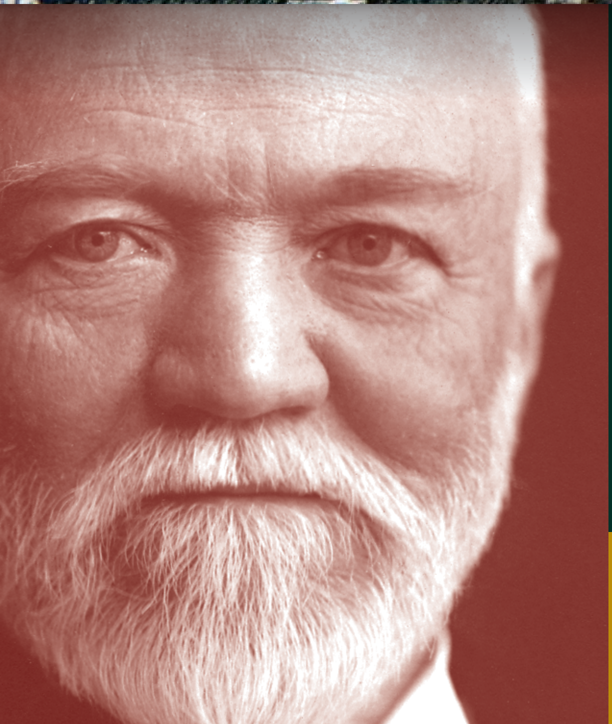
Carnegie Review



Strengthening U.S. Democracy through Campaign Finance Reform

Carnegie Corporation *of* New York

In 1793, reiterating the founding principles that he and the other fathers of our nation wrote into the Declaration of Independence and the Constitution, Thomas Jefferson declared, "I consider the people who constitute a society or nation as the source of all authority in that nation." In the more than two centuries since our nation's birth, each succeeding generation has embraced that idea by seeking to both serve and strengthen our democracy.

Recently, however, the electoral process that is the underpinning of our democratic system has been weakened, many believe, by such problems as skyrocketing campaign spending, self-serving redistricting, long lines and faulty equipment at the polling place and, even more disheartening, acts of voter intimidation and suppression. In that connection, both policymakers and private citizens have questioned why our carefully crafted system seems increasingly removed from the concerns of ordinary Americans. At Carnegie Corporation of New York, based on our work and that of our grantees, we have come to believe that one of the most serious symptoms of this separation is the troubling relationship between money and politics.

The growing impact of money in politics is well documented, and it effectively excludes many of our fellow citizens who cannot afford to participate in the electoral system as candidates or in other roles. In response, the Corporation has long been at the forefront of support for campaign finance reform, paying special attention to activities at the state level, encouraging voter and civic education and helping to strengthen the electoral process as well as other democratic institutions. Campaign finance reform is not an issue that belongs to a political party—it is not a Democratic or Republican issue but a truly American issue. To keep our democracy strong and vital, we all have to work toward clean elections, toward reducing the influence of money and special interests in the choices available to us as citizens.

Our efforts to address this issue were prompted by the fact that the most severe impediments to voting and civic participation affect minority groups, immigrants and poor, elderly and disabled persons. In addition, the corrosive role of money in politics inhibits people from all walks of life from running for elected office, a fact known to discourage voter engagement. As we now come to the close of our work in the area of campaign finance reform, we believe that, in conjunction with our grantees, we have demonstrated the importance of patience, time and the strategic placement of resources. Corporation grantmaking in this arena—over $30 million since 1986—is credited with having helped build the "modern" campaign finance reform movement.

It is our hope that this review of our work in campaign finance reform will be a source of ideas and motivation for others dedicated to strengthening U.S. democracy through increased participation by all citizens. We have come a long way on the road to true democracy yet, as a nation, we still have far to go.

Vartan Gregorian
President, Carnegie Corporation of New York

The intersection of politics and special interest money dates back to the founding of our nation. Presidential elections in particular shine a spotlight on the role money plays in America's political system, reviving the debate about how best to reform the way candidates are voted into office. The 2008 campaign was highly symbolic in this regard: The Republican nominee was none other than John McCain, whose 2002 McCain–Feingold campaign finance reform law regulates the use of soft money in financing political campaigns; the Democratic contender was Senator Barack Obama, who (during the primary season) raised more than a million dollars a day, mostly in small online contributions. Indeed, the 2008 campaign demonstrated the impact of the 2002 campaign finance reform legislation on the system, with more first time and smaller donors weighing in, yet at the same time indicating what next steps are needed to make election campaigns less costly and politicians more accountable.

Indeed, we've come a long way from the early days of the Republic when politicians' campaign expenses involved little more than the production of handbills. Back then, scandals arose when candidates plied voters with rum and beer, as George Washington reportedly did in his first campaign for the Virginia House of Burgesses.[1] From the Gilded Age to the Digital Era, scandals involving politicians, money and influence peddling have come to seem as American as baseball. Over the decades, despite repeated attempts at reform, public awareness of campaign funding and its implications has fueled voter cynicism toward the entire electoral process.

Americans had become so seriously concerned about the health and legitimacy of our democratic process by 1996 that the Pew Charitable Trusts, a nonprofit organization (which, like Carnegie Corporation, supports myriad groups aiming to improve U.S. civic life) responded by researching and investing in campaign finance reform, and they have continued working in this area ever since. Similarly, an NBC/*Wall Street Journal* poll conducted in 1997 found that 77 percent of respondents thought reform was needed. With elected officials openly soliciting millions of dollars in soft money contributions from corporations, labor unions and wealthy individuals, grave questions about corruption in the legislative process were bound to arise.[2]

The Federal Election Campaign Act: A New Era of Reform

Back in 1966, in an effort to reform the role of money in politics, a tax check-off was instituted to provide public funds to political parties for presidential campaigns. But the very next year, Congress put it on hold. When the tax check-off was reinstated in 1971, there was no presidential public funding system in place to support it. That same year Congress passed legislation intended to curtail the rising costs of federal campaigns, strengthen previous disclosure policies and weaken the influence of wealthy individuals and special interests on the outcome of federal elections. An independent agency—the Federal Election Commission (FEC)—was established to enforce the law, facilitate disclosure and administer the public funding program

1 http://www.democracymatters.org/content.php?type=corruptingrole and http://www.lib.utah.edu/epubs/hinckley/v1/burton.html

2 Pew Charitable Trust Fact Sheet on Campaign Finance Reform, http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Fact_Sheets/Improving_elections/CFR_FactSheet_1205.pdf

of presidential campaigns, signaling the start of a cycle of reform, retreat and new reform destined to continue for decades.

This legislation, the 1971 Federal Election Campaign Act (FECA) changed campaign finance regulations in two major ways. First, in an effort to address rising campaign costs, it limited the amount of money a candidate could give to his or her own campaign and placed limits on the amount a candidate could spend on television advertising. Second, it revised the regulations for disclosing contributions and expenditures by requiring candidates, political action committees (PACs)[3], and all party committees active in federal elections to file reports on a quarterly basis. The information to be disclosed included the name, occupation, address and business of each contributor or spender of more than $100. For large contributions of $5,000 or more, disclosure was required within 48 hours of receiving the contribution.

Despite these preliminary measures, effective action aimed at solving the problem of money and politics didn't gain traction until a scandal of monumental proportions forced the issue into the spotlight. It all began in 1972 at the sprawling Watergate apartment complex on the banks of the Potomac River—an address that has since come to stand for all forms of political corruption, real or perceived. *Washington Post* investigative reporters Bob Woodward and Carl Bernstein filed a story about a botched break-in at the Democratic National Committee headquarters, then housed at the Watergate; eventually their ongoing report led to the uncovering of a web of political intrigue orchestrated by the Nixon White House and financed with election slush funds.

Possibly the biggest investigation ever in American politics, Watergate made Woodward and Bernstein famous and led to the indictments of forty administration officials as well as the resignation of President Richard Nixon in 1974. Congress reacted to the Watergate revelations with sweeping campaign finance reform: the Federal Election Campaign Act of 1974, which imposed mandatory spending limits on congressional races and set limits on contributions by individuals, political parties and political action committees. Voluntary public financing for presidential races was instituted and limitations were placed on independent expenditures as well as on the amount individuals could give to their own campaigns.

