

TABLE 2
Congress and Bundestag—Differences at First Sight

Congress	Bundestag
INFORMAL, OPEN open doors open meetings many roll calls extensive lobbying	FORMAL, CLOSED closed doors many closed meetings few roll calls little lobbying
INDEPENDENT, BIPARTISAN bipartisan, unpredictable voting drafts its own legislation relies on own bureaucracies majority controls policy process but not policy substance strong on information weak on consensus weak on collective accountability	DEPENDENT, PARTISAN partisan, predictable voting relies on administration relies on administration majority controls policy substance but not policy process weak on information strong on consensus strong on collective accountability
DECENTRALIZED, CHAOTIC organization like market and clan allocation of values through exchange and seniority many unwritten rules pluralistic trust	CENTRALIZED, DISCIPLINED democratic organization with elected authority allocation of values through elections with minority rights many written rules corporatistic distrust

offices, the time wasted in running over to the House or the Senate chamber to cast unimportant votes and all that time spent on those bills everybody agrees "will go nowhere." Thus also here remains a strange paradox: Congress is at the same time much more market-like than any West European parliament, but it is also much more traditionally controlled than most of them.

In Table 2 I have tried to summarize some of those features whose importance surprised me and which I think influence policy-making in Congress and Bundestag. Many of those can be explained by the main differences between our two political systems, especially the external factors which influence our parliaments, like recruitment and election of candidates, campaign finance, etc., while some seem to be independent of those factors. It would be interesting to find out how much these factors actually influence the content and outcome of public policies in Germany and the United States, but that is, of course, quite

another task than just watching Congress and enjoying every minute of it.

Election Finance in the U.S. and Germany

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The question of who is able to run for public office, who organizes and finances the campaigns, and who then is likely to be elected are important for the structure and functioning of a political system and its distribution of power. I shall address these questions and emphasize especially campaign financing.

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As part of my fellowship I accompanied "my" congressman, Paul Simon (D-IL), who was running for the Senate, on a campaign trip throughout his state. In describing the tour I will try to address the questions above.

In Germany the apparent agreement between the Secretary of Economics on behalf of the Free Democratic Party (FDP) and the Flick Konzern, a large German corporation, helped instigate a judicial investigation into illegal contributions to political parties in general. The findings that a large number of companies were making illegal and indirect contributions to political parties were devastating. As a result, the political parties passed a new election campaign act which itself is very controversial. Here, I shall try to explain campaign financing in Germany in general and point out the significance of the new campaign law. In order not to confuse readers more than necessary, I will discuss the two countries separately and focus on congressional elections and elections to the Bundestag.

USA: The Candidate's Marathon for Money and Votes

On the first day of our trip, Simon attended nine meetings in two towns. On the same day he made fundraising calls for almost two hours and he gave a telephone interview to a journalist for 45 minutes. During the driving which took altogether three hours, he dictated letters, read the newspaper and took time to discuss issues with me like the future of the Green Party in Germany.

On the next morning his media consultants prepared him in a taped pseudo debate for the first debate with his primary opponents. Having analyzed his answers, he was left after three hours with two pieces of advice: first, give short answers for tough questions. Save the long answers for easy ones. Second, there is only one rule for debates, that is: there is no rule. This profound advice is extremely expensive!

After a half-hour lunch we drove to one of the innumerable fundraisers in a



Armgard von Reden (center) talks with fellow Congressional Fellow Harriett Harper and with her professor, Peter Loesche, of Georg August Universitat.

private home. Whoever pays \$25 to have lunch with the candidate is also more likely to vote for him. Therefore, these small fundraisers are seldom time or cost efficient but important for getting votes. We went by plane to three other meetings in three other towns. Back at the hotel at 11 p.m. the congressman reviewed the notes from the practice debate. The next morning at 7:30 he took off for a fundraiser in New Orleans, at the other end of the U.S. I knew that candidates get out-of-state contributions; what I did not know was that they can't run a campaign without them and must travel all over the country to attend such fundraisers.

I went to the campaign headquarters in the state's metropolitan area and got an inside view of Simon's campaign machine. I also knew that as a result of the professionalization of campaigns every candidate has his or her own campaign organization. What I did not know was that these organizations fulfill services for the political party. The voter registration drive in down state Illinois was launched by Paul Simon's campaign, which advised non-profit organizations about registering voters.

I also did not know that media consultants and TV ads take the biggest piece out of the campaign financing pie. I took part in the campaign's special TV fundraiser. About 1,000 people attended a \$125-a-plate dinner to have chicken (the official fundraiser bird of the U.S.) and thereby paid for the TV campaign in the nation's second most expensive media market. In Chicago one 30-second spot during prime time costs \$5,000. For the last three weeks before the primary election, the costs for TV ads added up to \$220,000.

