

Political Action Committees. Words: 1486

The Political Action Committee (known by the conventional acronym of PAC) is a privately-organised group dedicated to shaping and influencing political policy and law making. PACs operate to generate, distribute and spend campaign funding. While they are required to register with state regulators, PACs are normally conceived as a way of pursuing particular issues outside of or parallel with the formal political framework. In the way they set about this, PACs are permitted to advocate the election of a candidate to a federal election, or to subject opposition candidates to attack. It all means that the sets of alliances and monetary arrangements that develop between PACs and the political establishment are important factors to consider when reporting on and critically assessing the US democratic arrangement: a political system that aspires to the fair distribution of political arguments. More broadly, an informed understanding of the role of PACs and the restrictions they face provides the journalist and the academic alike with an insight into the links between finance and political power.

PACs are defined in US federal and state law. Their roots lie in the 1971 Federal Election Campaign Act: a series of measures designed to regulate political campaign spending and force political and financial transparency in campaign funding. This Act was designed to police campaign funding both inside and outside of the formal political framework. Within the institutions of party politics, the Act placed limits on the amounts those seeking political office could contribute to their own campaigns, as well as requiring that party election committees offer full quarterly accounts of their funding-

raising activities. Crucially, however, the remit of the Act extended beyond the conventional political parties, and the PAC was established as a means of broadening the requirement for openness and accountability to include more of those who seek to intervene in the campaigning process.

PACs are obliged to register with the Federal Election Commission (the FEC). In enforcing regulations, the FEC recognises a number of types of PAC which are made subject to slightly different rules. One category of PACs is referred to by the FEC as a “separate segregated funds” committee, which is a form of PAC affiliated to a union or corporation. The most important restriction on these PACs is that they are confined to raising money from within their host organisations. Even then, money to be spent on campaigning can come only from the executives and shareholders of a corporation and their families, or, in the case of a trade union, from the union membership, union staff and their families. The host organizations are forbidden from making contributions to the PAC by any other means, although they are allowed to pay for the PAC’s administrative and running costs. Another form of affiliated PAC is what is known as the “leadership PAC”. These are PACs formed around federal elections in order to provide a mechanism for members of Congress to raise campaign money for a candidate other than themselves. While these are clearly allied to the party system, such a PAC cannot be established for a Representative’s own political or material benefit. So while the Representative forming the PAC is entitled to draw reasonable travel expenses, he or she has to show the FEC that they do not spend any of the PAC’s funds on their own campaigning.

There is another category of PAC which the FEC calls the “nonconnected committee”. This type of PAC is allowed to raise funds from the general public, but on the strict condition that the PAC remains free from affiliation with corporations or unions. Such “independent” PACs are often driven by issues rather than political allegiance, although recommendations on which way to vote are routinely issued. While they are entitled to solicit public contributions, independent PACs have to make certain that no individual contribution exceeds the legal limit. As well as this, in a condition that has parallels with the legitimate forms of expenditure discussed above, all of the running costs of the independent PAC need to be met through money given by the public. This is an attempt to ensure that such PACS don’t become mechanisms for organisations or individuals to bankroll favored causes.

A PAC’s registration has to arrive with the FEC within ten days of its establishment (in the case of separate segregated funds or leadership PACs) or when their contributions or expenditures exceed \$1,000 (in the cases of nonconnected PACs). There are a number of quantitative financial restrictions in place. These include limits on the amounts PACs are allowed to donate to favoured official and legislators. Current in 2007-8, PACs aligned with particular candidates are allowed to donate \$2,300 to that candidate per election, and \$28,500 to the national party. Those PACs not attached to a particular candidate (often known as “multicandidate PACs”) are able to give \$5,000 to each of more than one chosen candidate and \$15,000 to a national party. There are also restrictions on how much PACs are allowed to receive from a single source. One of the most important of these is that individuals are forbidden from making contributions in excess of \$5,000 in a

calendar year to any given PAC (specified in Federal Election Campaign Laws, § 441a). Compared with non-PAC contributions, this weighs against a maximum of \$2,000 that may be given direct to any candidate per election cycle, and the comparatively generous maximum of \$25,000 that may be gifted to the political committee of a national party.

