



MUMBAI

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In a true democracy, people are free to disagree. As the U.S. enters the 2008 election cycle, we will see candidates, voters, pollsters, and pundits agree and disagree on just about everything. Do voters choose the president based on the candidate's stand on issues, or leadership qualities? Does the Electoral College work or should the election system be changed? Do political polls mean anything months before an election?

Far ahead of the 2008 elections, campaigning was well underway, the presidential candidates had already held several debates, campaign ads were popping up, and poll results were cited frequently. In the 2008 elections, U.S. voters will have the opportunity to vote for president and vice president, congressional representatives, state and local officials, and ballot initiatives. There is much at stake. This is the first election in 80 years with no incumbent president or vice president running for office. In a very open field, with 18 presidential candidates in the race as this issue goes to press, no one ventures to predict a winner.

The presidential election is just part of the story. In the U.S. system of divided government, the outcome of congressional elections will determine how successful the next president will be in carrying out his or her agenda.

In this issue, Jan Witold Baran, Partner, Wiley Rein LLP, Washington, D.C., describes the process and legislation designed to correct problems associated with campaign finance. There are more articles related to elections in the e-journal titled "The Long Campaign" published by our Washington office. The journal features several articles on the different aspects and nitty-gritty of the U.S. presidential elections, such as the role of the media, new voting technology, and women voters in the United States. This journal is available on <http://usinfo.state.gov/journals/itdhr/1007/ijde/ijde1007.htm>. We also have some hard copies of the journal with us for those pursuing studies in international politics. Please write to [libref@state.gov](mailto:libref@state.gov) or to [mehtas@state.gov](mailto:mehtas@state.gov) if you require a copy. Also, our Office of International Information Programs has created an on-line guide to the 2008 U.S. elections, which is available on <http://usinfo.state.gov/politics/elections/index.html>.

**How the 2008 U.S. Elections Will Be Financed  
 by Jan Witold Baran**

By the summer of 2007, almost two dozen candidates had launched election campaigns to become the next president of the United States. The election itself will not occur until November 4, 2008, yet these candidates had already started campaigns for the nomination of their respective political parties, Republican or Democrat. The parties will formally choose their presidential nominees at conventions in the summer of 2008, but the candidates must start their quest for delegates in the primary elections that begin in January 2008. This lengthy and arduous process demands candidates who are skilled, resilient, and tireless. It also requires large sums of money.

The offices of president, senator, and representative are federal offices. They constitute the elective members of the White House, the U.S. Senate, and the U.S. House of Representatives in Washington, D.C. The campaigns for election to these offices are regulated by federal laws, which also dictates how campaigns may raise funds, from whom, and how much. Federal campaign finance laws are separate from state laws that regulate elections for state and local offices, such as governor, mayor, or member of the state legislature. Accordingly, a candidate for federal office must abide by the federal laws, which are somewhat complex and restrictive. Presidential candidates find it necessary to raise hundreds of millions of dollars for campaigns directed at a nation of more than 100 million voters, but the way in which these candidates raise and spend this money is highly regulated.

**Organizing a Campaign**

A candidate for president must designate a campaign organization, called a political committee. The political committee must have a treasurer and must register with the Federal Election Commission (FEC). Notwithstanding its name, the FEC only supervises and enforces campaign finance laws; it does not actually conduct the elections.

Various types of political committees are registered with the FEC. In addition to the candidates, political parties must register their own committees with the agency. In addition, any group of private citizens may form a political committee, including individuals from

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 (Monday through Friday)

**HOLIDAYS**  
 January 1: New Year's Day  
 January 21: Martin Luther King's Birthday

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## A WORD FROM THE CENTER

With the 2008 United States presidential election season in full swing, now is the time many Americans begin learning about the candidates and their positions on various issues. What is interesting about the 2008 election is that it is the first presidential election lacking incumbents in decades, and is projected to be the largest and most expensive election in U.S. history. Now, through the elections, pundits and political experts will be following certain battleground states and tracking polling results. These results, which follow the public's changing opinion of the candidates, will continue to be watched closely.

