multiple segregated funds--for example, greater ease in avoiding detection of the parent group's accumulated power. Proliferation may also afford greater ease in fundraising, by having different PACs in the various branches of a union or corporation. Although the single contribution limit per candidate is in effect, the leaders of the corporation or union could retain the power to determine how the funds raised by all of its affiliated PACs will be spent.

In 1980, for example, American Telephone & Telegraph sponsored 23 PACs whose gross expenditures were \$893,637 and whose contributions to Federal candidates totaled \$654,250. While the former amount would not have placed AT&T among the top 20 spenders even had they been arranged by sponsoring organization, the latter figure would likely have led to the corporation's inclusion as the tenth largest contributor to Federal candidates. On a smaller scale but illustrative nonetheless, the LTV Corporation sponsored six PACs which spent \$446,819 in 1980, \$229,430 of which went to Federal candidates, and Dow Chemical's eight PACs spent \$350,338, of which \$270,700 went to Federal candidates. 123/

These data reveal that by sponsoring several PACs, the extent to which an organization plays a financial role in Federal elections may be obscured. It is especially useful to bear this phenomenon in mind when considering the case of the corporate PACs, which, despite their large numbers and large aggregate contributions, failed to rank among the largest spenders or

123/ U.S. Federal Election Commission. FEC Reports on Financial Activity, 1979-1980. Final Report: Party and Non-Party Political Committees. Vol. 3 - Non-Party Detailed Tables (Corporate and Labor). Washington, Jan. 1982.

contributors in any year examined herein. But, proliferation of PACs is not limited to corporations. The AFL-CIO, for example, sponsored 17 PACs apart from its pre-eminent COPE Political Contributions Committee. Undoubtedly, their contributions and expenditures would improve the overall ranking of the AFL-CIO vis-a-vis other PAC sponsors. Because this section of the report adopts the method of ranking PAC spending by committee, rather than sponsor, it is better able to reveal which PACs may be considered the most important rather than which interest groups may be considered the most important politically. Because few groups sponsor more than one PAC, this qualification is not of overriding significance.

The two most noteworthy trends evidenced from the comparison between Tables 10-15 and Tables 16-19 are very much interrelated: the increasing gap evidenced since 1976 in the ratio of spenders to contributors and the increasing predominance among top PAC spenders of the ideological (mostly conservative) groups. As demonstrated by the aggregate data in Table 3, the percentage of PAC contributions in adjusted PAC expenditures has ranged since 1976 between the 42 and 46 percent level or, in other words, somewhat less than one PAC dollar in two has been contributed directly to Federal candidates. The comparison between Tables 8 and 9 had shown that the 1 to 2 ratio was roughly applicable between 1978 and 1982 to every category of PAC, except for the non-connected grouping. In 1982, between 52 and 63 percent of expenditures by the three other major types of PACs went into contributions, but only 17 percent of the non-connected PAC expenditures took that form; only one dollar in six was spent on contributions (in 1980, the ratio was only 1:8).

For the largest spenders and contributors, rather than approximating the 1 to 2 ratio applicable to most PAC groups, the gap has grown significantly wider since 1976. In 1976, the 20th largest contributor gave 56 percent as

much in contributions as the 20th largest spender spent; this proportion dropped to 47 percent in 1978, and to 43 percent in 1980; this trend was reversed in 1982 with a 52 percent figure. At the other end of the range, of more interest here, the largest contributor in 1976 gave 40 percent as much to candidates as was spent by the largest spending PAC; the proportion dropped to 36 percent in 1978 and to only 20 percent in 1980 and 1982.

The increasingly high levels of expenditures by the ideological, nonconnected PACs, in conjunction with their relatively low levels of direct support for candidates, have been responsible for this trend. While the nonconnected group increased their representation among top spenders from three to nine from 1976-1982, their numbers among top contributors fell from two to zero in that same period. While contributions to Federal candidates constituted at least half, and often well over half, of adjusted expenditures by virtually every other PAC on the top spenders lists, this was far from true for the nonconnected PACs. A look at financial activity of the large conservative PACs in 1980 and 1982 will highlight the major contributing factors.

Of the \$7.5 million spent by NCPAC in 1980, only \$237,806 was given as contributions to Federal candidates, while \$3.3 million was spent independently for and against candidates. ^{124/} A March 1981 estimate placed NCPAC's operating expenses at \$2.1 million and its direct-mail costs at \$1.8 million. ^{125/} In 1982, NCPAC reported expenditures of \$10.1 million, of which \$264,357 (2.6

^{124/} Ibid. Vol. 4 - Non-Party Detailed Tables (No Connected Organization, Trade/Membership/Health, Cooperative, Corporation Without Stock). p. C90; U.S. Federal Election Commission. FEC Study Shows Independent Expenditures Top \$16 Million (press release): Nov. 29, 1981.

^{125/} Shaw, New Right Gave Candidates Little, p. 20A.

percent) was contributed to Federal candidates and \$3.2 million (31.4 percent) was for independent expenditures. 126/

The Congressional Club spent \$7.2 million in 1980, of which \$72,383 went to Federal candidates and \$4,601,069 was spent independently. 127/ According to one account, the \$4.6 million figure for independent expenditures greatly overstated the level of candidate-oriented activity; in fact, it asserted, as much as \$3.9 million of the \$4.6 million went for direct-mail fundraising. 128/ In 1982, of the \$10.4 million in expenditures reported by the Congressional Club, only \$135,263 (1.3 percent) was contributed to Federal candidates; no independent expenditures were reported. 129/

Such groups as Americans for Change and Americans for an Effective Presidency were organized in 1980 expressly for the purpose of conducting independent expenditure campaigns on behalf of Ronald Reagan. Those two groups spent nearly \$2 million independently and only \$30,250 in direct contributions. 130/ Thus, the gap between spending and contributing can still be seen largely in terms of fundraising costs and independent expenditures.