The Supreme Court Weighs In

Two years later, the United States Supreme court reached a decision on a case which, simply put, claimed that key parts of the Federal Election Campaign Act (FECA) of 1974 were unconstitutional. The case, Buckley v. Valeo, resulted when New York Senator James L. Buckley and others sued Francis R. Valeo, Secretary of the U.S. Senate, asserting that the new law was an unconstitutional restriction of political speech. While the Court found that limits on *contributions* to political campaigns are indeed constitutional, it stated that limits on campaign *expenditures* violate freedom of political expression protected by the First Amendment. This ruling reshaped campaign finance laws by stating that that there could be no restrictions on contributions from individuals and groups provided they were independent of any official election campaigns, a distinction that led to a profusion of political action committees. These committees donated unlimited and unrestricted piles of cash (known as soft money) ostensibly to strengthen political parties, not to advance particular candidates.

Congress made further amendments to FECA in 1976, removing or revising provisions found to be unconstitutional and eliminating limits on cam-

3 According to the Federal Election Commission, a political action committee can be one of two types of fundraising groups: (1) a group established and administered by a corporation, labor union, membership organization or trade association that can only solicit contributions from individuals associated with a connected or sponsoring organization; (2) a group that is not sponsored by or connected to any of the aforementioned entities that is free to solicit contributions from the general public.

paign spending and on the amount candidates could give their own campaigns (except for presidential candidates who accepted public funding). In 1979, more changes were made in the law to make reporting requirements less burdensome and to ease party spending restrictions, yet the Buckley v. Valeo decision holds to this day. As reformers see it, this decision erected a major legal barrier responsible for thwarting campaign finance reform for over 30 years. Its endurance has hardly discouraged interest in change, and Carnegie Corporation, through its work in democracy, has backed reform efforts through rigorous and strategic grantmaking.

In light of Buckley v. Valeo, debate about what encompasses free speech has continued to engage advocates and litigators in the field. Political philosopher John Rawls, for example, argued in his 1993 essay, "The Basic Liberties and Their Priorities," that, "The First Amendment no more enjoins a system of representation according to influence effectively exerted in free political rivalry between unequals than the Fourteenth Amendment enjoins a system of liberty of contract and free competition between unequals in the economy…. the results of the free play of the electoral process and of economic competition are acceptable only if the necessary conditions of background justice are fulfilled. Moreover, in a democratic regime it is important that the fulfillment of these conditions be publicly recognized."[4] In other words, transparency and equal access are vital to fulfilling the democratic intent of America's founding visionaries.

Meeting these lofty goals and maintaining hard won reforms has never been easy, and so the campaign finance system has continued to slide. In the late 1980s a series of FEC rulings allowed federal candidates to raise soft money for party-building activities such as get out the vote drives and voter registration, rulings which exacerbated the problems of loopholes and unequal access, while strengthening the influence of such powerful organizations as wealthy unions and corporations. In the 1990s, the White House Lincoln Bedroom came to symbolize declining standards as wealthy and prominent Americans bought the right to sleep there by donating a hefty sum to the Clinton campaign chest—a story that the Center for Investigative Journalism, a Carnegie Corporation grantee, helped break.[5]

Understandably, by the late 1990s, the push for more reform was underway in earnest. In 2001, Michael Waldman, at the time lecturer in public policy at Harvard University's John F. Kennedy School of Government, and since 2005 director of the Brennan Center (a nonpartisan public policy institute working to reduce the role of big money in elections)[6], wrote an evaluation of the field, "A Revolution of Rising Expectation? Campaign Finance Reform After McCain–Feingold." In this report to Carnegie Corporation, Waldman summed up the situation: "By the 2000 election, the campaign finance laws passed in 1974 were in tatters. Corporate funds, unlimited contributions by individuals, undisclosed de facto campaign expenditures are now the norm. All told, soft money contributions to the Republican and Democratic national party committees exploded from a total of $86 million for the 1991–92 election cycle, to $262 million four years later, to nearly $500 million in last year's election."

Despite the terrorist attacks of September 11, 2001, which derailed all campaign policy reform efforts, a new wave of scandal that year brought campaign finance reform advocates the opportunity they had been waiting for. The global energy giant Enron collapsed, causing shareholders, including thousands of Enron workers who held company stock in their retirement accounts, to lose tens of billions of dollars,

4 Rawls, Political Liberalism, p 362.

5 Pew Charitable Trust Fact Sheet on Campaign Finance Reform, http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Fact_Sheets/Improving_elections/CFR_FactSheet_1205.pdf

6 See *Carnegie Results,* "The Brennan Center for Justice: A Bipartisan Champion of Democracy Comes of Age," Summer 2008, http://www.carnegie.org/results/22/index.html

and raising critical financial oversight issues. As reported in *The New York Times*,

> Of the 248 senators and House members serving on the 11 Congressional committees that are investigating the Enron collapse, 212 have received campaign contributions from Enron or its accounting firm, Arthur Andersen, according to an analysis of campaign contributions. …Donations from both companies are so pervasive on Capitol Hill that each of the top 20 Senate recipients of Enron donations are serving on at least one committee investigating Enron, according to the analysis, which was conducted by *The New York Times* and the Center for Responsive Politics. The Senate's top 20 recipients of Andersen's contributions are also all serving on at least one investigatory committee. [7]

Clearly, the time was ripe for the campaign finance reform movement to return in full force both locally and nationally. The passage of the Bipartisan Campaign Reform Act of 2002, otherwise known as the McCain–Feingold Act for its lead sponsors, Senators John McCain (R-AZ) and Russ Feingold (D-WI), generally considered the most important campaign finance legislation in a generation, banned unlimited campaign contributions by corporations, unions and wealthy donors to political parties. In addition, state and local parties' use of soft money is restricted when there is a federal candidate on the ballot. Other key provisions included raising the limit on direct individual contributions to candidates from $1000 per election to $2300 and banning issue advocacy ads within sixty days of a general election or thirty days of a primary or caucus. This federal law, along with ongoing local and state initiatives, allows reformers to boast of significant achievements, many supported by Carnegie Corporation.

7 "Enron's Collapse: Campaign Finance; Enron or Andersen Made Donations to Almost All Their Congressional Investigators." By Don Van Natta, Jr., *The New York Times*, January 25, 2002.

An Ethos of Civic Engagement

"Carnegie Corporation had a long history of removing barriers to civic engagement through support for civil rights work, voter registration and get out the vote efforts, particularly those focused on low-income communities," says Geri Mannion, who has directed Carnegie Corporation's democracy program. "The Corporation always had encouraged people to vote. Carnegie Corporation itself gives people the day off to vote in the federal election. There is an internal ethos with regard to voting."

That same ethos has been reflected in the leadership of the Corporation through the decades. John Gardner, Carnegie Corporation president from 1955 to 1967, went on to become an engineer of the Great Society and was appointed Secretary of Health, Education and Welfare under President Lyndon Johnson. Gardner, a Republican, believed strengthening citizen engagement was a prerequisite to strengthening our democracy, and he saw clearly that too much money in the system was an obstacle to this engagement. In 1970 Gardner founded Common Cause, a citizens' lobbying group dedicated to making political institutions more open and accountable. Common Cause sued President Richard Nixon's re-election campaign in 1972 under the Corrupt Practices Act for failure to report campaign contributions, forcing the president to release his secret list of donors and earning Gardner a place on Nixon's infamous "enemies list." In 1974, in the wake of the Watergate scandal, Common Cause was instrumental in advancing the landmark legislation that placed limits on political contributions and instituted disclosure requirements for electoral campaigns.

Fred Wertheimer was a colleague of Gardner's, following him in the leadership of Common Cause. A well-known figure in the annals of good government, Wertheimer is currently executive director of

Corporation grantee Democracy 21, a nonprofit, nonpartisan organization dedicated to eliminating the undue influence of big money in American politics and to ensuring the integrity and fairness of government decisions and elections.

