

Extra Feature Story

Obama Shatters Fundraising Records, Reigniting Public Finance Debate

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Democrat Barack Obama's campaign raised a record-smashing \$150 million in the month of September, putting him on track to inject the most money into any election in history, and perhaps making the public financing system irrelevant.

At this pace, Obama is expected to surpass the \$650 million total spent by both President Bush and Democrat John Kerry in the 2004 election.

The campaign has used social networking Web sites like Facebook and MySpace as well as e-mails and cell phone texts to reach out to a broader population of potential donors than past campaigns. The outreach work paid off: Obama has 3.1 million donors and the average contribution to his campaign is less than \$100, according to Obama campaign manager David Plouffe.

But at the center of the fundraising feat is a debate over the future of public financing, a voluntary system created to separate candidates from the influence of donors. The system offers presidential candidates \$84 million from the U.S. Treasury, but prohibits them from accepting private money.

Obama's controversial choice

Obama is the first major-party presidential candidate to reject public financing for the general election since the system was enacted in 1974.

On the other hand his rival, Republican John McCain, accepted the public financing plan and must rely on fundraising by the Republican National Committee to make up the difference. The RNC raised \$66 million in September. Obama had pledged to participate in public financing if the other major party's candidate did the same, but changed his mind in June after he began to raise huge sums of money.

With the money Obama has raised, he is outspending McCain and the RNC by more than 2-1 in advertising. Without RNC funding, Obama would be outspending McCain nearly 4-1 in TV ads.

What is public financing?

The idea behind the public financing system is that both candidates would have the same amount, a taxpayer-financed grant, so that fundraising becomes less of a factor in how the candidates campaign.

President Theodore Roosevelt first proposed the system in his 1907 State of the Union Address. However, legislation creating the system was repeatedly delayed until 1974, in the wake of the Watergate scandals.

The U.S. Treasury pays money to the campaigns from the Presidential Election Campaign Fund, which comes from \$3 voluntary contributions by citizens when they file their taxes.

One of the goals was to rid the election process of the impact of funds from special interest groups looking for favors and support from Washington.

However, special interest groups have found loops holes to exert their influence, and spend large amounts of money by directly producing ads for their favored candidate, without going through the campaigns.

The system does not limit the national political parties from raising and spending money, something that the Republican Party has historically been more successful at. When Obama announced his decision, he said part of the justification for breaking his promise was that McCain and the RNC benefit greatly from money from lobbyists and special interests, instead of just the public funds.

The impact

The success of Obama's fundraising efforts means that his campaign has a big strategic advantage over McCain. It gives the campaign the freedom to spend money in battle ground states, or Republican leaning states, Stuart Rothenberg, of the Rothenberg Political Report, told the NewsHour.

"The Obama campaign can spend in many, many states, decide where to target the money, but have so much money they don't have to make choices," Rothenberg said. Obama has been able to set up offices and air ads in states that President Bush won in 2004, including North Dakota, West Virginia, North Carolina and Indiana.

Some critics are saying that Obama's refusal to participate in the public financing system, and his successful fundraising efforts have dealt a death-blow to the system.

"People will look back at 2008 as the year that Barack Obama once and for all destroyed public financing as we know it," Todd Harris, a Republican strategist who worked on McCain's 2000 presidential campaign, told the Associated Press.

"It will be very difficult four years from now for any candidate to make the case that they should participate in public financing given the obvious financial advantage that Obama has received by opting out."

-- Compiled by Talea Miller for NewsHour Extra

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