The foregoing discussion is not intended to imply that only conservative groups experience the large gap between overall expenditures and direct contributions. In 1982, several liberal or Democratic-oriented groups spent

126/ U.S. Federal Election Commission. FEC Reports on Financial Activity, 1981-1982. Final Report. Party and Non-Party Political Committees. Vol. IV. Washington, 1983; U.S. Federal Election Commission. FEC Issues Final Report on 1981-82 Independent Expenditures (press release): Oct. 14, 1983.

127/ U.S. Federal Election Commission. FEC Reports on Financial Activity, 1979-1980. Vol. 4. p. C42.

128/ Shaw, New Right Gave Candidates Little.

129/ U.S. FEC Reports on Financial Activity, 1981-1982. Vol. IV; and FEC Issues Final Report on 1981-82 Independent Expenditures.

130/ U.S. Federal Election Commission. FEC Reports on Financial Activity, 1979-1980. Vol. 4. p. C12.

large sums of money, with only a fraction thereof for direct contributions: Independent Action contributed only 9 percent of its \$1.2 million (with another 11 percent on independent expenditures), while the two major candidate-oriented PACs--Fund for a Democratic Majority and Committee for the Future of America--contributed only 8 and 10.5 percent of their overall expenditures. ^{131/} However, it is particularly instructive to focus on the large conservative PACs in view of the fact that just two groups--NCPAC and the Congressional Club--were responsible for more than ten percent of total expenditures by all 3,371 PACs in 1982, with less than one-half percent going for direct contributions, and that one of them--NCPAC--was responsible for more than half the independent expenditures that year.

With large or unlimited pools of potential contributors, the non-connected PACs have increasingly turned to direct-mail as the most effective way to reach large numbers of people sympathetic to their philosophy. For conservative groups, this trend has coincided with the pioneering efforts in the direct-mail field by conservatives--most notably Richard Viguerie--anxious to assist candidates of similar ideology through sophisticated direct-mail techniques and in-house lists of millions of likely contributors. Only recently have liberal groups begun to improve their capabilities in the direct-mail field. Thus, the direct-mail avenue is one that is conducive to the mission of ideological groups, and its greater development to date by conservatives has made it an especially likely method for conservative PACs to adopt.

The other major factor contributing to the high expenses of conservative ideological PACs has been their willingness to operate outside of more traditional, established channels for interest group influence in the electoral

^{131/} U.S. FEC Reports on Financial Activity, 1981-1982. Vol. IV.

process. While officials of both major parties have expressed concern over the trend toward more independent expenditures, conservative groups have tended to defend them as a logical response to what they see as the FECA's undue restrictions on direct contributions to candidates. Furthermore, independent expenditure campaigns, as a highly visible endeavor (in contrast with direct candidate giving), have probably had some impact on the ability of the conservative groups to raise money. 132/

Finally, with regard to the spender-contributor gap and the increasingly disproportionate spending by conservative, non-connected PACs, it is instructive to observe that by excluding the top two PAC spenders from 1976-1982, the gap between spenders and contributors more nearly approximates the 1 to 2 ratio discussed earlier. Not only have the non-connected PACs skewed the spending/contributing data, but this has been especially true of a few major, highly visible, large spending PACs in each election.

Having explored the growing gap between the top spenders and contributors and the dominance of the former by the conservative, non-connected PACs, the other comparative observations appear largely to be simply by-products of the other trends. Labor PACs dominated the field in terms of their contributions to candidates in all six elections, but they increasingly were unable to compete with the overall fundraising ability of the non-connected groups. Thus, their ranks decreased among the largest spenders. Trade associations grew among the largest contributors, but their numbers remained constant among the large spenders. They, also, despite their generally impressive fundraising record, were unable to match the funding levels of the large, ideological PACs.

132/ Independent Expenditures: Tactics and Strategy. Political Action Report, v. 3, August 16, 1980: 9-10.

C. PAC Spending Since 1972: Where the Money Has Gone

The primary focus of this section is on the beneficiaries of PAC giving during the past six elections--how PAC money has been distributed to candidates in terms of their political party and electoral status (whether incumbent, challenger, or open-seat contestant). This section is intended to promote a better understanding of some of the key points of contention in the continuing debate on the subject of PACs, specifically whether there is a partisan slant in PAC giving (and whether it has undergone a shift) and whether an incumbency bias does exist among PACs. Part 1 examines these questions from the perspective of the PACs (and also sheds some light on how the specific types of PACs have been distributing their money with regard to the party and status variables). Part 2 looks at these questions from the candidate perspective--how much have PAC contributions played a role in the financing of campaigns, according to party and candidate status.

1. Candidate Preferences From the PAC Perspective

Tables 20 and 21 present the data on how PAC contributions have been distributed to candidates since 1972, according to party and electoral status. They include statistics for both House and Senate candidates in the general elections (primary losers are excluded). While Table 20 presents aggregate data for all PACs, Table 21 breaks the data down by categories of PACs.