In 2002, Wertheimer memorialized Gardner in the *Washington Post*. Ironically, Gardner had died just three days after the House of Representatives passed campaign finance reform that would set the stage for the McCain–Feingold victory. Wertheimer wrote: "On Thursday, I tried to get a message to him in California about the win. I'm not sure he ever received it, but it probably doesn't matter all that much. John Gardner knew he had set all of this in motion more than thirty years ago, when he first began educating the country on the corrupting dangers of big money in American politics. When Common Cause had to decide in 1972 whether to sue President Nixon's re-election committee for campaign finance violations, something unheard of at that time, he made the decision without a moment's hesitation. He was unfazed when, shortly afterward, Nixon's campaign lawyer wrote to the Internal Revenue Service asking the agency to revoke his new organization's tax status."

Carnegie Corporation's official efforts supporting campaign finance reform began back in 1968 with a grant to the Citizens' Research Foundation run by Dr. Herbert Alexander at the University of Southern California to study and inform the public about political finance issues. A respected advocate and writer on transparency in the American political system, Alexander was known as a one-person repository of political information in the days before the Internet and the World Wide Web. "Before public disclosure of campaign contributions was required, Dr. Alexander often provided the only trusted estimate," wrote Douglas Martin in *The New York Times*, citing his relentless quest for information politicians would rather not see the light of day. "But even he sometimes failed," the paper continued, "as in 1970 when he wrote the chief political lieutenant of Gov. Nelson A. Rockefeller of New York to ask if he could stop by to discuss finances. The letter was returned to him with a message scrawled on the bottom: Don't bother."[8]

With post-Watergate reforms making headway in terms of limiting campaign contributions, the Corporation was able to watch the country's electoral process from a distance — until the pendulum swung back again. Aided by regulatory changes, political parties took advantage of a new series of loopholes and money flowed back into campaigns in ever-increasing amounts. Recognizing that urgent action was called for, the Corporation's board of trustees, signaling a time of transformation under president Vartan Gregorian, made the decision to head full-force into support for the electoral reform movement. A funding strategy was adopted that emphasized three pillars: (1) research, (2) reporting and (3) advocacy, incorporating partnerships with other funders to leverage support for the field.

State and local reform was now the Corporation's priority, plus federal reform when there was momentum for it. Recalling the public mood during the early Clinton years, Geri Mannion sensed little or no interest in campaign finance reform at the time. "There was a famous 1995 handshake between President Clinton and Newt Gingrich, Speaker of the House, agreeing that they were going to try to do something," she says, "but they never did anything to limit the power of political fundraising. The inertia wasn't partisan —there was equal inaction on both sides."

8 "Herbert Alexander, 80, Scholar of Money in Politics, Is Dead." By Douglas Martin, *The New York Times*, April 5, 2008.

Research: Following the Money

Technology made a tremendous difference to the value of transparency in an area dependent on not only gathering data, but on sharing it. The emergence of the Internet in the 1990s, which coincided with Carnegie Corporation's renewed support for campaign finance reform efforts, offered researchers an invaluable tool for gathering and sifting through previously inaccessible information on who was giving money to whom and in what amounts.

Early in her tenure Geri Mannion met with Ellen Miller, a nationally recognized expert on campaign finance and ethics issues, who was the founder and director of the Center for Responsive Politics. Initially Miller would bring along enormous phone book-like directories filled with FEC data, which she and her staff would then analyze—campaign finance information ranging from a donor's occupation to where the money came from. In the days before the Internet and laptop computers, staff from the National Institute on Money in State Politics would go in person to the state capitols and photocopy the information on campaign contributions, looking up names and connections such as marriages and company affiliations. The goal was to assemble the information needed to show how money was influencing the way politicians made decisions and to make the case for why campaign finance reform was needed. With the advent of the Internet and open sources, Miller had what Mannion considered an inspired notion—to put all the information in a database so that it could be manipulated to show connections between money and a politician's voting record.

Geri Mannion

Program Director, U.S. Democracy and Special Opportunities Fund

I came to Carnegie Corporation in 1988. My first grant, in 1990, was a relatively small discretionary grant to the Center for Responsive Politics, which Ellen Miller was running. In those days, campaigns cost only a couple of hundred thousand dollars, but still, people were appalled at the amount. Then it exploded.

Brooks Jackson was reporting for the *Wall Street Journal* on the role of money in politics, which brought attention to the problem. In 1991, the John D. and Catherine T. MacArthur Foundation had the idea of granting two million dollars for two years toward the Democracy Initiative, one part of which was on campaign finance reform as it related to democracy.

We got in very slowly, with limited money, initially funding databases and regional groups. Then North East Action and the Western States Center had the brilliant idea that they would put together their respective data on campaign contributions and create a database, which they called the "Data Shack." It's now the National Institute on Money in State Politics, based in Montana, which has done a great job of tracking the data across issue areas and more. We are particularly proud of the role we played in building the data systems and our public education role regarding where the money comes from and where it goes.

The other challenge that we focused on was training reporters on how to use the data. The assumption was that the media would understand the data immediately. But there was a lack of investment in investigative reporting by news organizations and, along with turnover in reporters, especially on the local and state levels, this was not the case. That led us to fund Chuck Lewis's Center for Public Integrity and the IRE (Investigative

Reporters and Editors), which at that time were training reporters at all levels to "follow the money."

We started to experiment a bit with reform strategies to figure out how to aim sunshine on where the money was coming from. We saw the role money played in politics when the Keating Five scandal hit and there was a huge public outcry about the apparent corruption of politicians. (Charles Keating's corporation, American Continental Corporation, had given contributions to five different senators in a fundraising scandal. The five senators were Alan Cranston (D-CA), Dennis DeConcini (D-AZ), John Glenn (D-OH), John McCain (R-AZ) and Donald W. Riegle (D-MI)).

We saw this loss of faith as one of the main things that depressed turnout, especially among the young, who wondered who was pulling the strings, who owned the system. We saw how increasingly hard it was for decent people from a variety of walks of life to run for office because of the daunting task of raising even half-a-million dollars.

After public finance victories in Maine and Arizona (where ballot initiatives led to the adoption of publicly funded clean elections) we made an effort to really advance the role of public financing in states like Massachusetts and Connecticut and in local municipalities like Santa Monica, where it was seen as part of the arsenal for electoral reform in general.

The next big issue was judicial campaign finance reform. This was the issue that really got the public engaged, because the last bastion that people trusted were the courts, and they didn't want them to be seen as sold to the highest bidder. It's a very bipartisan issue. One strategy we tried was to bring "strange bedfellows" together, which in some places like Maine included pro-life, labor and gay rights activists, and worked well.

We had commissioned Michael Waldman, then a lecturer in public policy at the John F. Kennedy School of Government, Harvard University, to create a report for us on the potential for passage of federal legislation such as the McCain–Feingold bill. The completed report was delivered to the Corporation the day before September 11, 2001, so we thought nothing further would happen. But then a lovely little thing called Enron erupted, and so many of us went back to funding national reform activity in addition to state and local efforts. For the first time since the Watergate reforms, we thought that maybe a reform package would pass after all.

As Geri Mannion's account makes clear, years of patient research and analysis advanced the campaign finance reform field from awareness of the connection between money and politics, to recognition of how pervasive that connection is, to taking decisive action toward change. A number of reform-minded organizations contributed to the process. Common Cause, for one, made the case that political action committees (PACs)—funding entities that had existed since the 1940s and that became especially active between the 1960s and '80s—were the main problem. But when Miller's organization, the Center for Responsive Politics, looked more closely at the funding breakdown, only 20 to 25 percent of the money raised by Senate candidates, and 40 percent for House members, came from PACs. With this realization, the Center took on the job of finding out where the money *was* coming from, and in so doing developed the ability to analyze large contributors by interest group. According to Miller, a whole new picture appeared—a picture of private money, and of the disparity between private wealthy interests who could afford to give the money, and the rest of America.

Ellen Miller

Founder and Former Director of the Center for Responsive Politics

Carnegie Corporation understood early on about the influence that money has on political decisions and, in fact, all the other issues that the Corporation cares about. The foundation's leaders deserve a lot of recognition for that. When the field started there was no field. I recall meeting with Barbara Finberg [a program and corporate officer of Carnegie Corporation from 1958 to 1996] to introduce her to the possibility of following the money in an even-handed, unbiased fashion. Then I met Geri Mannion. The incredible network that Geri and Carnegie Corporation established helped create a number of interim structures, including the Funders' Committee for Civic Participation whose members include the Pew Charitable Trusts, Open Society Institute, Rockefeller Family Fund and the Arca, William and Flora Hewlett, Joyce and MacArthur foundations, among many others. The Corporation's impact was greater than the money they gave; it was also in the leadership they showed. They were very cooperative, not competitive.

