MONEY AND POLITICS

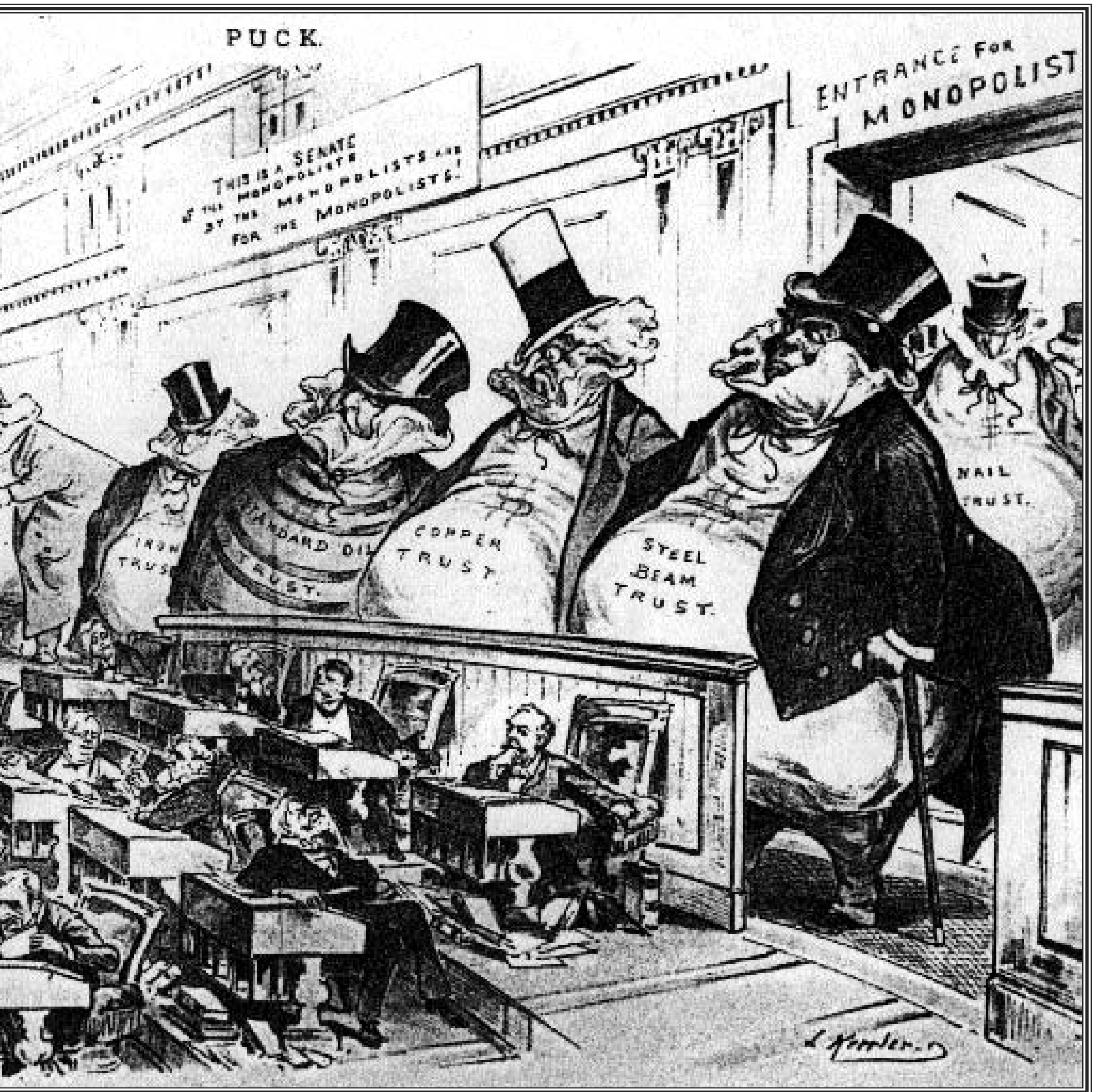
The Oldest Connection

Campaign finance reform! Campaign finance reform! the high-minded crickets are chirping these days—and not for the first time. Some reforms may well be needed, but before they are made, a close look at the lasting relationship between greenbacks and politics, and at the history of attempts to alter it, is very much in order. Our author obliges.

by Gil Troy

The story of the president prostituting himself and his office to secure re-election seems all too familiar. During the campaign, reports came from all over the country that his men "were paying out money like water" to bring about the desired result. "All has been done that *can* be done here," a crony in New York assured the chief executive shortly before the election. "Every Ward—here [in Manhattan] and in Brooklyn—and every Election District, is abundantly supplied with 'material aid.'" To justify their efforts, the president and his men denounced their rivals' "aristocratic party," filled with "millionaires."

The spectacle is not only familiar; it is venerable. The president who sank so low was America's sainted Abraham Lincoln, seeking re-election in 1864. His Republican supporters claimed to represent "the hard-handed people" against the Democrats' "plantation and bank paper aristocracy . . . who in case of success would gather five times the amount [contributed] out of the public chest."



THE BOSSES OF THE SENATE read the original caption on this 1889 cartoon. All the moneyed interests are well represented, but "the people" are excluded.

As that mid-19th-century case of presidential politics-as-usual suggests, the Clintons' Lincoln bedroom farce—even with the related whiff of suspicion about foreign contributions—simply does not measure up, at least so far, to America's great money-and-politics scandals. It pales, for instance, beside the Crédit Mobilier stock-for-influence swap of the 1870s, which ruined Vice President Schuyler Colfax and may have cost Speaker of the House James G. Blaine the presidency. Assuming that President Clinton and his associates did not exchange a foreign policy quid for a monetary quo from China or foreign interests, then the fact that hundreds of people paid the modern equivalent of a king's ransom to be able to brag that they had coffee with the first couple or stayed overnight in the White House seems almost the very picture of innocence. Certainly, it would fail to measure up to the nefarious doings of the Tweed Ring of New York City's Tammany Hall, or to the Teapot Dome oil lease frauds during President Warren Harding's administration, or to the routine corruption of

Governor Huey "Kingfish" Long's Louisiana dictatorship.

In the United States of America—and everywhere else—politics is about power, and money is a form of power. Despite the best efforts of reformers, past, present, and future, it is impossible to remove all influence of money in politics. Running for elected office costs money, and it must be raised somehow. And as former senator Russell Long (Huey's son) once observed, "The distinction between a large campaign contribution and a bribe is almost a hairline's difference."

As realists, Americans have generally tolerated this state of affairs, knowing there is not much they can do about it anyway. Politicians have tried to distinguish between "bribes" and "campaign contributions," and even (with George Washington Plunkitt, a pol associated with Tammany Hall early in this century) between illegal graft and "honest graft." Americans, perhaps more often than not, have averted their eyes from the whole messy business. This permits them, if they wish—and many do, for there is a romantic strain in American thought—to treat politics as an exercise in democratic idealism rather than a struggle over power. Thus, every so often, when the inevitable money-and-politics scandal erupts, a sense of injured innocence causes the scandal to be blown out of proportion. The illusion that politics can be cleansed of money, that such scandals are mere aberrations, generates loud cries for reform. Sometimes, reforms are made; sometimes, they make a difference; sometimes, the difference is for the better. But not always.