Journalists should be alert to the potential for PACs to assert “special interests” in the US legislature (Gais, 1). The analysis of Jeffrey Scheuer (165) suggests that while most popular-conservative uses of “special interests” confine the term’s use to those seeking protection from market forces and wage deflation, it can be equally applied to those in positions of financial influence seeking to expand or consolidate their powers. While the task of the journalist is to be alert to the strategies of influence exercised by PACs in representing either conservative or liberal causes, they should consider also the irregular spread of PACs across the political spectrum. For example, Thomas Gais (89) highlights the relative scarcity of PACs from non-profit organisations, and stresses that PACs formed by citizen groups tend to suffer from poor infrastructure. This means that the most “effective” PACs tend to be Republican rather than Democratic supporters (Gais, 148).

While unevenness of distribution is important, it is perhaps the motivation, quality and veracity of the political arguments that most concern the democratically-minded journalist. Many journalists maintain that it is the members of the category that the Federal Election Commission calls nonconnected PACs that warrant the closest attention. On a consistent basis, nonconnected PACs have been associated with orchestrating what

have become known as “Astroturf campaigns”, represented as coming from the “grassroots” but in reality arranged by lavishly-funded and well-organised political concerns.

Alternatively, many journalists choose to concentrate on whether PACs are keeping to the rules in the ways they generate money and spend what they raise, which demands an up-to-date knowledge of the relevant legislation. Limitations on expenditure, for example, continue to be re-explained in updated drafts of the Federal Election Campaign Laws. The current laws allow the reasonable price of an airplane journey as a running cost, while explicitly forbidding such fripperies as clothing purchases or country club memberships (Federal Election Campaign Laws, §439a). In the past, fines have been imposed on PACs as well as on members of Congress for such lapses as improper expenditure on accommodation and entertainment when money should have limited to administration and travel, as well as for accepting individual donations in excess of the legal limit.

Still, many critics point to the remaining loopholes in the financial rules governing PACs. Jeffrey Miron emphasizes that even after the contributory limits discussed above, PACs are entitled to make unlimited “independent expenditures” on campaigns designed to help or harm a candidate, provided they not “explicitly coordinated with a candidate’s campaign”. This may well retain the benefits of financial transparency, but does little to curb the power of finance in the promotion of political agendas. Even more worryingly, Meredith Johnstone claims that any increase in the regulation of PACs serves to

encourage the development of another form of political committee, one that more effectively exploits an independent status, called a 527 group (after the tax law from which they emerged). 527 groups have an identical purpose to that of PACs, other than they are obliged to refrain from explicitly advocating or opposing any candidate for a federal election at any point. If they meet this condition, 527 groups evade the financial restrictions associated with PACs, and fall outside of the Federal Election Commission's regime of accountability. Just such a 527 group – the “Swift Boat Veterans for Truth” – played a part in undermining the military service record of 2004 presidential candidate John Kerry, and might well have helped determine the occupant of the White House.

Bibliography

Campaign Finance Guide, “The Federal Election Campaign Act: a New Era of Reform.” <<http://www.campaignfinanceguide.org/guide-34.html>> (accessed July 2008).

Federal Election Commission “Federal Election Campaign Laws, 2008.” <<http://www.fec.gov/law/feca/feca.pdf>> (Accessed July 2008).

Gais, Thomas L. *Improper Influence: Campaign Finance Law, Political Interest and the Problem of Equality*. Chicago: University of Michigan Press, 1998.

Johnstone, Meredith A. “Stopping ‘winks and nods’: limits of coordination as a means of regulating 527 organizations”. *New York University Law Review* 81 (2006): 1166-205.

Miron, Jeffrey A. "Campaign finance reform: understanding the real issues." The Library of Economics and Liberty.
<<http://www.econlib.org/library/columns/mironcampaign.html>> (Accessed July 2008).

Scheuer, Jeffrey. *The Sound Bite Society*. New York: Routledge, 2001.

Michael Higgins, University of Strathclyde, UK.