The debates, campaigns, primaries, and conventions, which occur several months before Election Day, have begun. In fact, the first debates were held on April 26, 2007, in Orangeburg, South Carolina. Though the debates have no official impact on the primaries, they are opportunities for the candidates to let their views and opinions be known. They are also important chances for the voting public to compare the candidates side-by-side. We hope this month's bulletin article which discusses some of the complicated election financing rules that each candidate must abide by, as well as our Mumbai Mondays' discussion in January, will give readers a clearer understanding of what is involved in the election process. This should prove to be a very interesting election season!



**Kristina Dunne**  
Assistant Cultural Affairs Officer

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corporations, labor unions, or trade associations. These political committees are often referred to as political action committees (PACs), and must also register with the FEC.

Once registered, political committees may start raising campaign funds. All such funds, as well as expenses, must be disclosed on reports that are filed with the FEC on either a quarterly or monthly basis. The reports are filed electronically and are available to the public on the FEC's web site <http://www.fec.gov>. Numerous private organizations also maintain web sites to monitor the contributions and expenses of the candidates, political parties, and PACs.

### Lawful Sources of Contributions

All donations to federal candidates or political committees must be either from individuals or committees registered with the FEC. Direct contributions from corporations or labor unions are prohibited, although these entities may sponsor PACs that raise money from individuals. Contributions in cash of more than \$100 to PACs are illegal, as are contributions from individuals who are deemed "foreign nationals," i.e., noncitizens who have not been admitted permanently to the United States. However, foreign citizens who are admitted for permanent residence may contribute, even though they cannot vote in an election.

### Limits on the Size of Contributions

The amount that an individual or political committee may contribute is subject to various limits. For example, an individual may not contribute more than \$2,300 to any one candidate's campaign. This limit is calculated as "per election." Accordingly, an individual may contribute a maximum of \$2,300 to a candidate's primary election campaign and another maximum of \$2,300 to the same candidate's general election campaign. A husband and wife are treated as separate individuals and therefore, collectively, may donate twice the limit, or \$4,600 per election.

In addition to limits on how much may be contributed to candidates (and other types of committees), individuals also are subject to an "aggregate" contribution limit. An individual may not donate more than \$108,200 to all federal candidates and political committees during a two-year election cycle. (The limits are adjusted every two years according to the rise in inflation, which explains the unusual dollar amounts).

PACs are subject to a limit of \$5,000 per election for a candidate's campaign. The amount that can be contributed to political parties is also limited but is higher than the limit on PAC contributions to an individual candidate.

Accordingly, a candidate for president who aspires to raise, for example, \$23 million – a relatively modest amount for a presidential campaign – must do so by attracting individual donors, who may not donate more than \$2,300, and perhaps also PACs, which are limited to \$5,000. In order to raise \$23 million, such a candidate, at a minimum, would need 1,000 people to donate the maximum amount. More likely, the candidate will attempt to find several thousand contributors, most of whom will donate less than the legal maximum.

### Campaign Expenditures

In order to campaign for office, a candidate needs to hire staff; arrange for office space and travel; conduct research; issue position papers; advertise on radio and television, in publications, and on the Internet; and conduct numerous public appearances and fundraising events. Candidates for the House of Representatives will undertake these activities in their specific congressional district, while Senate candidates will do likewise in their constituency, which is their entire state.

Candidates for president have the daunting task of organizing their campaigns state by state and then, if nominated, throughout the nation. The initial planning of a presidential campaign – winning the party's nomination – will focus on the earliest primary states. Thus, the candidates will attempt to organize in Iowa, New Hampshire, South Carolina, Nevada, and Florida, all of which will hold caucuses or primary elections in January 2008. In the past, other states held their primary elections in a cycle running through June. In 2008, however, a majority of states, including such large states as California, New York, and Texas, will hold their primary elections on February 5. This greatly shortened election schedule imposes enormous demands on presidential campaigns to raise substantial amounts of money – by some estimates at least \$100 million – in order to finance activities in these primaries. How much is raised and where the money is spent will be a matter of public record since the campaign committees will have to disclose their finances to the FEC. These reports, particularly throughout 2007 and for January 2008, are known as the "money primary" because they are widely viewed as a barometer of the amount of support each candidate is attracting before the start of actual voting.