One of the early findings at the Center for Responsive Politics involved a man named Charlie Keating: We discovered—just by accident—that his company, American Continental Corporation, had given contributions to five different senators. What the Center did was to pioneer the exploration of issues through the lens of political money, and we discovered much.

Our early studies focused on the correlation between a politician's voting record and contribution sources. It was eye-opening because in the early days of this work, no one in Washington admitted that money bought you access. Then, in the early 1980s, people would say, OK money buys you access but not votes. When the Center would do a study and show the correlation between money from a particular industry and how votes went, we used to call them "cashing in studies," then people would say, "yes, that's a problem."

Our next step was more of the same—more connections between votes and money, and also how Congress provides information. Today there is a need for more continuous information to be digitized. It's not just political contributions that finance campaigns; it's lobbyists' money, gifts and the revolving door between Congress and K Street (where lobbying firm offices have been traditionally located). Lobbyists spend more than political contributors give, but until this information is digitized you can't see it. The next step is to link all these sites together and mash the data—some folks call it, "the one-click future," where you can push a button and look at one company like General Motors, for instance, and see everything you would want to know about the political influence of one company in terms of lobbying, staff members, earmarks, government grants and contracts, performance measures and contributions. New technology allows you to combine databases in ways that you could not do even two years ago. One click; that's where the field is going.

An important grantee in Carnegie Corporation's campaign finance reform effort is the National Institute on Money in State Politics, a nonprofit that grew out of the collaboration of two grassroots state-based groups, and used the information it had gathered to create a database to track across issues areas and cross reference the flow of money. This tool made it much easier for citizens, researchers and reporters to follow the money and discover links among issues, political contributions and legislation. By the time the Institute was launched as a national organization in 1999, the campaign finance reform movement was again in full swing, and a link to the Internet was the only thing researchers needed to be able to "connect the dots" and track the flow of campaign money.

According to the Institute's former director Samantha Sanchez, Carnegie Corporation support was an important factor in their transition to a national organization. Having started out with a one-year-only grant from the MacArthur Foundation (one of a number of grants to regional organizations), the Institute was tasked with demonstrating how funding records can be collected and used to increase the transparency of local government. At the time, Sanchez says, none of those numbers was published. As a lawyer, she had to file a brief to get local offices to "cough it up," in her words. Local election officials had been collecting information and putting it in a filing cabinet; then people began to come along and collect the data, which was enormously time consuming and not worth the effort for many of the smaller groups.

If you don't have reliable data, your data can't be correlated to outcome, says Sanchez. It became clear to her organization and others that they needed to scale up and go national, to attract bigger grants from national foundations in order to become more reliable and comprehensive. The Institute received a grant from the Ford Foundation, followed by one from Carnegie Corporation. This support enabled them to switch from working through local groups to gathering the data directly. In turn, the change helped the local groups because they no longer had to spend their time gathering data; instead they could simply get it from the Institute. Today, anyone can click on www.followthemoney.org to find out what's going on, from town hall to the White House.

Sanchez sees getting the money out of government as the first critical step toward reform. As she recalls, "I had a reporter call me from a pay phone in the hallway in the Washington State legislature who said, 'I was just in a hearing on health care and all the consumer advocates were objecting to a particular measure and then the committee simply adopted it.' He looked over the legislator's shoulder at one of the papers on the desk and saw they were all from the insurance industry. He said, how did these people get this influence? The answer is the money that they gave to the legislators."

In short, Sanchez says, "We will always have to keep an eye on these people and they will always have to believe that we are keeping an eye on them."

In the early 1980s, Tracy Westen of the Los Angeles-based Center for Governmental Studies was one of the first people to develop computer databases to code, gather and analyze campaign contribution data. The Center developed model state and local public financing laws, and led the electronic filing and disclosure effort in California. Today Tracy works with Bob Stern, a leading expert in campaign finance reform, on issues at the intersection of advocacy, policy, litigation and scholarly research involving state and local reform. What Stern finds most encouraging is the emergence of Internet fundraising, and the Obama phenomenon [presidential candidate Barak Obama's successful use of the Internet for fundraising in the 2008 campaign]. Obama's average contribution is only ninety-six dollars, Stern points out, and in his opinion ninety-six dollars is not going to corrupt anyone. Small contributions allow people to feel engaged, he believes, but don't influence policy judgments.

Tracy Westen

Chief Executive Officer, the Center for Governmental Studies

We began to realize that we had considerable expertise that would be useful in states other than California, where we began, but we didn't have funding to answer the call. We were running the California Commission on Campaign Financing, a blue ribbon commission that Bob Stern had proposed. California was one of the first states in the country to systematically look at state and local funding, and the first to look at judicial campaign financing. Former U.S. Secretary of State Warren Christopher, who was on our board, suggested that I talk to Carnegie Corporation (where he also served on the board), and they ended up giving us a significant amount of funding that we used to accomplish a broad range of research and reform, including electronic campaign finance disclosure as well as moving state and local governments onto an online system of disclosing expenditures and contributions.

Carnegie Corporation helped us pioneer in this area. If data goes online and is available quickly for study by the press and the public, then suddenly, government is transparent. We also conducted a series of meetings where we brought together administrators like secretaries of state or election commissioners to teach them how to do online filing, how much it costs, what the problems and advantages were. Since 1996 there has been a revolution in electronic filing of campaign statements and now lobbying statements and economic interest statements.

The answer to disclosure is getting everything online. Every city and state has its own hardware and software, but we've come up with a system to integrate all the disparate programs. We've drafted a style sheet that allows us to go in and translate every state and local government campaign disclosure database into a common language. If this system is implemented, you can go to your computer and see how much money say, Exxon, has given to congressmen, state legislators and city council members in three states and six cities. Right now, you have to go to every place individually and write the stuff up. The Center for State Politics does it, but not in real time because they have to do it manually. Carnegie Corporation helped us with that idea and we built a Web site called www.whogives.org to develop the concept.

Most of the money that candidates raise goes into purchasing media for their campaign, so a substantial part of our work in campaign finance reform is to think of a way to give candidates free access to the media. We developed several projects, like the Democracy Network, that allow candidates to go online and debate each other at no cost, and the public can watch. We developed a new video-on-demand voter information system adopted by New York City, Los Angeles and some other cities, and which the secretary of state of California is thinking about adopting. You give candidates the opportunity to videotape a short statement about their candidacy, put it on the Web, watch what each side has to say, distribute it through YouTube, cable TV systems and, ultimately, cell phones. Every candidate gets the same opportunity for free. The person in charge of the impressions is the voter, not the candidate spending ten times more to buy TV ads. This can have a potentially revolutionary impact on campaigns because the voter will decide whom they want to watch.

We've found that this system works best when it's paired with outreach that gets to the voters like email. Just putting them there won't work, but once you pair them with other forms of promotion it becomes quite powerful.

Reporting

Finding a way to "follow the money" was critical for campaign finance reform to advance and for change to take hold. But no sooner had researchers and academics discovered where the money was coming from and who it was flowing to, than activists needed to come up with new reporting venues, as most daily papers lacked the resources for in-depth investigations of the field. In fact, two kinds of reporting proved to be vital: first, reporting, or cataloging, the money trail, which was easier to do in the age of the Internet and electronic filing, but still incredibly time consuming and tricky. Then, equally important, *news* reporting, shining a bright light on the complicated role of campaign contributions. Well-known journalists like Elizabeth Drew, writing in the *New Yorker*, and Brooks Jackson, reporting for the *Wall Street Journal*, publicized the way big money was gaming the political system.