As evidenced in Table 20, the division of PAC contributions has shifted since 1972 from an overwhelming Democratic bias to a more competitive situation between the two parties' candidates. In 1972 and 1974, Democratic candidates received over twice as much in PAC contributions as did Republican candidates; the Democratic advantage declined slightly in 1976, but it remained in the

2 to 1 range. It was in 1978 that the party ratio shifted sharply away from Democrats and toward Republicans, although still with a 54-46 split in Democrats' favor. This shift continued in 1980, with a 52-48 party split that appeared to presage an even division--if not a GOP advantage--by 1982; in fact, however, aggregate PAC giving shifted back to the Democrats in 1982 by 54 to 46 percent.

TABLE 20. PAC Contributions to Congressional Candidates in General Elections by Party/and Status of Candidates: 1972-1982
(in millions of dollars and percentages) 1/

Year	Amount Given	Party		Status		
		Dem	Rep	Incum.	Chall.	Open
1972	\$ 8.5	\$ 5.8 (68%)	\$ 2.7 (32%)	\$ 4.4 (52%)	\$ 2.1 (25%)	\$ 2.0 (24%)
1974	\$11.6	\$ 7.9 (68%)	\$ 3.7 (32%)	\$ 6.7 (58%)	\$ 2.5 (22%)	\$ 2.4 (21%)
1976	\$20.5	\$13.6 (66%)	\$ 6.9 (34%)	\$13.2 (64%)	\$ 4.2 (20%)	\$ 3.1 (15%)
1978	\$31.8	\$17.1 (54%)	\$14.7 (46%)	\$18.8 (59%)	\$ 7.0 (22%)	\$ 6.0 (19%)
1980	\$51.9	\$26.8 (52%)	\$24.9 (48%)	\$32.5 (63%)	\$13.4 (26%)	\$ 6.0 (12%)
1982	\$79.7	\$43.1 (54%)	\$36.6 (46%)	\$54.2 (68%)	\$15.2 (19%)	\$10.4 (13%)

1/ Based on contributions only to House and Senate candidates who competed in general elections; primary losers are excluded. Percentages are based on total contributions and may not add up to 100% within a category (i.e., party or status) because of rounding; contribution amounts are rounded to the nearest tenth and may not add up to overall contributions.

Source: For 1972: Common Cause. Campaign Finance Monitoring Project. 1972 Federal Campaign Finances: Interest Groups and Political Parties. Washington, 1974. v. 1., p. vi. (party breakdowns from summaries in v. 1-3)
For 1974: Common Cause. Campaign Finance Monitoring Project. 1974 Congressional Campaign Finances. Vol. 5--Interest Groups and Political Parties, Washington, 1976. p. ix.

TABLE 20. PAC Contributions to Congressional Candidates in General Elections by Party and Status of Candidates: 1972-1982
(in millions of dollars and percentages) 1/--Continued

For 1976: Common Cause. 1976 Federal Campaign Finances. Interest Group and Political Party Contributions to Congressional Candidates. Washington, 1978. v. 1. p. viii.

For 1978: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1977-1978. Interim Report no. 5--U.S. Senate and House Campaigns. Washington, June 1979. p. 32, 34.

For 1980: U.S. Federal Election Commission. FEC Releases Final Statistics on 1979-80 Congressional Races (press release): March 7, 1982.

For 1982: U.S. Federal Election Commission. FEC Releases Final Report on 1981-82 Congressional Elections (press release): Dec. 2, 1983.

In terms of candidate status, Table 20 reveals that the incumbency bias among PACs is indeed present and that it has grown since 1972. In that year, roughly one-half of PAC contributions went to incumbent Members of Congress; this proportion climbed in 1974 and again in 1976, dropped in 1978, and rose again in 1980, to nearly two-thirds. By 1982, more than two-thirds of PAC money (68 percent) was given to incumbents. Contributions to candidates challenging incumbents has fluctuated between the one-quarter and one-fifth level, with a four percent rise in 1980 followed by a seven percent decline in 1982. Most of the increase in PAC contributions to incumbents has come at the expense of open-seat contenders. While such contributions constituted one-fourth of PAC contributions in 1972, this percentage fell in 1974 and again in 1976, rose in 1978 (when incumbents' share declined), and fell sharply in 1980 to only 12 percent; there was a slight increase of one percent in 1982.

At issue in the discussion over candidate status as it relates to PAC spending is the nature of the primary goal sought by political action committees through their contributions. Is money given primarily to further the political philosophies and/or economic interests of the group, or is it given primarily as a means of gaining the goodwill of and thereby access to elected officials?

In the former case, it would seem to follow that there would be a high correlation between the political philosophies of the PAC and the candidates it supports. In the latter case, it would appear more logical to support candidates with the greatest likelihood of being elected, with their compatibility with one's own philosophy de-emphasized as a consideration.

Although incumbent Senators have not fared particularly well in recent years, between 86 and 96 percent of incumbent House Members have been re-elected in every year since 1950. ^{133/} Generally, races involving incumbents are not as competitive as open-seat contests; the open seat contenders typically spend much larger sums of money, as well.

Given the decisive bias of PACs in favor of incumbents, who generally do not need the same degree of funding as do open-seat contenders, the data in Table 20 lends support to the "access" theory behind PAC contributions. How this theory holds up in conjunction with the greater flow of money to Republicans, who, even after 1980, constitute a smaller share of incumbents than do Democrats, will be explored in Table 23, which merges the party and candidate status variables.

The findings in Table 20 are amplified in Table 21 by the breakdown of the data into the four principal categories into which PACs today are grouped by the FEC. One can thus examine the contribution patterns of the major sectors of the PAC community, thus gaining insight into the overall trends reflected in Table 20. (As indicated in the notes to Table 21, the basis for determining the categories for corporate and trade/membership/health PACs in the early years differs from that used in Tables 8 and 9; the primary value of

^{133/} Re-election Success of Incumbents. Congressional Quarterly Weekly Reports, v. 38, April 5, 1980: 908.

those categories in those years lies in the percentage distributions, rather than the dollar amounts.)