President Andrew Jackson well understood that money is power. Indeed, during the 1830s, while fighting the supposedly "monstrous" Second Bank of the United States, he uttered those very words—"Money is power"—in a tone of thundering outrage. "Old Hickory," the hero of the War of 1812, recognized an enduring truth: often, the only thing more profitable than selling your office is railing against the terrible malefactors trying to buy it.

From colonial days to our own, the saga of money in American politics reveals at least as much about Americans' ambivalent attitudes toward money and politics as it does about the relative purity, or corruption, of the republic at any given time. Whether in the more aristocratic colonial and early republican periods or in the populist epoch that began in 1828 with Jackson's election to the presidency, currying the people's favor has always been costly. In colonial Virginia, candidates' agents "swill[ed] the planters with bumbo" (a potent mix of rum, water, sugar, and nutmeg), among many other treats. George Washington spent about £25 apiece on two elections for the House of Burgesses, £39 on another, and nearly £50 on a fourth, which was many times the going price for a house or a plot of land. Washington's electioneering expenses included the usual rum punch, cookies, and ginger cakes, money for the poll watcher who recorded the votes, even one election-eve ball complete with fiddler.

James Madison considered "the corrupting influence of spiritous liquors and other treats . . . inconsistent with the purity of moral and republican principles." But Virginians, the future president discovered, did not want "a more chaste mode of conducting elections." Putting him down as prideful and cheap, the voters rejected his candidacy for the Virginia House of Delegates in 1777. Leaders were supposed to be generous gentlemen.

Madison's attempt at purity, though futile, signified the changing ideological climate. The revolution and the new nation, historians in recent decades have

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In this mock-memorial to "Our Civil Service as It Was," cartoonist Thomas Nast, a Republican, warned voters in 1877 what the party of Andrew Jackson would do if returned to power.

held, were rooted in republican ideology, a complex of attitudes that deemed individual virtue the key to national success. For republics to prosper, men of character had to sacrifice particular interests for the public good. Democratic republics were viewed as fragile flowers threatened by the whims of the many and the intrigues of the few. The fear of corruption and the yearning for altruistic leaders motivated the Framers—and continued to influence their descendants.

In such an environment, proper candidates stood for election; they did not run. It was Washington's agents who swilled the voters with bumbo, not the candidate himself. Passivity demonstrated virtue. The word *candidate*, from *can-*

didus, the Latin word for white, recalled the Roman politicians whose white togas were emblematic of their purity.

This pristine approach to campaigning suited early American society. Most inhabitants lived in farming communities scattered along the Atlantic coast. Information traveled only as quickly as individuals could: New Yorkers first heard about Lexington and Concord four days after the battles; Georgians waited six weeks. In these self-sufficient polities, people usually knew one another intimately, obviating the need for spectacular campaigning. All knew their place in society, with commoners expected to defer to their betters.

In the early republic, national politics was remarkably primitive and relatively cheap. The first parties were crude organizations lacking legitimacy. Local and state ties were firmer than national allegiances. (And U.S. senators were elected by state legislatures, not the general electorate.) The taboo against active campaigning by a candidate would prove most persistent at the presidential level. As Representative William Lowndes of South Carolina said in the early 1820s, "The presidency is not an office to be either solicited or declined."

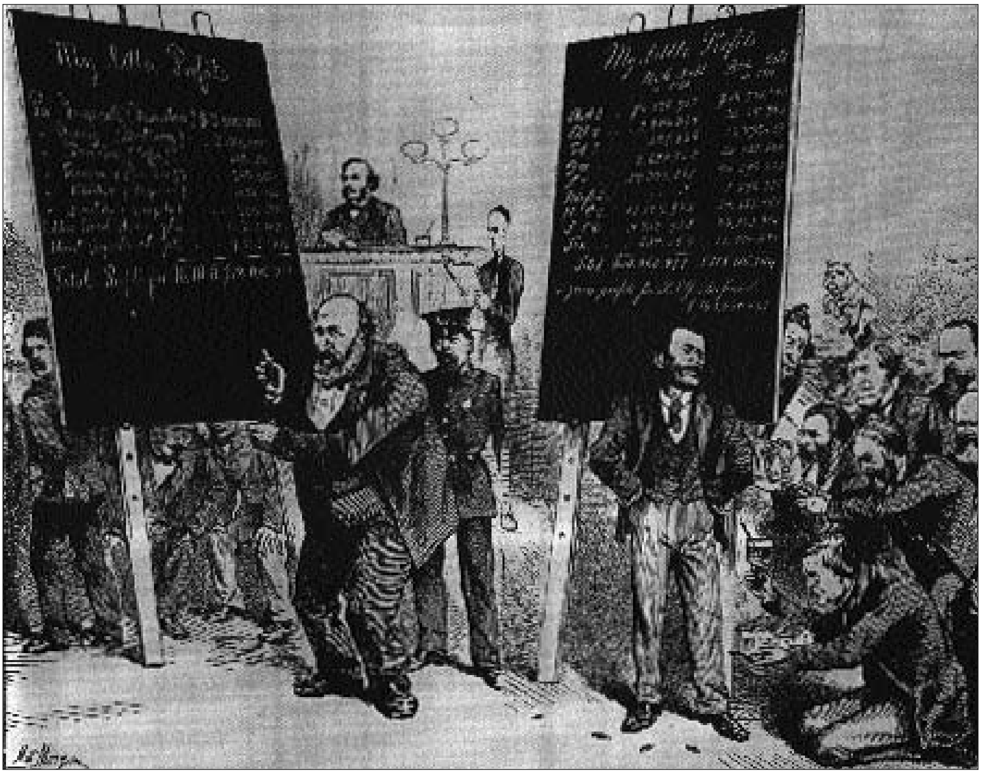
During the 1820s and 1830s, white male suffrage became all but universal. Transportation and communication breakthroughs, the Industrial Revolution's social and economic changes, and the uncorking of public passions by religious revivals transformed American politics. Millions entered politics as voters and as partisans attending caucuses, conventions, and rallies. Leadership was no longer just a matter of gentlemen persuading one another; now, politicians had to sway the crowd.

No device was too gaudy or inane to accomplish that—songs, slogans, floats, coonskin caps, "Old Hickory" trunks, "Log Cabin" newspapers, "Wide-Awake" lamps, and revival-like "camp" meetings more suitable to the Second Coming than to the deliberative rites on the first Tuesday after the first Monday in November. These all-American forms of electioneering all cost money. How else could candidates communicate with hundreds, thousands, millions of voters? In fact, the more democratic, the more inclusive, the campaign, the more it cost. Congressional campaigns cost up to $4,000 in the Midwest and Mid-Atlantic, far less in the aristocratic South and Yankee New England. Bills for statewide gubernatorial contests could run into the tens of thousands, with most of the money going to publish handbills, pamphlets, and partisan newspapers. By the mid-1800s, national committees were spending between $50,000 and $100,000 on presidential campaigns, in addition to the sums spent by the local Whig and Democratic parties in each state and the federal government's expenditure on "free" campaign literature sent out by congressmen of both parties in an abuse of their franking privileges.

This new state of political affairs threatened the nation's sense of its own virtue. Parties clouded considerations of character with policy questions. They popularized campaigning and institutionalized conflict. And worst of all, party loyalty supplanted the public good. Politicians of the new breed now aspired less to be "virtuous republicans" than to be "democratic soldiers," marching to the party's beat.