Through the assistance of Carnegie Corporation's fostering of independent journalism, a community evolved that had a huge impact on public policy. Today, citizens can, in essence, become reporters by using the research widely available through the Internet, and reporters can do their work far more efficiently via the computer. As Bob Stern, of the Center for Governmental Studies, commented: "While the Internet has affected much of what we do today, there is no doubt that it has completely transformed the campaign finance field; after decades of slogging through papers and notebooks and binders, advocates, researchers and reporters—in fact, any citizen who is concerned about good government—can make use of the web to track the linkages between money in politics." However, it took someone with the foresight to aggregate the data that was being gathered and developed and to package it to reach the broadest public. Chuck Lewis, a veteran investigative reporter who left television reporting and founded the Center for Public Integrity in 1989, trained beat reporters to do the hard investigative work that was necessary to put a public face on this work. Carnegie Corporation began supporting Lewis's organization in 1994.

Chuck Lewis

Founder of the Center for Public Integrity

I differ from some of the straight-ahead reformer types, the Common Causes of the world, because of my investigative reporter background. I had been in Washington since Watergate in 1974 and had seen these issues as a journalist at ABC and CBS, but wasn't deep in the trenches.

When I started the Center for Public Integrity (CPI) in 1989, most journalists didn't think to look at the money and to track who was doing what and why, or to get a bead on the motives. I think that what we may have done was to help the public and the journalists to see—to look at the trips and the contributions, the revolving door, all those kinds of issues, the contracts, actions and votes. It was basically citizen literacy and journalistic literacy about power. Our research was useful to all citizens regardless of their political background, showing that the public has a right to this type of information and helping journalists get access.

In 1990, we began producing the book *The Buying of the President.* No one in thirty years—back to Teddy White and Joe McGinnis (authors who had chronicled presidential campaigns)—had ever done a book tracking the money behind the candidate *before* an election. This was unheard of, to tell the public, "buyer beware: this candidate is tied to this group or this union or business." *The New York Times* serialized our book in a five-part series in 1996. Radio talk shows, TV newscasts throughout the nation used it, and eventually on into 2004 vehicles like *The Daily Show* and Imus, plus the obvious places like C-Span and *Morning Edition* also used the information.

In 1996 we broke the Lincoln Bedroom scandal, "Fat Cat Hotel," listing seventy-five men and women who had slept over in the Clinton White House and telling how much money they had given. Jay Leno started referring to the Lincoln Bedroom and the term entered the popular culture. It all came out of one little newsletter report we had brought out. We were finding clever ways to dig out heavy stuff that took months and months to produce, and to present it in a way that would be useful to the public. By the time I left the Center in 2004, fourteen books and 300 investigative reports had been produced.

In 1996 we also started to look into the states, and by 2000 were tracking conflicts of interest in all fifty state legislatures. We were juxtaposing that with the whole nation, revealing that while there are 30,000 registered lobbyists in Washington, for example, there are actually 40,000 throughout the fifty states. A journalist for *The New York Times* could never have gone to all fifty states, but the data was instantly accessible due to searchable databases. We could find out names of lawmakers and what they did in their day job. No news organization would spend hundreds of thousands of dollars for this research.

In 1998, we published the book, *The Buying of the Congress*, for which we interviewed 1,200 people and went through hundreds of thousands of records covering legislation for ten full years in both Houses. We found that almost every time Congress did the wrong thing, they did what a few companies wanted them to do, not what the public wanted. We were seeing it for ourselves, presenting it in language that everyone would understand, then working closely with TV shows like *Sixty Minutes* and *Frontline* to inform their TV programming. We had begun to develop a public watchdog function.

The most important thing we ever did was post the Iraq defense contracts in 2003. It was not official that Halliburton had gotten the contracts. CPI filed seventy-three Freedom of Information requests and had a team of twenty people pulling down the information on all major Iraq contractors. We posted all the contracts in their entirety on the Web and all the campaign contributions and how many former generals were on their boards. Many were no-bid contracts: seven million dollars in no-bid contracts was classified information. We got the information declassified and won a George Polk award, the first nonprofit to win that award.

When you do that kind of holistic research, you also notice that certain subjects are simply not on the public agenda. You see that thousands of people die of bad food and millions more get sick and not a piece of legislation gets passed and, funny thing, both chairmen of the committees are getting contributions from the agricultural industry and meat packers. Transparency is very nice as a concept, but when you start naming names and telling who is getting rich from the federal trough and who is bending public policy because of who they are, you are actually getting into the politics itself, showing the grubby day-to-day reality in a way most journalists still are not able to do. We were pushing the envelope about what the public could and should know.

McCain–Feingold campaign legislation was not the outcome we were working toward; the accomplishment we aimed for was to make the information available and to make journalists and citizens aware of how to find out this information, pummeling into their consciousness how significant this knowledge is and that the right to know is a fundamental right of citizens. The Center for Public Integrity went from a post office box run from my house in 1989 to what is now the largest investigative reporting nonprofit organization in the world. From the mid-1990s through 2007 Carnegie Corporation contributed to building that.

Public Financing: The Best Solution?

The McCain–Feingold Act, while not a panacea, was a major piece of progressive legislation. The act aimed to transform the way money and politics interact by defusing the role of soft money in the system, and supporters still maintain that it has deepened the campaign finance reform movement despite considerable setbacks.

Carnegie Corporation grantee Democracy 21, a nonpartisan, nonprofit organization founded by Fred Wertheimer in 1997, took a lead in the fight for McCain–Feingold and continues to play a pivotal role in promoting integrity in politics and transparency in government. The organization initially received funding for a year-long study about the failures of the Federal Election Commission (FEC), which resulted in a major report recommending that a new agency replace the FEC. While Democracy 21 was not able to achieve its goal of replacing the agency, according to Wertheimer (previously executive director of Common Cause), the report both highlighted a core problem in campaign finance reform and began a process of pressuring the agency to do a better job in the future.

The Democracy 21 Education Fund was one of a number of advocacy groups feeding information to the public and the media to build a case for changing the campaign funding system. For them, passage of the 2002 legislation represented only the beginning of the battle: the FEC still needed to produce regulations to implement the act and, a bigger hurdle, the entire legislation had been challenged in the courts as unconstitutional. Democracy 21 put together a legal team, which included former U.S. Solicitor General Seth Waxman arguing the case, and in a 2003 Supreme Court decision most of the legislation's major provisions were upheld.