In terms of party biases, the clearest pattern is seen in the consistent and overwhelming support which the labor PACs have provided to Democratic candidates, who received between 93-97 percent of labor contributions in every election. Contributions to Democrats from organized labor apparently have enabled them to attract a greater share of PAC money overall than Republicans have, in spite of the enormous strides made by corporate and trade PACs in channeling money to Republican candidates in recent elections.

No definitive pattern emerges regarding labor PACs' candidate status orientation. Whereas they were the most distinctly incumbent-oriented group in 1980 (when three-fourths of their money went to incumbents), this was hardly the case in 1982 when 58 percent of labor money was given to incumbents. The latter decline, accompanied by a huge increase in the level of support for challengers (29 percent), reflected the political strategy of organized labor in the wake of its defeats in 1980. Although labor PACs have shifted their funds from incumbents to challengers, depending upon the political season, their support for the open-seat contenders has trended distinctly downward.

The corporate (business) PACs have contributed most of their money to Republican candidates in all of the elections examined, but there has occurred a significant shift in their contribution pattern. From 1972 to 1976, the share of business PAC money contributed to Democratic candidates increased each year, from 29 percent to 43 percent, while the Republican share declined from 71 to 57 percent. Although Democratic candidates are typically thought to be less pro-business than Republicans, the contribution decisions appeared to be based on the desire of business to support incumbents; this is reflected in the net growth in support of incumbents by corporate PACs between 1972-1976.

This tendency on the part of business PACs was reportedly a source of annoyance to GOP leaders, who felt that the Republican candidates generally had a better claim to the business community's support than did Democrats. 134/ This sentiment is reflected in remarks made by Ronald Reagan to politically-oriented business leaders in 1978:

I don't think the Republican Party has received the kind of financial support from corporate PACs that its record deserves. Why does half of the business PAC money go to candidates who may not be friends of business? The best thing you can hope for by following an anti-business, incumbent contribution policy is that the alligator will eat you last. 135/

Although corporate PACs continued their practice of favoring incumbents and, consequently, only barely favoring Republicans through much of 1978, this pattern changed dramatically in the closing weeks of that election. Prior to October 1, 1978, 53 percent of corporate PAC money was given to Republicans and 47 percent to Democrats; incumbents received 72 percent of corporate PAC money in that same period. Between October 1 and October 23, the party split shifted to 71-29 in the Republicans' favor, and the incumbents' share dropped to only 49 percent. 136/ Consequently, Table 21 reflects the sharp rise from 1976 to 1978 in the Republican share of corporate money and the sharp drop in incumbents' share (with challengers and, especially, open-seat contenders the beneficiaries). The Republican share remained at a constant two-thirds level in 1980 and 1982, while the support for incumbents and challengers fluctuated. The huge shift toward challengers in 1980 (31 percent) reflected a greater risk strategy by corporate PACs; this was followed in 1982 with a major shift

134/ Glen, Maxwell. At The Wire, Corporate PACs Come Through for the GOP. National Journal, v. 11, February 3, 1979: 174.

135/ Ibid.

136/ Ibid., p. 176.

back to incumbents (75 percent), reflecting a more protective strategy on behalf of a larger number of Republican Members of Congress.

TABLE 21. PAC Contributions to Congressional Candidates in General Elections by Type of PAC and by Party and Status of Candidate: 1972-1982 (in millions of dollars and percentages) 1/

Type	Year	Amount Given	Party		Status		
			Dem	Rep	Inc.	Chall.	Open
Labor	1972	\$ 3.6	\$ 3.4 (94%)	\$.2 (6%)	\$ 1.9 (53%)	\$ 1.0 (28%)	\$.7 (19%)
	1974	\$ 5.7	\$ 5.4 (95%)	\$.4 (7%)	\$ 2.8 (49%)	\$ 1.7 (30%)	\$ 1.3 (23%)
	1976	\$ 7.4	\$ 7.2 (97%)	\$.2 (3%)	\$ 4.7 (64%)	\$ 1.6 (22%)	\$ 1.2 (16%)
	1978	\$ 8.9	\$ 8.3 (93%)	\$.5 (6%)	\$ 5.6 (63%)	\$ 1.9 (21%)	\$ 1.4 (16%)
	1980	\$12.3	\$11.5 (93%)	\$.8 (7%)	\$ 9.0 (74%)	\$ 1.9 (16%)	\$ 1.3 (11%)
	1982	\$19.4	\$18.4 (95%)	\$ 1.0 (5%)	\$11.3 (58%)	\$ 5.4 (29%)	\$ 2.6 (13%)
Corporate <u>2/</u>	1972	\$ 1.7	\$.5 (29%)	\$ 1.2 (71%)	\$ 1.1 (65%)	\$.2 (12%)	\$.4 (24%)
	1974	\$ 2.4	\$.9 (38%)	\$ 1.4 (58%)	\$ 1.9 (79%)	\$.2 (8%)	\$.3 (13%)
	1976	\$ 6.7	\$ 2.9 (43%)	\$ 3.8 (57%)	\$ 4.8 (72%)	\$ 1.2 (18%)	\$.8 (12%)
	1978	\$ 9.1	\$ 3.1 (34%)	\$ 6.0 (66%)	\$ 5.4 (59%)	\$ 2.0 (22%)	\$ 1.7 (19%)
	1980	\$18.1	\$ 6.3 (35%)	\$11.8 (65%)	\$10.5 (58%)	\$ 5.6 (31%)	\$ 2.0 (11%)
	1982	\$26.4	\$ 8.9 (34%)	\$17.6 (66%)	\$19.6 (75%)	\$ 3.4 (13%)	\$ 3.4 (13%)