This change in American politics was part of a broader shift under way in American life, particularly in the North. An agrarian society was starting to enter the industrial world, as thousands of yeoman farmers became urbanized factory workers. The winds of Jacksonian egalitarianism and a liberal, entrepreneurial revolution buffeted the deferential social patterns set by past generations.

The presidency floated reassuringly above this changing American republic. With the federal government still distant from their daily lives, most Americans viewed the presidency with an awe they did not extend to lesser offices. State and local contests, with more earthy and visible interests at stake, generated more



President Grant instructs New York's "Boss" Tweed in the art of politics: "The trouble in your case is, that you did not pocket enough to buy up all your enemies."

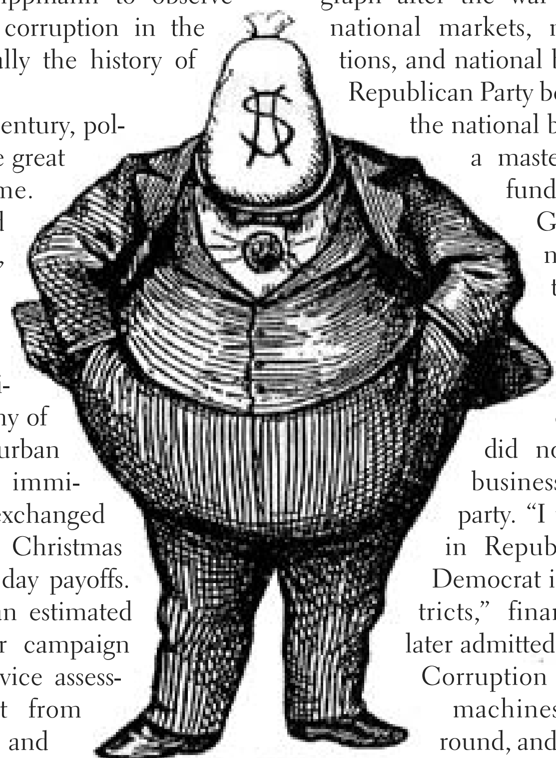
excitement and partisanship. The president represented all Americans. A statesman was not, as later cynics held, a dead politician—he was a politician nominated for the presidency.

Even Andrew Jackson, for all his demagoguery while in office, avoided public politicking during his three presidential campaigns (losing in 1824, winning in 1828 and '32). But as president, he bashed the wealthy repeatedly, while his minions raised money aggressively. His 1828 victory may have cost as much as $1 million, much of it absorbed by the federal government, thanks to his legislative allies' convenient franking privileges. Old Hickory's 1832 veto of a bill to recharter the Second Bank of the United States—a "moneyed monster" that would only make "the rich richer and the potent more powerful"—became an issue in the campaign that year, and Jackson's successful war against the bank became the highlight of his second term. Nicholas Biddle, the bank's politically maladroit head, spent more than $42,000 of the bank's money in his losing battle. The bank also plied Senator Daniel Webster and other pols with generous loans and fat fees. Jackson thundered his disapproval, asking "whether the people of the United States are to govern . . . or whether the power and money of a great corporation are to be secretly exerted to influence their judgment and control their decisions?"

By the end of the Jacksonian era, the die was cast. The growth of the government naturally lured businessmen into political affairs, just as the spread of democracy increased the costs of campaigning. Patronage came to be a means not only of rewarding the faithful but of extracting campaign funds from them. Though Jackson insisted that his spoils system made officeholders responsive to the people, it also made them responsive to their party: thousands of officeholders provided annual contributions—or else lost their jobs.

Over the next century-and-a-half, the sums would become larger, the stakes higher, the reforms more ambitious. The president would become less insulated and less exalted, plunging into politics by stumping and eventually raising funds himself. The peculiar American mindset which countenanced the increasing role of money while worrying about the power of the money men would lead the progressive journalist Walter Lippmann to observe that the history of corruption in the United States is really the history of reform.

By the mid-19th century, politics had become the great American pastime. Local, state, and national parties, bowing to the emerging industrial ethos, sought to create well-oiled political "machines." Many of the most effective urban machines ran on immigrants, who gladly exchanged their votes for jobs, Christmas turkeys, or election day payoffs. The parties raised an estimated 10 percent of their campaign funds from civil service assessments, 25 percent from New York, Boston, and Philadelphia financiers, and the rest from public banquets costing $5 a head, taxes on convention delegates, fees to attend meetings, and individual contributions.


THE "BRAINS"

Presidential politics was then slightly more genteel. Once nominated, candidates usually adopted the traditional passive pose—and, at least in Abraham Lincoln's case in 1860, soon became "bored—bored badly," according to his law partner. Lincoln's supporters, however, were less idle, as they went about trying to put money into the right hands.

During the Civil War, Lincoln converted the Republican Party from an idealistic insurgency into a formidable organization. The government gave Northern businessmen millions of dollars in war-related contracts and also dispensed thousands of new patronage jobs. In return, the party demanded contributions from the contractors and five percent of the officeholders' salaries. Democrats "have to contend against the greatest patronage and the greatest money power ever wielded in a presidential election," the *New York World* lamented in 1864.

The spread of the railroad and the telegraph after the war sped the rise of national markets, national corporations, and national businessmen. The Republican Party became the party of the national boom, financed by a masterful state-by-state fund-raising machine. Gilded Age businessmen learned to consider campaign contributions a normal business expense, and they did not necessarily do business with only one party. "I was a Republican in Republican districts, a Democrat in Democratic districts," financier Jay Gould later admitted.

Corruption made the party machines' wheels go round, and the machines fostered the rapid growth of the nation, dotting the landscape with parks, roads, railroads, and buildings. Party machines also distributed services to the needy in the years before the welfare state. But now and then the excesses became too excessive, even for the Gilded Age. In 1871, New York reformers finally organized against William Marcy "Boss" Tweed and his "ring" of Tammany Hall Democrats. Through its control of patronage and party nominations for office, by cleverly padding expenses and arranging sweetheart deals during an age of great public-works projects, the machine had reaped millions of dollars.

If that sort of "honest" graft and city machine corruption represented the quintessential Democratic scandal, the Crédit Mobilier scandal of 1872 was the quintessential Republican one. The scandal broke during President Ulysses S. Grant's re-election campaign, when newspapers revealed that the Union Pacific Railroad's construction company had given stock at virtually no cost to influential Republican politicians, including House Speaker Blaine of Maine, Representative James A. Garfield of Ohio, and Vice President Colfax.

Genteel Republicans lamented what they regarded as their party's moral decline. "The day is at hand," warned historian Henry Adams, a descendant of two American presidents, "when corporations . . . having created a system of quiet but irresistible corruption—will ultimately succeed in directing government itself." Patrician idealists such as Adams could not bear to see the party of Lincoln and antislavery become the party of Blaine and railroad payoffs. In 1872 and again in 1884, these "best men" bolted the party, helping the Democrats to their first postwar presidential victory in '84.

Gilded Age politicians disdained the reformers. In 1884, regulars branded them "mugwumps," redefining the Algonquin word for "chief" to mean a fence-sitting bird with its "mug" on one side and its "wump" on the other. (Another new definition of "mugwump" at the time was "a person educated beyond his intellect.")

Despite the regulars' disdain, the reforming spirit grew, along with the power of money in politics. After Garfield was elected president in 1880, one observer chided Republican leader William Chandler, saying, "I honestly think you fellows elected Garfield by the use of money, systematically and methodically employed. I think you bought Indiana as you would buy so much beef. . . . Where this side of h--l are we going to stop?"