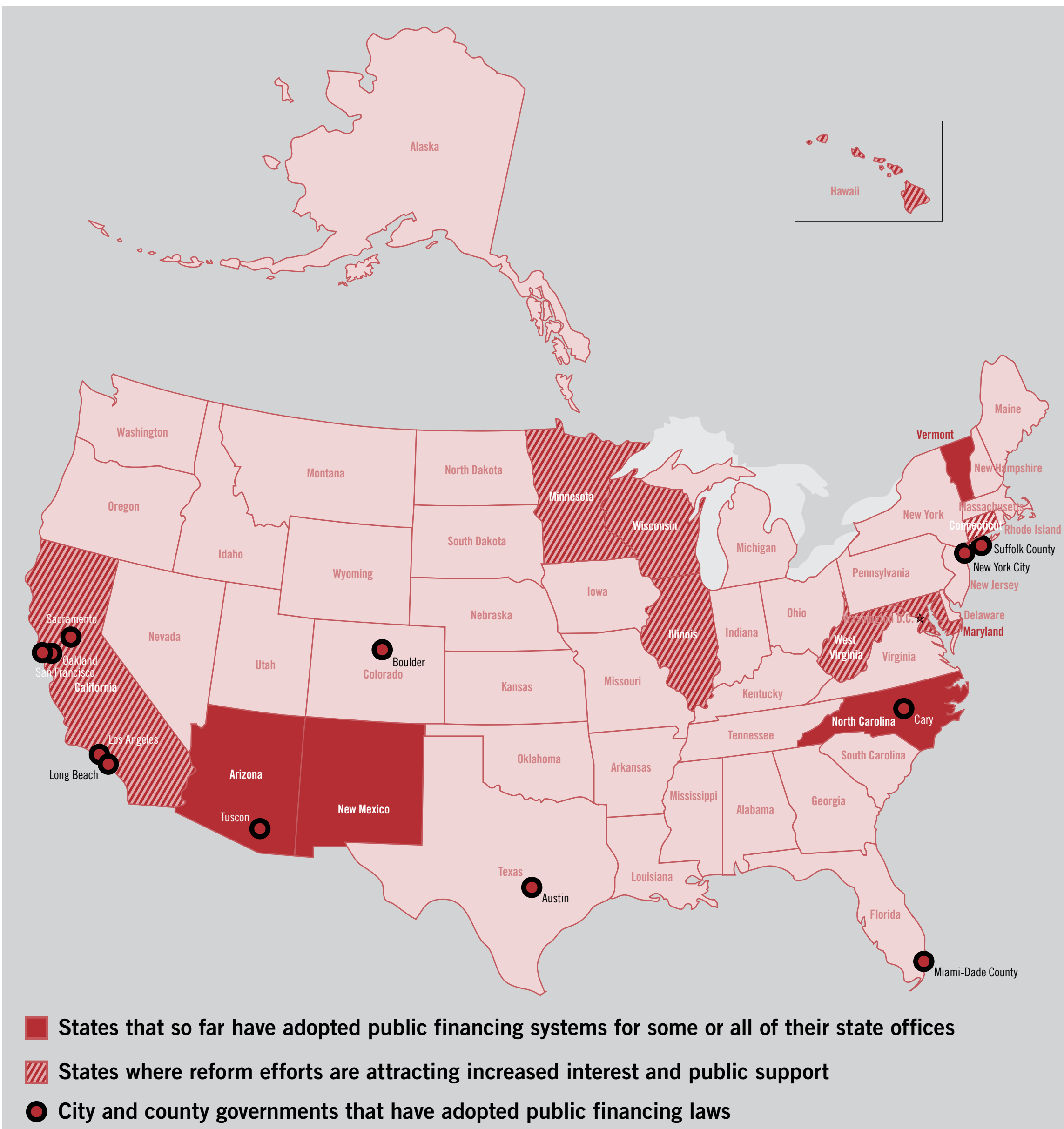
When the Federal Election Commission came out with a large number of new regulations advocates saw as failing to implement the new law correctly, the Democracy 21 Education Fund challenged nineteen of the regulations in court. That lawsuit resulted in a federal judge throwing out fifteen of the nineteen regulations. Although the legal process required enormous resources, the Corporation's grant had a leveraging effect, according to Wertheimer, as did Democracy 21's role in building the legal team, and sufficient funding continued to flow in. Since that time, Wertheimer's group and the nonprofit Campaign Legal Center have acted as a shadow FEC, monitoring the Commission's activities, filing complaints, proposing regulations, testifying on proposed regulations, submitting comments and going to court as necessary to challenge what many in the field considered wrongful decisions.

In the 2004 elections, one troubling new development seen as a setback to reform was the sudden appearance of 527 groups (named for the section of the tax code under which they operate) raising money to influence the presidential election. Probably the best known example of a 527 is the Swift Boat Veterans for Truth, which disputed the Vietnam War record of Democratic presidential candidate John Kerry. In fact, a long list of 527 groups can be found on both sides of the political fence, many sitting on multimillion dollar bank accounts. While prohibited from working to elect or defeat a particular candidate, they can run "issue ads" that leave little doubt about whom they support.

Because people have figured out how to get around the law, the argument goes, the existence of 527 groups signals the failure of McCain–Feingold. But, advocates counter, every new reform engenders a new round of dirty tricks. Realistic proponents of the act maintain its core purpose was to break the corrupting influence wealthy donors had on politicians' voting decisions, influence that was the direct result of soft money—up to $500 million (on the federal level) by the time the law went into effect. Yet political players are hardly naïve, and with so much power up for grabs, for as long as it costs a fortune to run for public office, private funders will keep writing checks and finding loopholes to slip them through.

Paid media such as TV commercials drive up the cost of running for office, but attempts to limit advertising or to persuade broadcasters to provide free media have never been successful. The best chance for getting money out of the system, most reformers say, would be a public financing system.

Five states so far have adopted public financing systems for some or all of their state offices: Arizona, New Mexico, North Carolina, Vermont and Massachusetts (where lack of voter support caused the initiative to be rescinded and funding was withdrawn). In California, Connecticut, Hawaii, Illinois, Maryland, Minnesota, West Virginia and Wisconsin, reform efforts are attracting increased interest and public support. Twelve city and county governments have adopted public financing laws: Austin, Texas; Boulder, Colorado; Cary, North Carolina; Tucson, Arizona; Miami-Dade County, Florida; New York City and Suffolk County,



New York; and Long Beach, Los Angeles, Oakland, Sacramento and San Francisco, California.

Carnegie Corporation has been supporting campaign finance efforts at the state level as a member of the Piper Fund, a donor collaborative operated by the Proteus Fund. Throughout its ten-year history, Piper has assisted some of the most innovative efforts to secure comprehensive reform, including the Connecticut Clean Elections victory in 2005; participation in Connecticut in 2008 was estimated to be as high as 78 percent of candidates running for election and re-election. Piper has supported pivotal statewide campaign financing programs in Arizona and Maine and other clean election efforts across the country, including in North Carolina, where in 2007 the state legislature passed a bill extending public financing to three cabinet-level statewide elected offices: insurance commissioner, state auditor and superintendent of public instruction. North Carolina was already the first state in the U.S. (as of 2002) to approve public financing for judicial candidates for the state Appeals Court and Supreme Court.

In 2007, U.S. Senate heavyweights, Dick Durbin (D-IL) and Arlen Specter (R-PA), announced that they were supporting the creation of a multibillion dollar public financing program for congressional elections. However, in a move widely considered a major setback for public financing, in June 2008 Democratic candidate Barack Obama reneged on an earlier agreement and became the first presidential candidate since 1976 to forego public money. Declaring the system broken, Obama announced he would rely on small Internet contributions from individual supporters, which he termed true public financing. "By showing that he could raise large sums from small donors — 47 percent of the $263 million Mr. Obama received has come in amounts of $200 or less — Mr. Obama has made the argument that he has achieved online what the public finance system has been unable to do. And he has been freed from the necessity of spending countless hours fund-raising," according to a *New York Times* editorial.[9]

Because of its potential impact, Obama's decision is regrettable, wrote Nick Nyhart in the *Huffington Post*. Nyhart is executive director of Carnegie Corporation grantee Public Campaign, a nonprofit, nonpartisan organization dedicated to sweeping campaign reform. He finds Obama's move understandable "due to the major shortcomings of the 30-year-old system and the failure of Congress to fix the badly broken system in recent years." But, Nyhart argues, this action increases the senator's obligations to the American people to make clear his commitment to ending a system that puts big money campaign contributors ahead of the needs and concerns of all Americans, and if elected, to make overhauling special interest-driven campaign finance apparatus a top priority.

Time will tell whether other candidates will follow Obama's lead and work on filling the coffers with small contributions from everyday people. To Nyhart, public financing is essential because it offers the only possibility for candidates like Maine resident Deborah Simpson, a single mother with a low-income job as a waitress. Simpson was always involved in community affairs and encouraged by her customers to run for office. But how could she, as a waitress and single mom, ever finance a campaign, Nyhart asks? Then she found out about Maine's public financing law; she campaigned, won and ended up chairing the committee in the state legislature that deals with laws affecting children. Simpson went from the daily struggles of raising a child to being a lawmaker who could influence policies.

Nyhart tells this story to make a point about "who you want making laws; you want people at the table who have all sorts of perspectives." Private financing winnows out those who have a different perspective from the special interests—whether the issue is health care costs or basic economic needs. Public financing,

9 "Obama's Decision Threatens Public Financing System." By Leslie Wayne, *The New York Times*, June 20, 2008.

in contrast, allows more people to participate in politics in a meaningful way, including candidates like Deborah Simpson. Equally important are the people who donated five dollars to her campaign and played the same role in the electoral process as those who write maxed-out checks to a presidential campaign.