### Public Financing of Campaigns

Since 1976, candidates for president have been eligible to participate in a public financing system whereby the U.S. Government provides funding to qualified campaigns. Until the 2000 elections, all candidates nominated for president participated in this system by accepting government funds in exchange for a promise not to spend more than a specified amount. However, this system has become increasingly unappealing to candidates because the imposed spending limit is considered too low – and less

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than the amount that major candidates can often easily raise from private sources. Consequently, in 2000, then-Governor George W. Bush became the first major candidate to forego public financing in the primary elections. Four years later, President Bush, a Republican, and Democratic candidates Senator John Kerry and Governor Howard Dean opted out of public funding for the primary races. In 2008, it is widely expected that, for the first time, all major Democratic and Republican candidates, with the exception of Democrat John Edwards, will opt out of public funding for the primaries. It also seems likely that the eventual Democratic and Republican presidential nominees will bypass the public financing system during the general election campaign.

### How Much Will Be Spent?

It is difficult to predict the amount that campaigns will spend in the 2008 election, but it is quite safe to make one prediction: more money will be spent in this election than ever before. In 2004, President Bush raised \$270 million for the primaries and received \$75 million in public funds for the general election. Senator Kerry, his eventual opponent, was close behind, raising \$235 million for the primaries and receiving the same \$75 million for the general election. In 2008, the number of candidates has increased, but so has the contribution limit (\$2,300, up from \$2,000 in 2004). There also is an increase in the number of Americans contributing to campaigns; doing so is facilitated by the ease of contributing electronically through campaign web sites on the Internet.

In addition to candidate spending, the political parties, PACs, and other interest groups will spend money. In 2004, the Center for Responsive Politics estimated that \$3.9 billion was spent by all federal candidates, political parties, and others for that year's election campaigns. This constituted a 30 percent increase over the 2000 campaign. The odds are that 2008 will see another increase.

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For your ready reference, the following section briefly describes terms we often hear when discussing presidential elections:

### Caucus

A caucus is a meeting at the local level in which registered members of a political party in a city, town or county gather to express support for a candidate. For statewide or national offices, those recommendations are combined to determine the state party nominee. The term is also applied to a group of party members that meets to plan policy. Two well-known examples of such groups are the Congressional Black Caucus and the Congressional Hispanic Caucus whose members discuss and advance the interests of their respective constituencies.

### Primary

A state-level election in which voters choose a candidate affiliated with one political party to run against a candidate affiliated with another political party, in a later general election. A primary may be either "open" – allowing any registered voter in a state to vote for a candidate to represent a political party, or "closed" – allowing only registered voters who belong to a particular political party to vote for a candidate from that party.

### A Select Webliography on the U.S. Presidential Election 2008

<http://www.cfinst.org/>

The Campaign Finance Institute

<http://www.canivote.org/>

Can I Vote?

<http://www.fairvote.org/>

The Center for Voting and Democracy

<http://www.american.edu/ia/cfer/>

Commission on Federal Election Reform

<http://www.debates.org/>

Commission on Presidential Debates

<http://www.dnc.org/>

The Democratic Party

<http://www.thegreenpapers.com/P08/>

Election 2008: Primary, Caucus, and Convention Phase

<http://www.vote411.org/>

League of Women Voters' Education Fund – Election Information You Need

<http://www.expertvoter.org/>

ExpertVoter.org – A Video Guide to the 2008 Presidential Candidates

<http://www.fec.gov/law/feca/feca.shtml>

Federal Election Commission – Federal Campaign Finance Laws

<http://www.gallup.com/tag/Election%2b2008.aspx>

Gallup – Election 2008

<http://www.politics1.com/p2008.htm>

Ron Gunzburger's Politics1.com – Presidency 2008

<http://www.vote-smart.org/>

Project Vote Smart

<http://www.rnc.org/>

The Republican National Committee – Senator Clinton's Resolution

<http://usinfo.state.gov/politics/elections/>

U.S. Department of State – Bureau of International Information Programs – U.S. Elections – Guide to the 2008 Elections

<http://www.archives.gov/federal-register/electoral-college/>

U.S. Electoral College

<http://www.voanews.com/english/US-Elections-2008.cfm>

Voice of America – The Road to the 2008 U.S. Elections

<http://americanhistory.si.edu/vote/>

Vote – The Machinery of Democracy

Note: Internet sites included in this listing, other than those of the U.S. Government, should not be construed as an endorsement of the views contained therein.