Then, as now, the only thing worse than raising money improperly was not raising enough of it. Democrats, despite their best efforts, were often outspent—but not always. "I am haunted now with the money fear," financier William Whitney told the 1892 Democratic nominee, Grover Cleveland, at the start of the campaign. Whitney proceeded to raise more than $2 million and kicked in $250,000 of his own. Cleveland was elected.

Americans then did not see a sharp conflict between corporate interests and those of government. When bribery did occur, the bribed politicians were blamed, not the system. The chief concern of reformers in the Gilded Age was not the power of the money men but federal political patronage. This issue brought about a historic rift between Republican regulars, pitting "Stalwart" Republicans who opposed any civil service reform against the younger "Half-Breeds" who accepted some restrictions.

President Garfield's assassination in 1881 by a deranged office seeker forced the issue. The Pendleton Civil Service Act of 1883 created some merit-based federal appointments and outlawed assessments on federal officeholders. But the law of unintended consequences took hold: by barring federal assessments, the Pendleton Act increased parties' need for corporate money.

Businessmen were glad to supply it. In 1888, the Republican "boodle" campaign took in as much as $3.3 million. "Money was used in this election with a profusion never before known on American soil," one mugwump complained.

The bipartisan zeal for fund-raising—and the influence the so-called robber barons had in both parties—united the disparate elements of the Populist movement in disgust. Be they southerners or westerners, bankrupt farmers or fire-breathing editors, Populists agreed that the nation's virtue was threatened. "We meet in the midst of a nation brought to the verge of moral, political and material ruin," lamented the authors of the Omaha Platform of the People's Party of America, issued on July 4, 1892. "Corruption dominates the ballot-box, the legislatures, the Congress, and touches even the ermine of the bench." Presidential nominee James Weaver of Iowa, Representative Thomas E. Watson of Georgia, and their fellow Populists could not stop industrialization and urbanization, but their revolt fused modern fears of businessmen corrupting politics with traditional republican fears of compromising virtue.

The Populists saw their nightmares

Mark Hanna, who helped make McKinley president and was often caricatured as a plutocrat, declares in this 1899 cartoon by George B. Luks: "That man Clay was an ass. It's better to be president than to be right!"

materialize in 1896. That year, Cleveland businessman and Republican political operative Mark Hanna harvested corporate funds for the presidential campaign of former Ohio governor William McKinley with awesome efficiency. In perfecting the "merchandising" campaign, Hanna and his cronies viewed voters as consumers to be seduced, not as crusaders to be mobilized. To put McKinley across, Hanna spent \$6–\$7 million, the equivalent of nearly \$100 million today—and more than either party would spend again until 1920. Terrified by the "fusion" of Populists with free-silver Democrats, the few Democrats who served as directors of railroads and banks abandoned William Jennings Bryan to support McKinley. Without internal watchdogs to object, corporate chieftains made their donations for the first time directly from corporate coffers. Standard Oil alone contributed \$250,000. Corporate executives compared their contributions to "taking out an insurance policy."

Democrats, unable to match the Republicans in collecting corporate dollars, portrayed the 1896 campaign as a battle between the plutocrats and the people—a theme and a strategy that would reappear again and again throughout the 20th century.

Progressivism transformed the Populists' instinctive suspicion of corporate money into a more considered and lasting approach to purifying the republic. Progressives such as Charles Evans Hughes, Robert M. La Follette, and Jacob Riis brought to the fore two powerful instruments of indignation: the legislative commission and the journalistic exposé. In the state of New York, a 1906–07 investigation of the insurance industry revealed that one company spent nearly $1 million stopping "undesirable legislation." Other states began looking into the business-politics connection. This effort to cleanse politics culminated in 1912 in a congressional committee's condemnation of the "vast and growing concentration" of power in the hands of the "money trust."

The efforts of these legislative tribunals dovetailed with those of "muckraking" journalists such as Ida Tarbell, author of the explosive *History of the Standard Oil Company* (1904). Millions of Americans were exposed to the evils of corruption—and industrialization. Government and Big Business came to be seen as adversaries, and the corrupting effect of money in politics was now regarded not as aberrant but as epidemic. Money in politics became the scapegoat for America's industrial ills.

During the first three decades of the 20th century, the Democrats—consistently outspent by Republicans—would hammer home that progressive lesson. They naively hoped to take railway and other public service corporations completely out of politics, while at the same time expanding the government's influence over those corporations. Progressive Democratic platforms blasted "the improper and excessive use of money in elections as a danger threatening the very existence of democratic institutions," and chided the Republicans for relying on "vast sums of money wrested from favor-seeking corporations" and "the predatory interests."

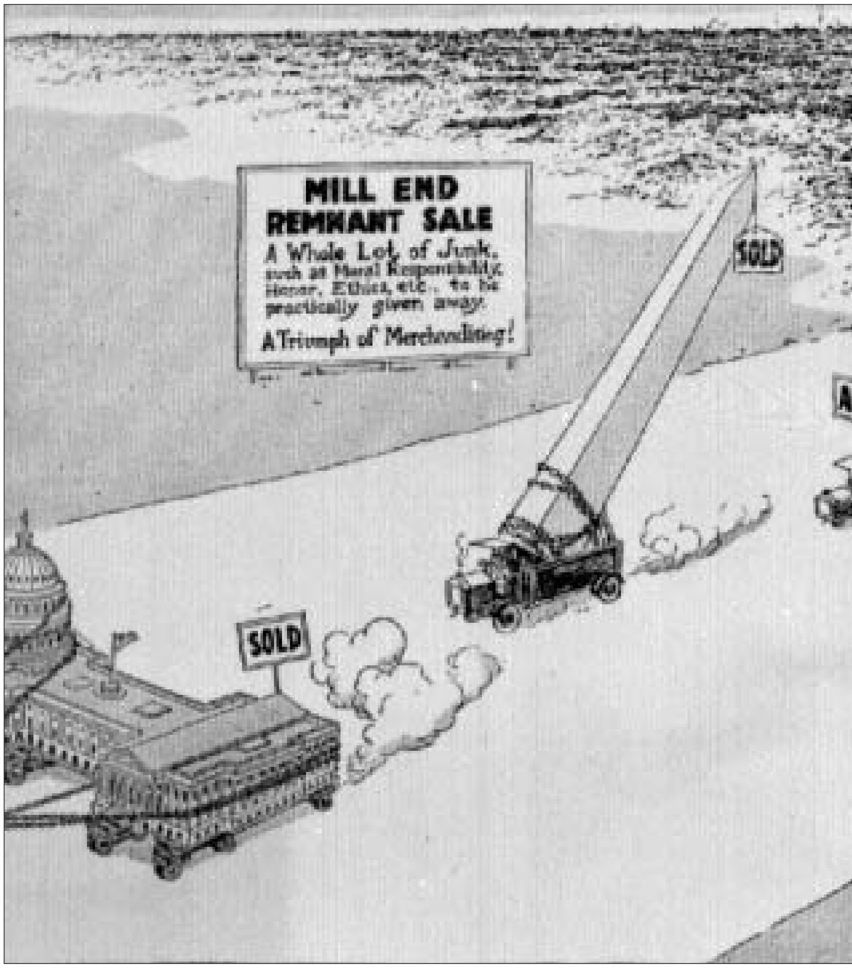
Progressives were optimists. They considered problems complex but solvable. Together, latter-day Republican mugwumps and impoverished progressive Democrats succeeded in getting many reforms written into law. Congress banned corporate contributions from federal campaigns in 1907 under the Tillman Act and mandated the disclosure of campaign funds three years later. On the state level, still the main American political arena, more than 130 different laws regulated legislative lobbying, outlawed corporate contributions, and prohibited public officials from accepting free rail passes. But though corporate contributions to campaigns were outlawed on both the state and federal levels, corporate chieftains could easily get around the ban by individually contributing as citizens or by indirectly funneling money to favored pols.