TABLE 21. PAC Contributions to Congressional Candidates in General Elections by Type of PAC and by Party and Status of Candidate: 1972-1982 (in millions of dollars and percentages) 1/--Continued

Type	Year	Amount Given	Party		Status		
			Dem	Rep	Inc.	Chall.	Open
Trade/ Memb./ Health <u>3/</u>	1972	\$ 1.0	\$.2 (20%)	\$.8 (80%)	\$.5 (50%)	\$.2 (20%)	\$.3 (30%)
	1974	\$ 1.8	\$.5 (28%)	\$ 1.3 (72%)	\$ 1.4 (78%)	\$.1 (6%)	\$.3 (17%)
	1976	\$ 2.6	\$ 1.0 (38%)	\$ 1.6 (62%)	\$ 1.7 (65%)	\$.5 (19%)	\$.4 (15%)
	1978	\$10.6	\$ 4.4 (42%)	\$ 6.2 (59%)	\$ 6.4 (60%)	\$ 2.1 (20%)	\$ 2.2 (21%)
	1980	\$15.0	\$ 6.5 (43%)	\$ 8.5 (57%)	\$ 9.9 (66%)	\$ 3.4 (23%)	\$ 1.7 (11%)
	1982	\$20.8	\$ 8.7 (42%)	\$12.0 (58%)	\$15.8 (76%)	\$ 2.6 (13%)	\$ 2.4 (11%)
Non- <u>4/</u> Connect.	1972	---	---	---	---	---	---
	1974	\$.7	\$.3 (48%)*	\$.3 (52%)*	\$.1 (14%)	\$.3 (43%)	\$.3 (43%)
	1976	\$ 1.2	\$.6 (45%)*	\$.7 (55%)*	\$.4 (33%)	\$.5 (42%)	\$.3 (25%)
	1978	\$ 2.3	\$.5 (23%)*	\$ 1.7 (77%)*	\$.7 (30%)	\$ 1.0 (44%)	\$.5 (22%)
	1980	\$ 4.5	\$ 1.3 (29%)	\$ 3.2 (71%)	\$ 1.5 (33%)	\$ 2.3 (51%)	\$.7 (16%)
	1982	\$10.0	\$ 5.2 (52%)	\$ 4.8 (48%)	\$ 4.8 (48%)	\$ 3.6 (36%)	\$ 1.6 (16%)

1/ Contributions to candidates in millions of dollars, rounded off to nearest tenth. Percentages of overall group contributions given to a type of candidate are based on the rounded off dollars and are themselves rounded off to the nearest whole percentage. The exception to this is the party

TABLE 21. PAC Contributions to Congressional Candidates in General Elections by Type of PAC and by Party and Status of Candidate: 1972-1982 (in millions of dollars and percentages) 1/--Continued

percentages (from 1974-1978) in the non-connected category, which are based on total dollars, in order to better reflect the splits and trends than would percentages based on rounded dollar amounts.

2/ For 1972-1976, the FEC's "corporate" category correlates to the "business" category of Common Cause. Thus, the data for 1972-1976 are not exactly comparable to those for 1978-1982, as different standards governed the inclusion of PACs in the "business" vs. "corporate" groups.

3/ For 1972-1976, the "trade/membership/health" category, as defined by the FEC, correlates to the "health" and "lawyers" groupings used by Common Cause for each or some of those three years. Thus, the data for 1972-1976 are not exactly comparable for those in 1978-1982 because of the different standards used to determine PACs in the various categories. This particularly has a bearing on the enormous rise in trade/membership/health contributions from 1976 to 1978, which, in part, can be explained by the addition of non-health and non-lawyers PACs to the category.

4/ For 1974-1976, the "non-connected" category used by the FEC correlates to the "ideological" grouping of Common Cause. Most of today's ideological PACs are listed in the non-connected category, although the latter also includes some which are not ideological in nature. Thus, the data for 1974-1976 are not exactly comparable to those for 1978-1982, in view of different standards applied to including PACs in either group. (Ideological PACs in 1972 were lumped into Common Cause's "miscellaneous" group, and are thus not reflected in this chart.)

* Based on whole dollar amounts; see note 1, infra.

NOTES: This table does not include data for the FEC's 1978-1982 categories of "cooperatives" and "corporations without stock" or the corresponding data from Common Cause's 1972-1976 categories of "miscellaneous," "dairy," and "agriculture" because of the relatively low levels of financial activity of such groups today (with some notable exceptions).

The data in the corporate and trade/membership/health groupings for 1972-1976 are based on different standards from the same groupings in Tables 8-9. Thus, they are not comparable, even apart from the difference in period of time covered by each. Those statistics in table 20 should be used primarily for the percentage breakdowns, rather than the dollar amounts.

Source: For 1972: Common Cause. Campaign Finance Monitoring Project. 1972 Federal Campaign Finances: Interest Groups and Political Parties. Washington, 1974. v. 1. p. vi. (party breakdowns taken from summary pages for each category in volumes 1-3)

For 1974: Common Cause. Campaign Finance Monitoring Project. 1974 Congressional Campaign Finances. Vol. 5--Interest Groups and Political Parties. Washington, 1976. p. ix.