The overall costs for the primary were \$1.5 million. In addition, the congressman anticipated to be spending \$3 million in the fall campaign. Simon, like most other candidates, could probably not have run the campaign without the help of political action committees (PACs). If money is the milk of politics, then PACs are the cows and candidates have quickly learned to milk them. Candidates and their staff call PACs for contributions. At special PAC fundraisers,

for a high entrance fee candidates will lend their ear to PAC managers. Congressmen even introduce resolutions to get money from PACs, or what else could be the purpose of a National Frozen Food Day?

I also learned that now congressmen and senators found their own PACs, which raise money not only from individuals, but also from other PACs. To the delight of professional campaigners, even those congressmen and senators who have safe seats join their money-hunting colleagues and start fundraising soon after being (re)elected.

Simon estimated that during his primary he spent half his time fundraising. He has some ideas about how he could have spent his time more effectively and favors legislation to permit senatorial candidates to get matching funds for each small donation they receive. He too believes that the proposal "will go nowhere" (a phrase very familiar to every legislative assistant), first, because public financing of political campaigns is as popular in the U.S. as the speed limit on the Autobahn in Germany, second, because very few congressmen are expected to vote against a system that elected them, and third, campaign money has become an indicator for success: as soon as the candidate is successful in raising money, he will get media attention. If he gets media attention, he will raise more money. He can then afford to buy advertisement time, he will rise in the polls, get more media coverage and raise more money. When the *Washington Post* was accused of neglecting six out of eight presidential candidates this year, it justified its initial focus on John Glenn and Walter Mondale by arguing that these two raised more money than the others.

Unless a shock like the Watergate scandal hits Congress and the nation, the Federal Election Campaign Act (FECA) will remain as it is. It will continue to produce "entrepreneurial" candidates, some of whom have little or no experience in public offices, who can run and win because they do not depend on parties for financing and organizing their campaigns but more and more on PACs. Already more than 100 campaigns of

members of Congress are financed by more than 50 percent by PACs.

What do the PACs get in return for their money? Some say little or nothing, because congressmen vote according to their beliefs and their constituency's interests, because votes on election day matter more to them than money, and because most PACs give money according to a candidate's record. In fact, Simon's Republican opponent's list of PAC contributions reads like the Who's Who in Business in Illinois, whereas Simon's list reads more like the Who's Who in American Labor Unions.

In a \$3 million race you cannot buy a congressman or senator for \$10,000. However, PAC contributions may matter in votes on bills with only inter-industry competition (or no competition) that are not well known in the public.¹ Also, some PACs not only want to influence individual bills, but endeavor to shape the political agenda so that Congress will approach legislation more from a business oriented view.

What does this mean for the distribution of power in the U.S.? Members of Congress are no longer "owned" by a special industry, but the pressure on Congress by single interest groups has constantly increased. To my mind this increasing influence makes it more difficult to implement a national policy, and PACs have therefore contributed to the fragmentation of the political process. The concern about their influence is also increasing, and some would like to ban PACs altogether. However, PACs have become an integrated part of the political system in the U.S., and ideas to get rid of them are unpolitical dreams. Besides, what would candidates and political scientists do without them? In order to decrease the influence of PACs and to reduce the danger of the fragmentation of the political decision-making process, one could reform the FECA slightly, for example by

increasing tax credits on contributions to political parties and thereby increase the influence of the political parties. In "how to get money and how to maximize your influence" American parties could take a lesson from the German parties and their new Campaign and Party Financing Law.

Germany: The Parties' "Closed Shop" Principles

Needless to say, in the West-German parliamentary system the political parties control access to the Bundestag by controlling the nominating process. Half the members of the Bundestag are elected directly on the district level. The other half are elected from the state party list. The district candidate is nominated by an assembly of party officials and members. The state party assembly determines who is on this list and in which position. They decide who is likely to be elected to the Bundestag, by giving him or her a safe place on the list. Although the national party has little influence on this decision, the local and state parties make sure that the national leaders will be reelected and that only those who have worked their way up the party ranks, held many public offices and are loyal members of their party will be granted a safe place.

The advantage of this "no experiments, experience please" policy is that parties send experienced politicians to the Bundestag and that the social diversity of the members is greater than in the U.S. In order to be reelected, the member has to please his or her local party officials and vote with his party in the Bundestag on almost every issue. (Those who tested this rule have not been seen in Bonn after the next election.) However, this rule also enables the parties in power to develop and to implement long-term national policies.

Not only do the parties control who is running, they also organize the campaign and distribute the funds. The taxpayers provide the campaign money through the public campaign fund. Even in Germany, where TV and radio stations provide free advertisement time for the parties, the campaigns and the party organizations have become more expensive. Prior to

¹See Lee McKnight and Jean Schroedel, "Campaign Contributions and Bill Co-sponsorship," unpublished paper presented at the 1984 APSA Annual Meeting, Washington, D.C., 1984, and Larry Sabato, *PAC Power*, New York, 1984.

1984 when a new party and campaign financing law went into effect, the parties were heavily in debt. Business was willing to help finance campaigns in part in return for tax breaks. However, their money was mainly not given directly to parties but to political non-profit organizations which then funneled the money to the political parties. Nobody knows so far how much money floated through this political sewer system, and it will take a while before the courts have cleaned up the mess.