Theodore Roosevelt, the Bill Clinton of his day, embodied America's contradictory attitudes toward campaign financing. As president from 1901 to 1909, he attacked the robber barons as enthusiastically as he sold out to them. Roosevelt's tirades against corporate titans and his loud but limited trustbusting discouraged many businessmen from contributing to his 1904 presidential campaign. Roosevelt and his aides solicited aggressively nevertheless. Certain moguls claimed that Roosevelt met them in a secret 7 A.M. White House session in which $250,000 was secured from the railroad baron E. H. Harriman. Eventually, the Republicans raised an estimated $2.2 million in campaign funds, nearly three-quarters of that money from corporations.

In late October 1904, Daniel Lamont, a former aide to Grover Cleveland, visited TR's Democratic opponent, Judge Alton B. Parker. "Well, you are going to be licked, old fellow," said Lamont, who was now working on Wall Street. "How do you know?" Parker asked. "Why," Lamont replied, the corporations "have underwritten Roosevelt's election just as they would underwrite the construction of a railroad to San Francisco." Deciding that "if I could not win I could at least start a fight against contributions to campaign funds that would insure cleaner elections in [the] future," the judge attacked Roosevelt, assailing his "shameless . . . willingness to make compromise with decency."

Roosevelt ridiculed the charges. And he continued his attacks on the corporations during his second term. Businessmen were outraged. "We bought the son of a bitch and then, he did not stay bought," steel magnate Henry Frick fumed.

Through his enthusiastic and aggressive politicking, Roosevelt forged a close relationship with "the plain people" of America. But his unprecedented involvement in fund-raising—the other side of the coin, as it were, of aggressive political campaigning—tainted the White House and further undermined America's republican tradition.



After President Harding's death, the Teapot Dome

In 1912, with Woodrow Wilson their nominee, the Democrats approvingly noted "the unanimous sentiment in favor of publicity, before the elections, of campaign contributions." (Running a third and final time as the Democratic nominee in 1908, Bryan had refused individual donations of more than $10,000 and before Election Day listed all the contributions he had received.) Even the Republicans that year felt compelled to concede that the Tillman Act did not work. Their 1912 platform called for "such additional legislation as may be necessary more effectively to prohibit corporations from contributing funds, directly or indirectly, to campaigns."

Democrat Wilson, trying to appear as virtuous as Bryan, barred three big tycoons from contributing to his campaign and launched broad fund-raising drives. A drawing in the *New York World* showed a fresh-faced American looking at a billboard that read: "WANTED—100,000 EARNEST CITIZENS TO CONTRIBUTE EACH ONE HONEST DOLLAR TO ELECT A PRESIDENT OF AND FOR THE PEOPLE—NO TRUST MONEY ACCEPTED." Alas, it took much more than $100,000, honest or otherwise, to run a presidential campaign. And the 88,229 contributions of $100 or less yielded a mere $318,910. The Democrats, while continuing to shut the door on the three leading tycoons, turned to other fat cats for help. At the end of the

scandal erupted, inspiring this biting 1924 cartoon.

day, the 40 biggest contributions outweighed all the others.

The progressives' effort to keep big money out of politics failed. "The fact is," *Baltimore Sun* columnist Frank Kent wrote in 1923, "that nowhere in the country has there been devised a legal method of effectively limiting the amount of money that may be spent in political fights. No law has been enacted through which the politicians cannot drive a four-horse team." The Corrupt Practices Act, enacted two years later, limiting expenditures for congressional races and demanding periodic financial statements from candidates for federal office, did not change that situation. Some reforms, such as the push for nomination of presidential and other candidates by primaries, made campaigning even more expensive. Ultimately, the reformers' decades-long efforts to improve the American political system did at least as much harm as good. They weakened the role of parties, lessened faith in popular politics, and hastened the decline of voter participation.

Twentieth-century politicking would prove to be far more expensive than 19th-century popular politics. The cost of mobilizing partisans through torchlight parades paled beside the cost of attracting millions of indifferent or disaffected voters to the polls. And as the century went on, politicians increasingly had to struggle to be heard above the din from competing forms of entertainment, such as radio and, later, television. It became more and more difficult to distinguish political campaigns from advertising campaigns.

Moreover, ad campaigns were expensive. In 1920, chewing gum magnate William Wrigley, Jr., promised "the biggest advertising drive ever launched in a political campaign." But he was shocked to discover that Republican presidential nominee Warren Harding's campaign coffers held "only" about $8 million. "We [have] received about as much so far," Wrigley complained in August, "as I spend every week advertising a penny stick of Chewing Gum."

Franklin Roosevelt's New Deal further centralized and commercialized politics. FDR made the presidency the focal point of American politics and popular culture. In 1936, a month before his landslide reelection victory over Alf Landon, Roosevelt told Secretary of the Interior Harold Ickes that "there was not enough money in the campaign fund to pay this week's headquarters salaries." Twelve years later, a shortfall in dollars would strand Roosevelt's successor, Harry Truman, on his campaign train in Oklahoma. In retrospect, Truman tried to make a virtue out of Democratic poverty, saying, "That's the way it ought to be. . . . When people are anxious to give you a lot of money in a political campaign, you always have to ask yourself what the reason for it is. People just don't give money away for no reason."

While bashing Republican "economic royalists" and dreaming up ways to "soak the rich," New Deal Democrats devised various schemes to cash in on their popularity with American consumers and the growing corps of government contractors. President Roosevelt autographed leather-bound volumes commemorating the Democratic convention that fetched $100 apiece. Companies doing business with the federal government placed tax-deductible advertisements costing as much as $2,500 in the book. Such presidential fund-raising devices brought in $250,000 in 1936 and $338,000 in 1940. Roosevelt's postmaster general, James Farley, preferred political banquets. Farley, wags noted, "is the only political manager who has ever been able to sell five dollars worth of groceries for one hundred dollars."

During the New Deal era, the Democrats came to depend heavily on union money. But when John L. Lewis, with a photographer present, offered the president a check for $250,000 from the United Mine Workers to kick off one campaign, Roosevelt, not wanting to seem beholden to Big Labor for big money, smiled and said, "No thanks." (The UMW ended up contributing nearly twice the initial offer, but in a series of smaller donations.)

Republicans succeeded in equating Big Labor with Big Business in the public mind. In 1943, during World War II, Congress extended the Tillman Act to ban contributions from unions as well as corporations. To circumvent the ban, unions created political action committees (PACs). If companies could get around the law by funneling money to politicians through individual executives and their relatives, unions could do the same through ostensibly broad-based citizen groups.