TABLE 21. PAC Contributions to Congressional Candidates in General Elections by Type of PAC and by Party and Status of Candidate: 1972-1982 (in millions of dollars and percentages) 1/--Continued

For 1976: Common Cause. 1976 Federal Campaign Finances. Interest Group and Political Party Contributions to Congressional Candidates. Washington, 1978. v. 1. p. viii.

For 1978: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1977-1978. Interim Report No. 5--U.S. Senate and House Campaigns. Washington, June 1979. p. 32, 34.

For 1980: U.S. Federal Election Commission. FEC Releases Final Statistics on 1979-80 Congressional Races (press release): March 7, 1982.

For 1982: U.S. Federal Election Commission. FEC Releases Final Report on 1981-82 Congressional Elections (press release): Dec. 2, 1983.

Among trade/membership/health PACs, a once-overwhelming Republican bias was weakened considerably from 1972 to 1978. For the last three elections, the balance between the two parties has remained at a constant level of nearly 3-2 in the Republicans' favor.

In terms of support for candidates by status, it appears that these PACs constitute the second most incumbent-oriented grouping. The pattern here is not easily discerned, with a very sharp increase in the share received by incumbents in 1974, a large drop in 1976 and in 1978, and large increases in 1980 and 1982, when fully three-fourths of trade/membership/health PAC money went to incumbents--more than for any other grouping. The proportion of money given to challengers has fluctuated in the opposite direction from that to incumbents, with the huge decrease in 1982 benefiting the incumbents. Open-seat candidates suffered a substantial net drop in support between 1972 and 1982, although they received a constant 11 percent of these PACs' funds in the past two elections.

The non-connected PACs have been the only one of the four major groupings that has consistently given most of their contributions to non-incumbents. Until 1982, it was the challengers who were most heavily favored, with as much

as 51 percent of non-connected contributions going to challengers in 1980. Open-seat contenders met with declining fortunes during the past decade, although they fared better here than they did in any other category. Incumbents received only one-third of non-connected PAC money between 1976 and 1980, but their share jumped dramatically to nearly one-half in 1982; this increase occurred at the expense of the challengers.

In view of the predominance of ideological groups in this category, it is hardly surprising that their money would favor non-incumbents. It is logical that PACs which are not affiliated with established lobbying organizations would be more likely to risk alienating incumbent Members of Congress than would those that are connected with lobbying arms. Their primary commitment to ideology, in comparison with perhaps the more pragmatic philosophies of the other types of PACs, appears to make their choices of whom to support that much easier. For this reason, among others, the non-connected PACs are often viewed as "loose cannons" within the political system.

In terms of party support, the non-connected PACs were until 1980 the most Republican-oriented among the four major groupings. From 1974 and 1978, their support of Republican candidates over Democratic ones increased from a slight plurality to a 3 to 1 ratio. There was a marked rise in their support of Democrats in 1980, and, in 1982, there was a shift toward Democrats which was substantial enough to give them a slight edge. One may venture a guess that this development, accompanied as it was by a major shift toward incumbents, was a reflection of the overwhelming attention given by conservative PACs to expenditures other than candidate contributions, leaving liberal groups--which stepped up their political activities after 1980--to constitute a greater proportion of PAC contributions than they otherwise would have. In any case, it is useful to remember that the trends in candidate contributions by the

non-connected PACs are less important than the other forms of political expenditures in which they have been engaged.

Summing up the contributing factors to the trends evidenced in Table 20, only one of the four principal PAC groupings--labor--has consistently favored Democratic candidates; this support is sufficiently lopsided to enable Democrats to retain an overall edge over Republicans in attracting PAC contributions. The non-connected PACs were the most pro-Republican in their giving, until 1982, when they became the second most pro-Democratic. In the last three elections, corporate PACs have been most pro-Republican (by a 2-1 ratio), with the trade/membership/health PACs second (a nearly 3-2 ratio). The major reduction in the Democrats' share of PAC money in 1978 was largely the result of a shift among corporate PACs, while the renewed shift to Democrats in 1982 may be traced to the sudden change among non-connected PACs that year.

In terms of PAC money favoring incumbents, this has been an increasing phenomenon over the six-election period. The overall PAC tilt to incumbents is evidenced in the giving patterns of every grouping, despite a decline in corporate PAC giving to incumbents between 1974 and 1980 and the secondary role of incumbents in the giving patterns of the non-connected group until 1982. The drop-off in support for open-seat contenders since 1972 has been evidenced in the patterns of every one of the four PAC groupings. In contrast, the relative stability in the overall level of PAC giving to challengers until 1982 masked sharp increases in corporate and non-connected PAC giving to challengers. Sharp divergences in the giving patterns of several groups in 1982 make overall analysis more difficult, as it is too soon to tell whether they may signal significant, new trends. Finally, it is worth remembering that dealing in trends in aggregate totals may mask trends occurring in many individual PACs within a given category.

2. PAC Contributions from the Candidates' Perspective

Tables 22-23 place the question of PAC support of candidates in the context of the candidates' overall campaign receipts. Whereas Table 20 showed how PAC money was distributed to candidates according to party affiliation and electoral status, Tables 22-23 show how important a role these contributions played for the same candidate breakdowns. The latter tables may yield different conclusions than the former, as they take into account such additional criteria as the number of candidates PAC money was distributed among and the other sources of candidate funding. Although PACs may have favored a particular type of candidate, those candidates may have been less reliant on PAC contributions than other types of candidates. The other key difference in the tables in this subsection is that they confine their focus to House candidates, in contrast to the combined House and Senate data in Tables 20-21. Table 22 presents the party breakdowns separate from the status breakdowns, while Table 23 combines both variables for more detailed analysis.