Nyhart credits Carnegie Corporation with taking campaign finance reform from insignificance to a leading role in remedying the problems of money in politics. He notes the Corporation's support for *The Color of Money*, a 1998 Public Campaign report that looked at race and campaign contributions. When donors fill out a contribution card for the FEC, no candidate asks about race, Nyhart explains, but Public Campaign looked at where the contributions came from and cross referenced this information with the ethnic make up of zip codes available from census data. Predictably, the white and wealthy neighborhoods were giving money, not the Latino and black neighborhoods. In contrast, a 2008 Public Campaign report, *All Over the Map: Small Donors Bring Diversity to Arizona's Elections,* demonstrates the difference between privately funded and clean elections (those using public money). The report's findings underscore the importance of public financing systems in encouraging wider political participation. In nearly every category, clean elections five-dollar donors more accurately represent the diversity of the state than the private system does.[10]

Another project funded by Carnegie Corporation in 2003, *The Road to Clean Elections*, narrated by journalist Bill Moyers, told the stories of candidates in Maine and Arizona who had chosen public financing and explained how the experience of running for office had changed for them as a result. The video showed how leveling the financial playing field forces candidates to invest in volunteer and community networks and to run far stronger campaigns. Candidates can't just throw more TV ads on the air or appeal to wealthy donors, according to Nyhart, but they must sustain their campaigns with sweat equity instead of cash.

Arizona governor Janet Napolitano ran twice using the public financing system after having financed an earlier statewide race for attorney general using private funds. She said that the gathering of 4,000 five-dollar contributions was not really fundraising but a field operation, a matter of signing up volunteers and getting lawn signs posted. When her opponent needed additional money, Napolitano recalled, he had to go out of town to get it, and instead of spending time with voters, he was away during the last weeks of the campaign. Best of all, *she* automatically got matching funds whenever *he* raised money out of town. The public financing system freed up her time to spend with voters.

In a speech explaining how clean elections cut down on special interest influence, Napolitano said, "On Inauguration Day I took office free of the grip of special interests. No governor in America has ever taken office so free of political restraints. On Day One of my administration, I signed an executive order authorizing the creation of a discount prescription drug program. It took 99 days to create that service, and in 17 days thousands of Medicare-eligible senior citizens will begin receiving lower-cost pharmaceuticals through this program. Ninety-nine days. If I had not run clean, I would surely have been paid visits by numerous campaign contributors representing pharmaceutical interests and the like. …Progress would be impeded and the merits of the plan would be threatened by the politics of special interest. But none of that happened because special interests had nothing to hold over me. … I was able to create this program based on one and only one variable: the best interests of Arizona's senior citizens."

10 *All Over the Map: Small Donors Bring Diversity to Arizona's Elections.* Nancy Watzman, May 2008, Public Campaign.

A Politician's Story: How to Run a Campaign and Govern in the Midst of the Money Race

It's not only good government advocates who have an objection to the inflated role money plays in politics; many politicians share the voters' concern. Donna Edwards is one such politician, and she has seen the campaign finance reform issue from all sides. As executive director of the Arca Foundation, Edwards has been a partner with Carnegie Corporation in its efforts in this arena. And as the Democratic candidate for the Fourth Congressional District in Maryland, Edwards has learned how difficult it is to run for office and raise funds at the same time, as she strives to stay competitive and to concentrate her campaign on the issues that compelled her to run in the first place.

Donna Edwards

Member of Congress and Former Executive Director, Arca Foundation

The role that Carnegie Corporation has played in the field has been very supportive and empowering of work in the states, and it has moved the conversation at the federal level. Carnegie Corporation has been able to lay the foundation for the academic work and the grantmaking through collaborative funds like the Piper Fund, to get work out into the states and then, with other funders like Arca, to support the advocacy piece. You also have the same program person, Geri Mannion, running this program the entire time, which has allowed Carnegie Corporation to develop the depth in the field that a lot of other donors don't have.

As a candidate, it's a horrible system for financing a campaign. I ran under the new McCain–Feingold law, but there are still a lot of holes. The resources that Carnegie Corporation put into working more deeply on public financing at the state and federal levels will pay off in the next decade, because the system we have now is not sustainable.

The current system doesn't encourage people who are not of means to run for elective office and that narrows the perspective of the individuals who run for office to those who come from the wealthy class and can afford to write checks. It's not a system that says to your ordinary working person, who may be smart and have great ideas, "step up and run for public office." I had to take a leave of absence for seven months from my job without pay, and I'm not wealthy. Although the federal election law allows you to pay yourself out of your campaign, it's very vulnerable to be in that situation because your opponent can attack you, so I basically drew down all of my savings to pay my mortgage and pay for my son's education.

I had to raise about one million dollars to challenge a sixteen-year incumbent. I was a pretty unknown challenger and I did it without raising corporate PAC money. I raised funds only from individuals across the country, but it also meant that I had to spend inordinate amounts of time on the telephone. Not a day went by when I didn't have to make fundraising appeals. I was putting in an average of six hours a day on fundraising. This was time taken away from meeting people at a retirement home or at the metro stop. Now I am in Congress and that pace pretty much doesn't stop.

After I won, I was meeting a lot of people who had contributed to the campaign, and particularly industry people. I was approached by one of them and I said that I was happy to meet with him, but that I didn't want his money. The person was perplexed. He looked at me and said, "I don't understand" when I told him that I don't take PAC money. This was a lobbyist for an energy concern and they know that I'm a strong environmentalist and it was kind of uncomfortable for them to learn that I was happy to speak to them, just not about money. I don't have to have a check from them to find out their views about energy and energy independence.

I can see where you transition from a candidate to elected office, where you are in this spiral, because you have to raise so much money and it takes so much discipline to raise money from individuals and online. I spent a lot of years working on campaign finance reform, but experiencing the system as a candidate gives me an entirely new perspective, heightening my desire to achieve really meaningful reform and to have public funding of elections. I think it's an imperative.

Defending Reform: Litigation and the Legal Landscape

The campaign finance reform field would be nowhere without lawyers and the courts. New legislation inevitably leads to new litigation; then new court decisions engender new legislation and so on. An arsenal of legal expertise along with institutions where litigators can study and strategize are vital for accomplishing lasting change within the system. Two good examples are Corporation grantees the Brennan Center for Justice at NYU Law School and the National Voting Rights Institute (now part of the think tank Demos). Their work will continue to aid the field in the future as advocates build on the accomplishments of McCain–Feingold, fighting the encroachment of big money and factoring in the latest developments such as the explosion of small money donors using the Internet.

In his 2001 report, Brennan Center Director Michael Waldman wrote, "Carnegie's support for campaign reform is entirely appropriate, for the issue is at the heart of civic health and a robust democracy. But this isn't easy. Change of this magnitude takes decades and involves dozens of battles, many of them partial victories at best."

According to Waldman, reforms can and do work, but they don't work forever. Throughout history, it has taken scandal to spur breakthroughs and in each case Congress has returned to reform several times in short order. The cycle of reform, decay and more reform continued through the 20th century. By the 2000 election, the presidential public financing system was overwhelmed and lavish advertising campaigns that purported to be about issues, but were in fact disguised and undisclosed campaign ads, were on the rise.

Waldman pushed hard for passage of McCain–Feingold as well as public financing and free TV ads—a concept that has never gained traction. He wrote that reform movements, which have long been derided as narrow, white and liberal, need to change drastically to include minorities, environmentalists, labor and other members of a progressive coalition. Just as urgently, he argues, further inroads need to be made with business leaders, independents and political leaders who do not fit easily on the left–right spectrum.

Michael Waldman

Executive Director, the Brennan Center for Justice at the New York University School of Law

When I was in the White House as President Clinton's aide on political reform, I was obviously very frustrated at the decades-old stalemate on many issues regarding campaign finance reform. The Brennan Center was an immediate breath of fresh air. They met with me within a few months of my being in Washington and brought a paradigm-shifting intellectual analysis: that there really isn't a conflict between campaign finance reform and free speech. They said we really needed to look at Buckley v. Valeo (the Supreme Court ruling stating that money spent to influence elections is a form of free speech), which is a blot on the Constitution.

The Brennan Center worked very hard on all the constitutional and substantive issues on McCain–Feingold, doing studies like the 2000 *Buying Time* report showing that two-thirds of issue ads were really disguised campaign ads. We became co-lead counsel on the Supreme Court case [challenging the constitutionality of McCain–Feingold after its passage], and it was a pleasure to watch this small and nimble group come in and have such an impact. Carnegie Corporation's support was strategically important. They were early and long-term supporters, and made it possible for us to think and be flexible on campaign finance and democracy and voting. We had a strategic partner in Geri Mannion, not just an ATM machine. As a result, we were allowed to grow into what we like to think of as a serious force in campaign finance issues.