The New Deal zeal to improve almost all aspects of American life extended to campaign reform. The Hatch Act of 1939 and 1940 limited government employees' participation in campaigns, limited all campaign contributions to a maximum of $5,000, and limited major party spending to $3 million—at the federal level. Once legislators finished writing the reforms, they began, as candidates, to circumvent them. Creative accounting became the norm, as local parties and independent entities promoted candidates with money that previously would have been funneled through the national party. This use of what we now call "soft money" made a mockery of reform. The year the Hatch Act became law, Wendell Willkie's Republican presidential campaign spent nearly $15 million, while Roosevelt's Democratic campaign spent $6 million.

The New Deal, World War II, and the $32 billion Federal Highway Act of 1956 (signed into law by Republican president Dwight Eisenhower) linked the fortunes of millions of Americans to national policies—and politicians. At the same time, local machines sputtered, their influence weakened by federal social welfare programs and municipal civil service reform. The proliferation of primaries and the rise of interest groups made independent candidates more viable. Voters were also more independent, and increasingly oriented toward the national leaders whom they heard on radio or, later, saw on television.

By midcentury, political fund-raising was more centralized than localized. The Republican Party, like a well-managed corporation, had a unified fund-raising operation in most states, minimizing the traditional intraparty turf battles. The Democrats, typically, were more disorganized and less effective at coordinating their efforts.

For all their differences in raising money, Republicans and Democrats spent it in similar ways. In 1956, the national committees allocated about 40 percent of their funds for television advertisements, 15 percent for the printing, purchase, and distribution of literature, four percent for radio advertising, and two percent for print advertising.

By letting politicians appeal directly and "personally" to masses of voters, television made money, not manpower, the key to political success. Campaigns became "professionalized," with "consultants" and elaborate "ad-buys," and that added to the cost. So did the fact that as party loyalties diminished, candidates had to build their own individual organizations and "images." The $25 million spent by all candidates running for president in 1960 represented a jump of 46 percent from 1956.

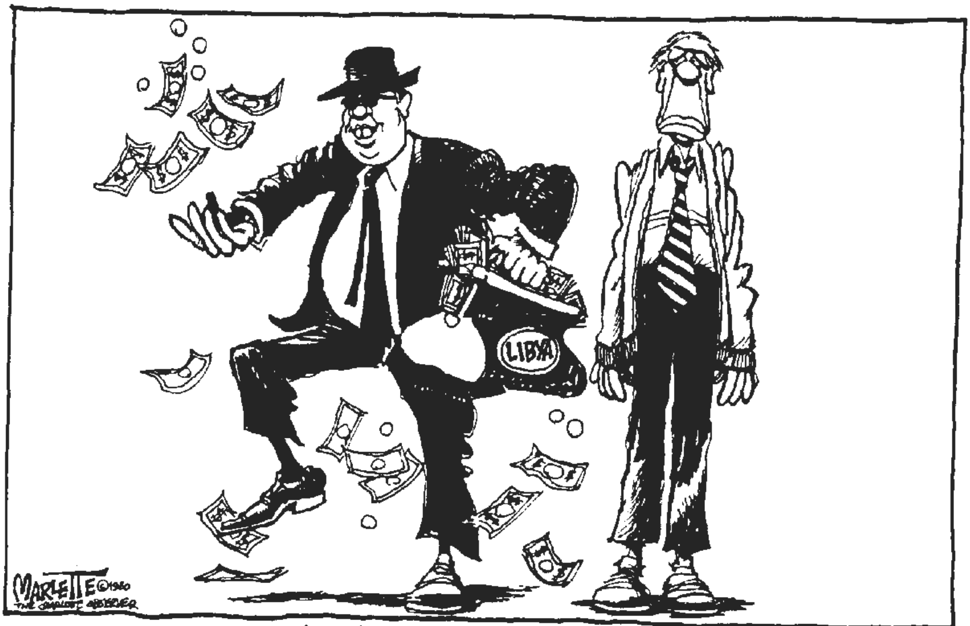
Presidential contests were not the only ones becoming more expensive. From the 1950s to the 1960s, costs for state campaigns in Wisconsin, for example, tripled. The total cost of all campaigns for federal, state, and local offices in the nation reached $175 million in 1960—and would climb to $300 million in 1968, and $1 billion by 1980.

In 1960, with Nelson Rockefeller in contention for the Republican presidential nomination, and John Kennedy among the candidates for the Democratic nod, some feared that politics was on its way to becoming a rich man's game. Hubert Humphrey, a Kennedy rival of modest means, fumed during their West Virginia primary contest: "I don't have any daddy who can pay the bills for me. I can't afford to run around this state with a little black bag and a checkbook." Such grumbling overlooked Kennedy's other political assets and overestimated the importance of money in politics. As Rockefeller's repeated failures to secure the nomination of his party would attest, the richest candidate does not always win.

Richard Nixon, who beat out Rockefeller for his party's nomination in 1960, still envied the wealth of Kennedy, his Democratic opponent. "Remember '60," Nixon urged campaign aides eight years later. "I never want to be outspent again." As president, Nixon shamelessly, zealously used the White House to score political points and raise money. His aide Pat Buchanan characterized state dinners as critical battlefields where the president could "reward his friends with invitations to the great occasions . . . and punish his enemies by relegating them to the perpetual darkness outside the manor." Many of his friends showed their fealty with cash. Fifteen people who donated a combined total of $251,675 to the 1968 campaign were, not coincidentally, named to ambassadorships. For his re-election campaign in 1972, President Nixon spurred a $60 million fund-raising effort. In trying to outdo his foes, "Tricky Dick" realized their fears about him, and progressive fears about corporate supporters. Twenty-one executives would be convicted in connection with illegal donations of corporate funds to Nixon's Committee to Re-elect the President.

The Watergate scandal occurred after Congress enacted the Federal Election Campaign Act of 1971, mandating full disclosure of all contributions above $100 and limiting candidates' advertising expenditures. (Many fat-cat donations streamed into Republican headquarters just before the new reporting rules went into effect on April 7, 1972.) This legislation was the first comprehensive federal campaign-financing law since the Corrupt Practices Act of 1925. But Watergate renewed the progressive fear of money in politics and inspired yet further efforts at reform. Though millions were disillusioned with their government, they still believed in its ability to legislate corruption out of existence and purify politics.

So, suddenly, a century's worth of rhetoric and modest tinkering gave way to the sweeping 1974 Amendments to the Federal Election Campaign Act. A six-member, full-time, bipartisan Federal Election Commission reflected reformers' continuing belief in experts. Public financing in general presidential elections for candidates who spurned private contributions reflected the New Deal and Great Society belief in big government. Restricting individual contributions to $1,000 or less, limiting the amounts wealthy candidates could contribute to their own campaigns, and regulating



First brother Billy Carter's antics turned into a serious problem for the president when it was discovered that he had taken money to lobby for the Libyan government.

spending in campaigns for federal offices all reflected the "1960s" belief in equality.

Yet for all the pious hopes, the goal of the Watergate-era reforms—to remove the influence of money from presidential elections—was, in hard and inescapable fact, ridiculous. Very few areas of American life are insulated from the power of money. Politics, which is, after all, about power, had limited potential to be turned into a platonic refuge from the influence of mammon.

The new puritanism of the post-Watergate era often backfired. Tinkering with the political system in many cases just made it worse. In the 1980s and '90s, for instance, reformers "front-loaded" primaries so that many could be held on "Super Tuesday," with the aim of undoing the effects of previous reforms that had magnified the importance of unrepresentative states such as New Hampshire and Iowa. Instead, the reforms produced the unwanted result of magnifying the importance of early fund-raising in the "invisible primary."