As Table 22 indicates, Democratic House candidates have received consistently more PAC contributions relative to other funding sources than have their Republican counterparts. In 1982, just over one-third of Democrats' campaign funding emanated from political action committees, whereas PACs contributed more than one-fourth of Republican campaign funds. The gap between the levels of contributions to Democrats and Republicans of PAC money decreased in 1978, prior to which PAC funds constituted about nine percent more of Democrats' than Republicans' receipts. In 1978, in keeping with the overall increase in PAC giving to Republicans, the gap was narrowed to less than five percent. The gap widened to 5.6 percent in 1980 and to 6 percent in 1982.

TABLE 22. PAC Contributions as a Percentage of House Candidate Receipts by Party or Status of Candidate: 1972-1982 General Elections 1/

Year	Total for House <u>2/</u>	Party		Status		
		Dem	Rep	Inc.	Chall.	Open
1972	14.0%	18.6%	9.2%	16.9%	11.6%	11.0%
1974	17.2%	21.6%	12.4%	18.7%	15.3%	16.0%
1976	22.4%	26.8%	17.6%	28.1%	15.3%	16.9%
1978	24.8%	27.1%	22.5%	31.6%	17.1%	19.4%
1980	28.9%	31.9%	26.3%	34.3%	20.0%	25.1%
1982	31.5%	34.5%	28.5%	36.7%	23.2%	25.0%

1/ Based on financial activity only for candidates who ran in the general election; primary losers excluded.

2/ Totals correspond with those in Table 6, infra.

Source: For 1972 and 1974: Jacobson, Gary C. The Pattern of Campaign Contributions to Candidates for the U.S. House of Representatives, 1972-1978. In U.S. Congress. House. Committee on House Administration. An Analysis of the Impact of the Federal Election Campaign Act, 1972-1978. From the Institute of Politics, John F. Kennedy School of Government, Harvard University. Committee Print, 96th Cong., 1st Sess. Washington, U.S. Govt. Print. Off., 1979. p. 25-26. (statistics for this chart were extrapolated from the data in Jacobson's tables 6-7.)

For 1976: U.S. Federal Election Commission. FEC Disclosure Series. No. 9: 1976 House of Representatives Campaigns. Receipts and Expenditures. Washington, September 1977. p. 4, 6 (for party breakdown); p. 7-8 (for status breakdowns).

For 1978: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1977-1978. Interim Report No. 5. U.S. Senate and House Campaigns. Washington, June 1979. p. 31-32 (for party breakdowns); p. 36, 51-52 (for status breakdowns).

For 1980: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1979-1980. Final Report. U.S. Senate and House Campaigns. Washington, Jan. 1982. p. 49-50 (for party breakdowns); p. 52-53 (for status breakdowns).

For 1982: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1981-1982. Final Report. U.S. Senate and House Campaigns. Washington, Oct. 1983. pp. 33-36.

With regard to the level of receipt of PAC money according to the electoral status of candidates, incumbents have consistently received more of this source of funding relative to other sources than have their challengers or those competing in districts with no incumbent running. Furthermore, the percentage of PAC contributions to incumbents among all receipts has increased at a significantly faster rate than for the other two categories, both of which experienced an increase during the 1972-1982 period.

Perhaps the most interesting characteristic of the candidate status data is the higher degree of PAC money in the campaign treasuries of open seat contenders than of challengers to incumbents. This is contrary to the consistently higher amount of PAC dollars which have been contributed to the challengers over the open-seat contenders, as reflected in Table 20. This apparent incongruity may result from the higher number of challengers than open-seat contests; hence the lesser share of PAC money is distributed among a far lesser number of candidates in the latter category. By 1982, one-fourth of the House open-seat contenders' funds came from PACs, whereas less than one-fourth of the challengers' receipts were from PACs (challengers' share of PAC money rose notably in 1982); in the case of House incumbents, PAC money constituted more than one-third of overall general election receipts.

The trends in PAC giving by party and candidate status are explored in greater detail in Table 23, which combines the two variables for the 1972-1982 elections. It is readily observed that there are significant differences in the level of PAC support between the parties within each candidate status category.

While Table 22 pointed out that PAC money plays the largest role in financing incumbent campaigns, Table 23 demonstrates that this is especially true for Democratic incumbents. The levels of PAC money among overall receipts

increased at roughly the same rate for both Democratic and Republican incumbents between 1972 and 1978, with both experiencing a sharp rise in 1976 (a reflection of the overall increase that year in the PAC component). The Republican percentage rose sharply again in 1980 and also in 1982. The Democratic figure rose much more modestly in each of the latter elections, thus accounting for only a three percent gap between the two parties in 1982, with the Republican incumbents at 35.1 percent and the Democratic incumbents at 38.2 percent. The greater percentage of PAC money in Democratic than in Republican incumbents' campaigns is partly a function of the relatively greater share of the latter's receipts constituted by party contributions.

While Democrats have consistently received proportionately more PAC money than Republicans among incumbent candidates, this has not always been the case among challengers and open-seat contenders. Between 1978 and 1980, Republican challengers and open-seat candidates were distinctly more reliant on PAC money than their Democratic counterparts; this turned around in 1982, when Republican candidates became less and Democratic candidates much more reliant on PAC funds.

Among Democratic challengers, PAC money played a rather stable role from 1972-1976, before declining sharply in importance in 1978, only to rise again in 1980 and even more sharply in 1982. In terms of PAC distribution of funds, Table 20 indicated that challengers overall received a greater share of PAC money in 1978 than they did in 1976, but that Democrats overall received a much lower percentage that year. In 1982, the situation was reversed, as challengers received a much lesser share of PAC funds but Democrats received a greater share.