There is a rhythm to this work. When philanthropists started to invest in campaign finance reform in the mid-1990s you really began to see the impact, so that by the late 1990s there was a strong head of steam for McCain–Feingold even without a major new scandal. There was a feeling that you needed to shut down the soft money system, but the Republicans wouldn't think of supporting public financing. So no one should pretend or think that McCain–Feingold will solve everything. Now people are starting to see that it is time to turn to the next big change that people have always wanted, which is public financing. Dick Durbin and Arlen Specter are co-sponsoring the first public financing bill in two decades.

There was a kind of a reform fatigue that set in after the passage of McCain–Feingold; no one was sitting around the next week and saying, "let's do more reform." But since then, people have been seeing the need for public financing. Conservatives are mounting a fierce effort to strike down these laws because they feel they have a tenuous five–four majority on the Roberts Supreme Court and they want to move quickly.

McCain–Feingold had two big components. One banned soft money; the other said that corporations and unions couldn't put treasury money directly into sham issue ads, which was upheld in the McConnell Supreme Court case. But more recently the Wisconsin Right to Life decision (which found that restricting television advertisements that do not explicitly urge a vote for or against a particular candidate in the weeks before an election amounted to censorship of core political speech) kicked the life out of that decision. The Supreme Court had another case or two where they were much more hostile to this type of campaign finance reform law. So we continue to fight in the courts, not only to uphold limits but to protect aspects of campaign financing that were not controversial before, yet are now being challenged. I see two opposing forces today—the chance to pass public financing at the public level with the presidential candidates sympathetic, and the reverse, a fierce legal drive to persuade federal courts to make campaign finance reform constitutionally impossible.

Money in Politics: A Never-Ending Dilemma

Recent successes in campaign finance reform are the result of dedication, smart strategy and persistent hard work and are sustained by several key activities, including mining data and exploiting new technology along with advocacy at the local, state and federal levels. The passage of the McCain–Feingold legislation is a tremendous benchmark, but events make clear that the work is far from over. Loopholes plague public financing, TV ads make or break elections and lengthy campaigns consume resources, keeping politicians in the pockets of wealthy special interests. These and other issues must someday be sorted out if the U.S. political system is ever to yield to true engagement by the people.

As Geri Mannion notes, "Carnegie Corporation funded these efforts for around twenty years, through two foundation presidencies, which is remarkable. But that is a lot of support for a foundation; we can't fund everything and keep adding on. It's one of those issues where, as you get more wins, you want to say, 'let's keep going,' and yet you will always have to be looking at campaign finance reform.

"Money is always there. Thirty or fifty years from now, money will get into the system. Our task is making sure people are paying attention and that the system is responsive to the public at large, allowing people to run for office if they desire, allowing them to feel that their views are heard and that the issues they care about are dealt with fairly without being compromised by unregulated campaign contributions."

The goals of the Corporation's campaign finance work traditionally have been five-fold: (1) restraining corruption and the appearance of corruption; (2) fostering electoral competition; (3) promoting greater equality of participation in the electoral process; (4) helping shape the process and the end products of policymaking to benefit all citizens and (5) fostering the relationship between citizens and their government. While the accomplishments of this work have been many, the program is coming to a close at a time when reform is not a done deal. Realistically, there is no end to the work of removing the influence of money in politics. Yet a number of important programs and institutions exist today as a result of Carnegie Corporation and others' contributions; these institutions will outlast the funding cycle and will continue to advocate for more equality in U.S. democracy, which is what matters most of all.

As this publication goes to press, the country is in the midst of a financial meltdown that has put Congress in the center of a debate over regulation and the government's role in shoring up the nation's financial system. The controversy surrounding a taxpayer bailout of $700 billion for the nation's financial institutions—urged by the administration and demanding support by the House and Senate—has resulted in a crisis focusing renewed attention on the role of money and politics.

The Corporation hopes this review of its work, which explains how institutions created in the public interest were developed and how they operate, will aid those who believe that at this juncture in American history the work must intensify. Even as our formal program ends, the Corporation may continue to make a few targeted grants to ensure that oversight, transparency and public information strengthen vital democratic processes so the people's interests are not trumped by special interests.

Written by Jo-Ann Mort. Mort is founder and CEO of ChangeCommunications.

Edited by Karen Theroux.

Campaign Finance Reform Grants

Organization	Number of Grants	Beginning Date	Total Funding
Alliance for Better Campaigns[1]	1	2000	$150,000
American Enterprise Institute (AEI.org)	1	2005	$22,000
Brennan Center for Justice[2] (BrennanCenter.org)	10	1996	$3.45 million
Brigham Young University (BYU.edu)	2	2004	$100,000
Campaign Finance Institute (CFINST.org)	2	2004	$400,000
Campaign Legal Center (CampaignLegalCenter.org)	3	2003	$9,500
Center for Democracy and Technology (CDT.org)	1	2006	$25,000
Center for Governmental Studies (CGS.org)	10	1994	$2.78 million
Center for Political Accountability (PoliticalAccountability.org)	2	2006	$75,000
Center for Public Democracy	1	2005	$25,000
Center for Public Integrity (PublicIntegrity.org)	7	1997	$2.15 million
Center for Responsive Politics (Opensecrets.org)	10	1986	$2.2401 million
Committee for Economic Development (CED.org)	5	1995	$1.945 million
Common Cause Education Fund[3] (CommonCause.org)	5	2001	$1.45 million
Democracy 21 Education Fund (Democracy21.org)	7	1999	$1.225 million
Democracy Matters Institute (Democracy Matters.org)	3	2003	$400,000
Democracy North Carolina (Democracy-NC.org)	1	2004	$25,000
Democracy South (DemocracySouth.org)	8	1997	$1.0195 million
Demos[4] (Demos.org)	4	1999	$1.3 million
Electronic Reporting Design Institute	1	2005	$5,000
Equal Justice Society (EqualJusticeSociety.org)	1	2004	$20,000
Fannie Lou Hamer Project	2	2003	$170,000
George Washington University[5] (GWU.edu)	1	2005	$25,000
Greater Birmingham Ministries (GBM.org)	1	2001	$25,000
Greenlining Institute (Greenlining.org)	2	2001	$175,000
Hudson Institute (Hudson.org)	2	1999	$50,000
Investigative Reporters and Editors (IRE.org)	3	2001	$315,000
Justice At Stake Campaign (JusticeAtStake.org)	2	2005	$450,000
National Institute on Money in State Politics[6] (FollowtheMoney.org)	5	2001	$1.95 million
National Voting Rights Institute (NVRI.org)	5	1996	$1.225 million
New School University[7] (NewSchool.edu)	1	2006	$50,000
North Carolina Center for Voter Education (NCVotered.com)	2	2001	$50,000
Northeast Action (NEAction.org)	9	1996	$1.4 million
Proteus Fund (Proteus.org)	3	2000	$1.075 million
Public Campaign (PublicCampaign.org)	8	1999	$1.975 million
Public Citizen Foundation (Citizen.org)	3	1997	$75,000
Radio and Television News Directors Foundation (RTNDA.org)	1	1999	$200,000
U.S. Public Interest Research Group Education Fund (USPIRG.org)	1	2006	$7,500
University of Pennsylvania (Upenn.edu)	3	2000	$916,700
Western States Center (WesternStatesCenter.org)	6	1996	$1.3 million

Since 1986, the Corporation has made 147 grants toward campaign finance reform efforts, totaling $30.250 million.

1 The Alliance for Better Campaigns merged with the Campaign Legal Center
2 Funding includes general support for election reform in addition to campaign finance reform
3 Funding includes general support for election reform in addition to campaign finance reform
4 Funding includes general support for election reform in addition to campaign finance reform
5 for Christopher Arterton's study of the increase of small donors in 2004
6 previously funded through Western States Center
7 for Bill Hartung's study on the intersection of campaign financing to the post-9/11 military buildup

Carnegie Corporation of New York

437 Madison Avenue
New York, NY 10022
(212) 371-3200
www.carnegie.org

PHOTO CREDITS Cover: Getty Images; Inside cover: © copyright Ben Fraker; page 6, Everod Nelson