The 1974 reforms also did not work out as the reformers intended: the Age of the Fat Cat was replaced by the Age of the PAC. With individual contributions now severely restricted, corporations mimicked labor unions and launched political action committees to fill the void. In 1975, the Federal Election Commission allowed corporate PACs to solicit employees as well as stockholders. This oft-overlooked decision enhanced the PACs' power. Corporate, union, and other PAC spending on congressional races, which had been \$8.5 million in 1972, zoomed to \$105.6 million in 1990. The finance reform further splintered American politics, shifting power from the parties toward individual candidates who forged lucrative relationships with particular PACs.

Overall, individuals still donated more money than corporations and unions did via their PACs. No PAC could contribute to the publicly funded general-election presidential campaigns or give more than \$5,000 to a congressional candidate. Still, PACs became the bogeymen of modern politics—at least until Clinton's Asian money dragons overshadowed them in 1996. Refusing to take PAC money became an easy if expensive symbol of a candidate's supposed virtue. In 1988, Herbert Kohl, the multimillionaire owner of the Milwaukee Bucks basketball team, would spend $6 million arguing (successfully) that his wealth guaranteed his independence, that he would be, as his slogan boasted, "nobody's Senator but yours." Most pols, of course, not being multimillionaires, preferred to strong-arm PACs for funds while bashing them with words.

In an age of growing moral relativism, reformers raised standards in the political realm to new and often unrealistic legal heights. Failure to fill out forms properly became illegal. This growing "criminalization" of politics, combined with media scandalmongering, did not purify politics but only further undermined faith in politicians and government.

In 1976, the Supreme Court struck down some of the 1974 reforms as unconstitutional limitations on free speech. In *Buckley* v. *Valeo*, the majority of the justices ruled that candidates could receive public funding in exchange for accepting spending limits but that other candidates who did not take public funding could spend freely. The Constitution's broad protections of individual liberty—which most Americans cherished—thus blocked the creation of a campaign system which, according to polls, most Americans wanted. That, in many ways, has been the story of 20th-century American reform. A burst of enthusiasm for redistributing wealth, curbing pornography, or cleaning up the environment would run into the systemic American emphasis on individual rights over community needs. If Americans do not have quite the political system they desire, they at least have a system that is as contradictory, as wild yet constrained, as vulgar yet puritanical, as America itself.

The new 1974 spending caps disappointed modern mugwumps. Political parties devoted their limited funds in 1976 to television ads. The posters, bumper stickers, and buttons that defined 19th-century electioneering all but disappeared. Political romantics celebrated these once-deplored advertising devices, because at least they were part of the traditional print culture—and disdained the television ads that were now the best way to reach video-minded voters.

The post-Watergate reforms were further weakened in 1979 by amendments allowing state and local parties to fund "get out the vote" drives and other grassroots activities. The parties proceeded to put hundreds of millions of "soft" (i.e. unregulated) dollars into that loophole. After a slight dip in 1976 when the experiment in public funding began, campaign costs soared. When Barry Goldwater first ran for the Senate in 1952, his campaign cost $45,000; by the time he retired in 1986, he would have had to spend a projected $3 million to run. Four years later, Senator Jesse Helms (R.-N.C.) spent $13.4 million on his (successful) re-election effort.

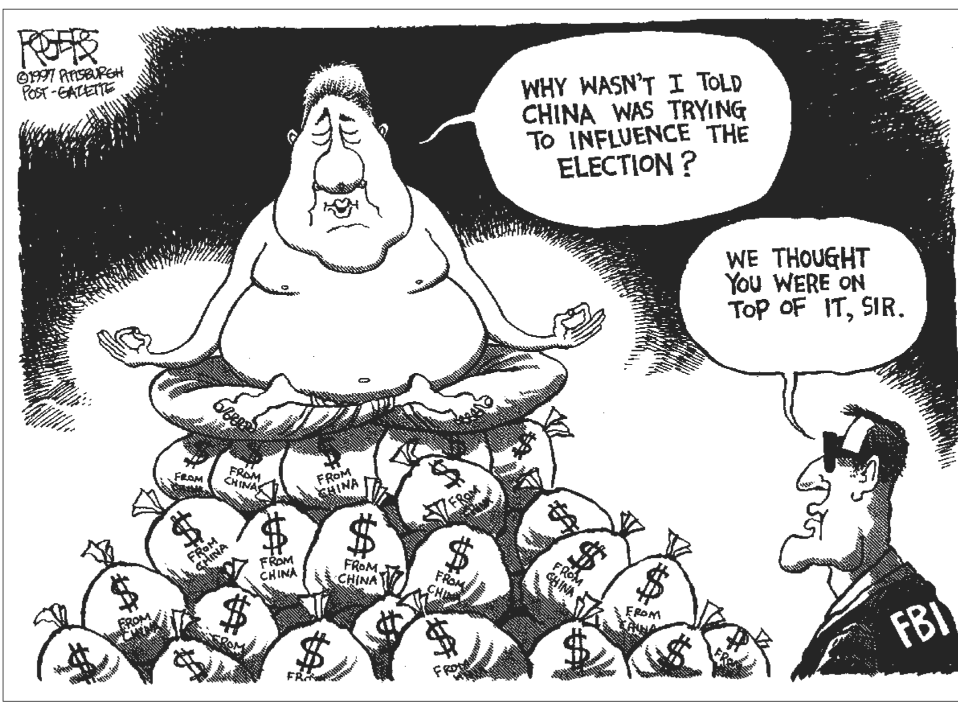
The need to raise such vast sums turned senators and representatives into full-time supplicants, their hands always outstretched. By 1990, according to one analysis, 0.10 percent of the voting-age population donated 46 percent of the money congressional candidates raised, and 0.05 percent of the voting age population accounted for all of the large-donor money that winning Senate candidates raised. To raise $3.87 million—the average cost of a Senate race in 1990—senators had to take in $12,405 every week for six years. To raise $407,556—the average cost of a House race in 1990—representatives had to harvest $17,000 a month during their two-year terms.

Democrats at times have tried to blame this unseemly situation on the supposedly characteristic excesses of the Reagan era. But as suggested by the "Keating Five" case—in which five senators, including four Democrats, were accused of aiding a savings and loan operator involved in securities fraud, in exchange for a total of $1.5 million in campaign donations—neither party can escape blame. "We're owned by them," a Democratic congressman would reportedly lament in 1993. "Business. That's where the campaign money comes from now. In the 1980s, we gave up on the little guys."

The modern enslavement to campaign fund-raising is, alas, bipartisan. And it takes place in the context of Americans' contradictory attitudes about money in politics. As the party that usually gets less in the way of monetary contributions, Democrats have been particularly shameless in their stance, braying against fundraising while at the same time feverishly raising funds. Wealthy people who purchase status with payoffs to museums are admirable philanthropists; when they plunge into public service, they risk being called "fat cats" who want something more in return for their generosity than advancement of their notion of the public good, and something more sinister than status by association. Donors are "angels" if they champion the right candidate—or the right cause—but "devils" if they bankroll an opponent.

Money is not just "the mother's milk of politics," it is America's life force. The obscene power of money in modern America triggers the same conflicted feelings of envy and disdain, of fascination and repulsion, that appear in the perennial debate about campaign finance. Americans admire the rich and distrust them, worship wealth and abhor it.