Republican challengers' receipt of PAC money sharply increased in 1976 and 1978 and slightly in 1980, and declined in 1982. In view of the indications that 1978 marked a turn toward increased PAC support of Republican challengers of Democratic incumbents, it appears logical PAC contributions were a larger

factor for Republican challengers that year than for Democratic challengers to Republican incumbents. The decline in 1982 appears likely to have stemmed from a lesser share of PAC money going to both challengers and Republicans, as business PAC strategies emphasized defending the GOP incumbents.

TABLE 23. PAC Contributions as a Percentage of House Candidate Receipts by Party and Status of Candidate: 1972-1982 General Elections 1/

Year	Total House	Incumbents		Challengers		Open Seats	
		Dem	Rep	Dem	Rep	Dem	Rep
1972*	14.0%	21.6%	11.6%	19.6%	5.4%	12.6%	9.2%
1974*	17.2%	25.4%	14.4%	18.9%	5.0%	19.7%	11.3%
1976*	22.4%	33.2%	21.7%	20.8%	13.4%	17.6%	16.8%
1978	24.8%	35.7%	24.8%	14.6%	20.0%	17.6%	23.6%
1980 <u>2/</u>	28.7%	37.0%	29.7%	17.2%	21.2%	21.9%	28.9%
1982	31.5%	38.2%	35.1%	28.4%	18.4%	28.0%	22.5%

1/ Candidates competing in general election only; primary losers excluded

2/ The 1980 figures are based on gross House receipts, in contrast with the net receipt basis for other data in this table, because only such information was available with the appropriate breakdowns. The 28.7% here compares with the 28.9% figure used in Tables 6 and 22; hence the percentages for each category are likely to be understated by around 1/5 of a percent.

* Based on candidates with major party opposition only

Source: For 1972-1978: Jacobson, Gary C. The Pattern of Campaign Contributions to Candidates for the U.S. House of Representatives, 1972-1978. In U.S. Congress. House. Committee on House Administration. An Analysis of the Impact of the Federal Election Campaign Act, 1972-1978. From the Institute of Politics, John F. Kennedy School of Government, Harvard University. Committee Print, 96th Cong., 1st Sess. Washington, U.S. Govt. Print. Off., 1979. p. 25-28.

For 1980: U.S. Federal Election Commission. FEC Reports on Financial Activity, 1979-1980. Final Report. U.S. Senate and House Campaigns. Washington, Jan. 1982. p. 56, 65-66.

For 1982: U.S. Federal Election Commission. FEC Releases Final Report on 1981-82 Congressional Elections (press release): Dec. 2, 1983.

Open-seat contenders typically engage in the most heated elections and spend a far greater amount of money than do incumbents or (especially) challengers. They receive less money as a group from PACs than do challengers of incumbents, but, because of their fewer numbers, they benefit from PAC dollars to a greater extent than do challengers.

Table 23 indicates that Republican candidates for open House seats received increasingly higher levels of PAC contributions--relative to other funding sources--between 1972 and 1980, with a sharp decrease in 1982, and that Democratic candidates in open districts received lower levels between 1974 and 1978 and increased levels in 1980 and 1982.

D. Summary Observations on PAC Growth

Following a lengthy, detailed presentation and analysis of data, it is useful to summarize the key findings relating to the proliferation and growth of PACs. These observations should be viewed in the context of an overall increase in PAC spending from \$19.2 million to \$190.2 million and in PAC contributions to Federal candidates from \$8.5 million to \$83.6 million between 1972 and 1982.

The two key elections in terms of PAC growth were 1976 and 1980. The year 1976 marked the largest percentage growth in the number of PACs, while 1980 saw the largest numerical increase. The largest percentage increase in both PAC expenditures and contributions to Federal candidates occurred in 1976, with the second largest percentage increase in 1980. (The largest dollar increase in expenditures and contributions occurred in 1982.) The sharpest increase in the percentage of PAC money among overall receipts of congressional candidates occurred in 1980, followed by the rise in 1976. Interestingly, the

increase in 1980 reflected the steepest rise for Senate candidates, while the 1976 increase reflected the steepest rise for House candidates.

Some 70 percent of aggregate PAC contributions typically is given to House candidates, while 30 percent is given to Senate candidates. This, of course, does not mean that House candidates receive larger contributions on average than do their Senate counterparts; the reverse is probably true. PAC money does play a larger role in the campaigns of House candidates than of Senate candidates, however.

On an aggregate level, Democrats have been able to attract more PAC money than have Republicans, but this advantage has been narrowed in recent elections from the 2:1 ratio prior to 1978 to the 54-46 split in 1982. The 52-48 split in 1980 might have presaged an even split--if not a GOP advantage--by 1982, but this did not materialize.

PAC money continues to favor incumbents heavily, and this trend has become more pronounced since 1972. Today, two-thirds of PAC money goes to incumbents.

In comparison with the other three major sources of campaign funds, Democrats overall have received more PAC money than Republicans. PAC money has consistently played a larger role for Democratic than Republican incumbents and, in 1982, Democratic challengers and open-seat contenders relied more on PAC money than did their Republican counterparts. Regardless of party or candidate status, however, PAC money has generally become more important for all candidates (the decrease in reliance on PAC money by GOP challengers and open-seat contenders in 1982 may signal a new trend, but it is too soon to determine this).

Looking at the four major PAC groupings, several important observations can be made with regard to each. Labor PACs have, as a group, declined in importance in relation to the others. While they accounted for one-third of all PACs in 1972, they account for less than one-ninth today; whereas they