**An Overview of the U.S. Presidential Election Process  
led by Larry Woodruff****Monday, January 14  
American Center Auditorium****6:00 p.m.**

The world's attention has already been captured by the 2008 U.S. presidential election. Most of the focus is on the candidates and the issues. However, understanding the events as they unfold also depends on grasping what is involved in the process. In this program, the speaker will discuss the U.S. presidential election process from the first caucus to the final counting of the electoral votes in December with emphasis on the primaries, the nominating conventions, and the general election. The key role of the Electoral College will be highlighted. It is a unique college with no campus, instructors, or degrees conferred, and yet, its functioning will determine the identity of the next U.S. president.

**Larry Woodruff** is a native-born Iowan who joined the Foreign Service at 21 and officially retired in 1996 at 40. Before retirement, he had six foreign assignments and one assignment in Washington, D.C. After retirement, he has continued to work six months per year in Consular Sections at U.S. Foreign Service posts. Mr. Woodruff has had 33 assignments in Asia, South America, and Africa. He has previously served three times in Mumbai since 2004, and liked it so much that he has returned for another posting.

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*(Continued from page 3)***Front-loading**

The practice of scheduling state party caucuses and state primary elections earlier and earlier in advance of the general election is called front-loading. By moving their primaries to early dates, states hope to lend decisive momentum to one or two presidential candidates and thus have disproportionate influence on each party's nomination. "Rear-loading" refers to the intense activity at the end of the yearlong cycle – just prior to the election – which includes a series of nationally televised debates, a flurry of television ads and extensive campaign travel on the part of the presidential candidates.

**Convention**

In presidential election years, after the conclusion of state primaries and caucuses, the political parties gather to select a presidential nominee – usually the candidate who secured the support of the most convention delegates, based on victories in primary elections. The presidential nominee usually chooses a running mate to be the candidate for vice president, but the presidential nominee can throw open the vice presidential selection process to the convention delegates without making a recommendation.

**Political Action Committee (PAC)**

PACs are political committees not related directly to a political party, but rather affiliated with corporations, labor unions or other organizations. The committees contribute money to candidates and engage in other election-related activities so as to promote specific legislative agendas. Funds are gathered by voluntary contributions from members, employees or shareholders. PACs have increased significantly in influence and number in recent years: in 1976, there were 608 PACs, and in 2006, there are about 4,600.

Thursday, January 10 **The Manchurian Candidate** (1962, b/w, 126 mins)  
Friday, January 18 **Dave** (1993, color, 110 mins)  
Wednesday, January 30 **A Mighty Heart** (2007, color, 108 mins)

**American Center Auditorium****3:30 and 6:30 p.m.**

One of the finest political thrillers ever made. John Frankenheimer's blend of Cold War paranoia and sly satire stars Laurence Harvey as a Korean War "hero" who has been brainwashed by the Soviets. Frank Sinatra is the war buddy who learns of the plot and must stop him. Angela Lansbury, Janet Leigh, James Gregory and Henry Silva costar.

Terrific political farce starring Kevin Kline as Dave Kovic, a dead ringer for the President of the United States who is recruited to impersonate the ailing chief executive. Using common sense, idealism and help from accountant friend Charles Grodin, Dave implements new social programs and balances the budget, while bringing romance back into the life of First Lady Sigourney Weaver. With Frank Langella and Ben Kingsley.



Based on the book by journalist Mariane Pearl, this harrowing, true-life drama chronicles the desperate search for her husband, Wall Street Journal reporter Daniel Pearl, who was kidnapped while the couple was working in Pakistan in 2002. Angelina Jolie delivers a powerful performance as Mariane. Dan Futterman, Will Patton and Archie Panjabi also star.