The 1996 campaign reflected the failures of a century's worth of reform as well as hysteria about what, in essence, are the costs of American democracy. The flood of "soft money," "issue ads," and questionable foreign donations inspired the leaders of



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Information that China planned to try to influence the 1996 elections was kept from President Clinton, possibly at the direction of the Federal Bureau of Investigation.

Most political scientists and historians agree that the impact of money on politics is often much exaggerated. Many other factors go into any given victory, and money is helpful only if well spent. In 1996, President Clinton benefited from well-timed "ad buys" that Democrats made even before the campaign began. But each year, many candidates who spend less than their opponents win. In 1980, for instance, Jimmy Carter outspent Ronald Reagan.

Common Cause and other reformers to call the 1996 campaign "the dirtiest ever." But the truth is that the situation, while lamentable, is neither that novel nor that bad.

On one level at least, the campaign disclosure laws worked. Even huge contributions from modest Asian-American gardeners mysteriously flush with cash were duly recorded.

The "Motel 1600" aspect of the scandal does not seem to involve any quid pro quos that were worse than unseemly. The

Clintons were selling face time, not policies. As for the China connection, it remains (at this writing) unproven. U.S. law enforcement agencies obtained evidence last year that the Chinese government planned to try to influence the elections by making campaign contributions. It is not known whether any such donations were made. The Democratic National Committee has promised to return some $3 million in contributions from Asian Americans because the true source of the money could not be verified. Much of the money was raised by John Huang, the top American executive for the Riady family, an Indonesian clan with far-flung business interests.

Republicans also found foreign money hard to resist. After months of self-righteous posturing about the Democrats' alleged derelictions, the Republican Party announced in May that it was returning more than $100,000 in donations from a Hong Kong aviation services and real estate company. During the hard-fought 1994 congressional campaign, this same company provided a $2.2 million loan guarantee to a research organization headed by Haley Barbour, the former GOP national chairman. This allowed the organization to get a $1 million bank loan and repay $1.6 million it had borrowed from the Republican Party.

While campaign donations from foreign contributors are illegal, contributions from foreign citizens who live in the United States, or from American subsidiaries of foreign companies, are not. In the age of the global village and the multinational corporation, distinctions between "insiders" and "outsiders" become blurred. Rather than create more unenforceable and impractical laws, why not publicly disclose which foreigners are contributing to which candidates and let the voters assess a given political leader's independence?

For all the talk about the influence of money in presidential politics last year, the campaign season actually produced three more exhibits of money men who could not buy the Oval Office for themselves. Tycoons Ross Perot and Steve Forbes spent millions, gained attention, but failed (in Perot's case, for the second time) to win the ultimate prize. And Senator Phil Gramm (R.-Texas), a former economist who talked incessantly about how vital money was in politics, surpassed the record of his fellow Texan, the late John Connally, to claim the dubious honor of raising the most money to least effect. Connally, running in 1980, raised $12 million to secure a single GOP convention delegate; in 1996, Gramm raised $20.8 million before returning to the Senate empty-handed.

These seemingly monstrous amounts were actually rather modest, considering how much it costs to attract attention in a nation of 265 million couch potatoes whose ties to community and to politics have been attenuated by technology and the distractions of the consumer culture. Given that the William Wrigley, Jr., Company spent $247 million advertising chewing gum in 1996, the $169 million the Clinton campaign spent that same year does not seem unreasonable. When one considers that Procter & Gamble spent more than $8 billion on marketing its shampoos and other products in 1995, the estimated $2 billion price tag for the whole 1996 election, involving thousands of individual contests throughout the country, does not seem too high. That $2 billion is less than 0.33 percent of the nation's gross domestic product—a small price, indeed, to pay for the functioning of American democracy.

Yet American democracy in action is not always a pretty sight. In his zeal to raise funds, Bill Clinton seemed to treat the White House as if it were the Arkansas state house. By doing that, he detracted from the majesty of the presidency and triggered traditional republican fears of decline.

In an ironic tribute to the first lady's role in this "copresidency," Hillary Rodham Clinton helped to sell off access to "sacred" parts of the White House. Ninety-eight coffees averaging $50,000 per schmoozer—for which he or she got a cup of java and three Danish—and Lincoln bedroom sleepovers at more than $100,000 a pop disprove any assumption that wealth necessarily reflects intelligence. Still, in a celebrity-obsessed culture, what could be more worthwhile for thousands of rich Americans than the chance to write mom a letter on White House stationery, or to attend a state dinner hosted by the Clintons or the Gores, America's celebrities in chief?

But celebrity is an unstable currency. The modern president is more central, more familiar, and more vulnerable than his predecessors. Clinton—or any modern president—is only as good as his last headline, his most recent action to be praised or condemned hysterically by a media mob intent upon melodrama and scandal.

As with the muckrakers' attacks early in this century, the "soft money" scandal near the end of it captures a broader dissatisfaction with the political system. Increasingly, it seems, Americans are becoming fed up with a personality-driven political culture of posturing and sound bites that ignores the great challenges of modern life. Many feel powerless as individual citizens in a massive, impersonal society. The current outcry is a cumulative one, combining the traditional republican fear, the turn-of-the-century progressive sensibility, and the "1960s" suspicion of capitalism and the establishment, with today's post-Watergate, post modernist political funk. The traditional American longing for virtuous yet accessible leaders, for statesmanlike politicians, fuels contemporary cynicism. A *New York Times*/CBS poll found that 90 percent of Americans wanted finance reform, but 78 percent doubted it would work.

True reform will indeed remain elusive. It is impossible to outlaw many of the Clintons' most outrageous fund-raising ploys, and it would be foolish to try. How can a law be written demanding that the president and first lady show more respect as custodians of the "people's home?" How can a law compel a president and vice president to act with dignity and class?

And there is no getting around another simple truth: "Wherever there is government, there is money in politics," as the political scientist Alexander Heard notes. Calls for campaign finance reform win ready applause but can easily backfire. President Clinton's exhortations to clean up the system only make his indiscretions seem more outrageous. Vice President Albert Gore's presidential ambitions now seem a little threatened because his pose as the last boy scout leaves hardly any room for the slightest "scandalous" behavior, even when it is sanctioned by the absence of what he has called any "controlling legal authority." And Republicans' attacks on Democratic fund-raising ring hollow, as both parties continue to shake down big spenders, both from here and abroad.

On November 9, 1996, 136 years and 34 presidential elections after his crony assured Abraham Lincoln that New York was "abundantly supplied with 'material aid,'" Clinton declared that the fund-raising scandals swirling about him had "shown us once again that our campaigns cost too much, they take too much time, they raise too many questions, and now is the time for bipartisan campaign finance reform legislation." More recently, he has called for a regulatory ban on "soft money." Few Americans have been more eloquent in attacking money in politics; few politicians have been more shameless in collecting funds. President Clinton the shape-shifter embodies Americans' historical ambivalence toward campaign finance. Given the realities of money and politics, and the illusion that the two can somehow be separated, Clinton and other politicians are almost certain to continue in that same way, working both sides of the street: energetically raising funds while calling, as necessary, for reforms; thinking like statesmen when instituting changes but acting like crafty lawyers when campaigning. As long as that remains true, no mere piece of legislation will be able to solve this characteristically democratic political problem.