

## The Results of Capping Campaign Contributions

by Chairman Harvey Yates Jr.

Recently, there has been much discussion concerning certain nonprofits and their political activities. The discussion increased when the state legislature passed a bill which limits campaign contributions to candidates and political parties.

Laudatory statements followed the bill's passage. Upon signing it, Governor Richardson said "[This bill] is a significant step forward for New Mexico campaign finance reform."

I believe that the consequences of the bill's passage will be the opposite of those hoped for by the individuals who supported this legislation. Public support for these campaign caps rested on a belief that its passage would limit corruption, promote transparency and bring better governance to the State of New Mexico. I respectfully disagree.

Implementation of the bill will reduce the transparency of political payoffs. Of all the traditional routes used by corrupt political officials to receive payoffs, only the campaign contribution route can be publicly monitored through contribution disclosure. Alternative routes for delivery of corrupt funds have included: forced purchase of "tickets," cash payments, unearned "legal fees," and payments to nonprofit corporations.

Governor Richardson suggests that capping campaign contributions signals progress. Yet, surely he knows that much of the impetus for the bill's passage was the flow of large campaign contributions to him - some of which appear to be tainted by allegations of political payoffs. Further, the governor knows that this legislation neither limits nor reveals contributions to such entities as his Moving America Forward Foundation.

The imposition of contribution caps on political parties is part of a left-wing "progressive" plan to diminish the political parties while transferring political activities to organizations whose donors, and use of funds, are hidden from public view. A window into this plan was opened in 2007 following the publication of a report issued by the Proteus Fund-- an amalgamation of left-wing political activists and donors who targeted six states--including New Mexico.

The Proteus report provides a revealing glimpse into the political nature of New Mexico's Center for Civic Policy which is run by Eli Lee. The stated goals of CCP were summarized as "building statewide voter engagement capacity," "shaping the electoral battlefield" and "developing new potential candidates and campaign staffers." According to the report, the two year budget for these activities in New Mexico was almost \$2 million.

Reading the political activities which CCP claims itself able to perform as a 501c3 foundation, one is left to question which activities are reserved for political parties. While parties must report the source of all funds received and the use of funds, a 501c3, like CCP, is not required to report either.

The campaign cap bill goes into effect on November 3, 2010. After this date, political parties will be prohibited from donating more than \$5,000 to a state house or senate candidate; this would not even cover the cost of conducting a single poll in a legislative district. Meanwhile, CCP and similar entities will be able to receive and expend unlimited, unreported, tax deductible funds. Political power will have been transferred to these unregulated entities.

The campaign cap bill is an incumbent protection act. In order to remedy many of New Mexico's ills, incumbents advancing bad public policy need to be replaced. However, in order to defeat an incumbent, a challenger generally must expend sufficient resources to elevate his or her "name identification" equal to the level already established by the incumbent. At the beginning of a campaign, in order to have the money to make his case, the challenger often must rely on a few large donations from voters who share the challenger's views on public policy. Campaign caps generally don't stop the flow of lobbyist money to incumbents; rather, they stifle the receipt of money the challenger needs in order to make his or her case to the public.

Consider Senator Eugene McCarthy's challenge to President Lyndon Johnson - in some respects the father of the Vietnam War. Campaigning as an anti-war candidate, McCarthy was able to start his campaign with a \$100,000 donation from a like-minded donor, and go on to pose a viable threat to the incumbent, Johnson. McCarthy's effort led to Johnson's abandonment of his bid for another term. With today's campaign caps, McCarthy, likely, could not have launched his campaign.

There has been much discussion concerning the impending campaign caps and the impact these caps will have in the future. I fear that these contribution caps will reduce political transparency, facilitate the transfer of political power to unregulated groups and decrease the opportunity to bring about necessary changes in public policy.