Once these practices became public in the early 1980s, the parties all of a sudden became concerned about the negative image produced by this practice. In order to restore citizens' confidence and belief in the parties, they asked the president, who is non-partisan, to appoint a commission to make recommendations for a new campaign and party financing law. By 1984 the political parties had put in place a new law mainly in accordance with these recommendations. It contains some magic tricks for balancing the party's budget. First, it raises the amount of money in the public campaign fund from DM 3.50 to DM 5 (about \$1.25 to \$1.75) per voter.

The low-key elections to the European Parliament were the first elections held under the new law. The Social Democratic Party (SPD) received 37.4 percent of the vote. It got 84.5 million DM out of the fund although it had spent only 27 million DM during the campaign. It used the rest of the money to pay its debt, and so did the Christian Democratic Union (CDU), which got 85 million DM and has spent only 30 million DM. The *Friedensliste*, a combination of the Communist party and Socialists confronted the public before the election with the surprising decision to give to Nicaragua for humanitarian uses one out of the five marks they were to receive. Both uses—repaying debt and spending money on non-campaign matters—of the federal campaign money are illegal. However, since campaigns come before the election, the funds are partially given to the parties in advance and in accordance with the results of the last election. The president's commission had proposed to have the voter decide whether a party and which

party should get his 5 DM tax money. The parties, scared to "debt" by so much influence of the voter, immediately dropped this idea.

In addition to the increase in the campaign fund, parties found tax credits for contributions to political parties a lucrative way to increase their income even more. Tax credits are given for contributions or party membership fees up to 50 percent of 1200 DM. Those who want to give more than 1200 DM are allowed to and are not subject to any legal limit. All contributions to parties above 1200 DM are now treated like contributions to non-profit organizations and are tax-deductible up to five percent of an individual's income or 2 DM per 1,000 DM of the sum of all wages, salaries and total turnover of corporations. Under this rule the Siemens corporation could have contributed 106.6 million DM in 1982 and thereby would have saved 59 million DM in taxes, since it is in the highest tax category and has to pay 56 percent taxes. The law only requires the party to print the name and the contribution in the party's financial disclosure report if the contribution is more than 20,000 DM. Unfortunately, the Bundestag forgot to include sanctions in the law. In the past, parties frequently "disclosed" contributions this way: DM 70,000, Anonymous. It will be interesting to see whether this is going to change.

The decision to give these tax breaks was made by the parties in power. According to the constitution, however, equal access for parties to the political system must be provided. Since the new law favors parties which get many contributions, the government compensates by allocating money to those parties which do not profit from the tax credits significantly. This principle is called *Chancenausgleich*, equalization of chances. The amount of money a party gets from the government under this rule depends on its income from contributions and membership fees and its proportion of the popular vote in the last election.

The problem is that the experts can not agree whether this cleverly devised method and the law in general is constitutional. It is questionable whether the law provides equal influence and access for

every citizen, because not everybody can give DM 1200 and up. It is also questionable whether the law provides equal access for the political parties, because it gives the money for the *Chancenausgleich* only to parties that get more than 0.5 percent of the vote. Also, because it does encourage large contributions, parties which are close to business are favored.

The law proves that parties in power try to keep others out. The memories of the Weimarer Republik with its unmanageable crowd of political parties might be the reason for this policy on the national level. However, it is difficult to see why on the local level citizens' coalitions, represented on city assemblies and other bodies, are excluded from public funding, while parties on the local level profit from federal money.

These are only a few of a long list of doubts and complaints about the new law. In fact, the Minister of Interior and the Minister of Justice in a hearing before the Committee on Interior testified that the law might not be in accordance with the constitution. In favor of the new law one can state that parties are now supposed to disclose not only their income but also their expenditures in order to make sure that reimbursements for campaign expenditures is not higher than actual expenditures. (We have seen how this works so far.) The law will make illegal contributions less likely because what used to be done illegally can now be done legally. However, in comparison with the laws of other European coun-

tries, it is the toughest law. The parties will probably soon have a chance to improve it again and thereby make campaign- and party-financing even more open, when, as expected, the Supreme Court will rule at least parts of it unconstitutional.

The question of which campaign system—that of the U.S. or Germany—is better or more democratic would lead to an endless discussion about democratic theory. For example, in the U.S. more people are included in the nominating process, whereas in Germany the voter turnout on election day is almost 90 percent. What is more important for a legitimate government?

I am still inclined to argue in favor of a parliamentary system. The campaigns are shorter and less expensive, and candidates do not chase around the nation acting like noble beggars. The influence of single-interest groups and single-interest votes is smaller.

What has impressed me most about the American campaign financing system, however, is that it is more open to public inspection than in any other country. What has impressed me most about the American political system overall is its ability to develop any national policy at all given the dependence of members of Congress on campaign contributions, especially from PACs, given the constant pressure from myriad special interest groups and constituents, and given the size and diversity of the country. How they do it is fascinating to watch.