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Money adds new dimension to 'veepstakes'

By: Matthew T. Sanderson
Dec 5, 2007 07:09 PM EST

The 2008 presidential race is unlike any in recent memory. The major candidates' diverse backgrounds, the state primaries' front-loaded calendar and the absence of an heir apparent are just a few reasons this campaign is unique.



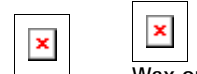
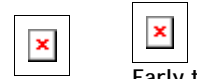
If billionaire Mayor Michael Bloomberg enters the race, other candidates might need extra cash. Photo: AP

Here's another: For the first time, this election's vice presidential candidates may be selected partly because of their willingness to empty deep pockets. The '08 presidential nominees will consider a potential running mate's personal wealth right along with his electoral appeal and policy prowess.

In previous elections, the Presidential Election Campaign Fund – a pool of public monies disbursed to qualified presidential candidates – made a potential vice president's personal wealth irrelevant. To qualify for the fund's general-election subsidy, running mates' combined spending from personal funds could not exceed \$50,000. All major-party presidential tickets from 1976 to 2004 accepted the fund's general-election grant and its accompanying personal-funds spending limit, so VP-nominee wealth was unimportant.

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Norms have changed in 2008. Major candidates have exhibited unprecedented fundraising abilities. Plus, a recent Federal Election Commission opinion permits candidates to raise general-election contributions before the major parties' national conventions. This means presidential tickets can now more easily forgo fund monies and restrictions. Without the fund's spending limit, VP nominees may be able to tap their wealth for TV ads, direct mail pieces and get-out-the-vote efforts. A VP nominee willing to kick in \$20 million or more could provide a crucial spending edge or mitigate a fundraising disadvantage. A wealthy "veep" might be especially critical to 2008 general-election contenders if self-funder Mitt Romney wins the Republican nomination or billionaire New York Mayor Michael Bloomberg enters the race as an independent.

Because this is a new issue, the extent to which VP nominees may spend their own funds is unclear. Federal election law plainly allows politicians to spend unlimited amounts to further their own candidacies. But it also strictly limits contributions to others' campaigns. A novel question has yet to be asked of the FEC: When a vice presidential nominee uses her own money for general-election activities, does she make an unlimited expenditure on behalf of her own candidacy or a limited contribution to her presidential running mate?

The FEC might answer in a number of ways. It could, for example, formalistically say that a VP nominee may self-fund activities that advance only his candidacy, half-fund electioneering that jointly promotes his presidential ticket and not fund activities that support only his presidential running mate. Alternatively, the FEC could draw an inference from existing rules and treat presidential and vice presidential candidates as one unit. This would allow a VP nominee to self-fund all general-election activities without limit.

We cannot know the authoritative interpretation of the law until someone asks the FEC for a formal opinion. But the demise of the Presidential Election Campaign Fund means that the 2008 VP nominees will probably enjoy greater freedom to spend unlimited amounts of their own money for election-related purposes.

While personal wealth may not ultimately determine next year's "veepstakes" winners, it will certainly be a new variable in the presidential nominees' running-mate calculus. Chalk up another first for the 2008 election.

Matthew T. Sanderson is affiliated with the Political Activity Law practice group of Caplin & Drysdale in Washington.

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JeffC.

Location: NA
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Reply #: 1

Date: Dec. 6, 2007 - 1:57 PM EST

This is a very interesting article. The guy who wrote this seems to know a lot about campaign finance. If I were a candidate, I sure would want him counseling me. It seems like financial capacity could be a large factor in picking a VP next year for both parties. Since both parties' nominations are hotly contested, the candidates might burn through all of their primary funds. A VP who could put in a few million might make a big difference - especially around October when things are getting tight. Somebody ought to look up the richest senators and governors out there and see if there are any likely suspects.

- Jeff

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Henrythe47th

Location: NA
Party: NA

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Date: Dec. 6, 2007 - 8:34 PM EST

I liked this article too. It seems like this is a big story. Does it mean that Mr. Romney, assuming he loses the primary, would be a sought-after VP by the Republican nominee? Is there really no limit on how much money he could sink into his "own" campaign? Maybe that would give McCain/Giuliani the firepower to really compete with the democratic nominee. On a sidenote, It's too bad that Huck was a minister instead of a venture capitalist, as the latter may have allowed him to hire a decent staff to educate him on basic economic principles and the news of the day. Also, a bit of money may have even allowed him to hire a professional ad guy, meaning maybe a commercial about something besides Chuck Norris. While Chuck Norris is pretty funny, protectionist, populist, backward thinking really isn't. But, hey, if people want to vote for Chuck Norris - maybe the two of them are winning ticket.

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