



Spending Doubled as Obama Led Billion-Dollar Campaign (Update1)

By Jonathan D. Salant - Dec 27, 2008

Dec. 27 (Bloomberg) -- Barack Obama surpassed all other presidential rivals in a record-setting 2008 U.S. election campaign that generated \$1.7 billion in spending by candidates.

Campaign spending was more than double that of four years ago, the candidates' Federal Election Commission filings show.

In capturing the presidency, Obama, 47, became the first major-party nominee to reject federal funding for the general election. He spent \$740.6 million, eclipsing the combined \$646.7 million that Republican President George W. Bush and Democratic nominee John Kerry spent four years earlier. Obama accounted for 44 percent of the money spent by the 2008 candidates.

The FEC filings, covering the campaigns through the end of November, marked the first time that total spending by all presidential candidates surpassed \$1 billion.

"A billion dollars may not go far to bail out Wall Street, but it's still an enormous sum for a presidential race," said Sheila Krumholz, executive director of the Center for Responsive Politics, a Washington-based research group.

By contrast, all candidates spent a total of \$820.3 million in 2004 and \$500.9 million in 2000.

Obama's fundraising was a key to his emergence from the pack in the early primaries. He raised \$24.8 million during the first three months of 2007, leading the field of Democratic hopefuls including New York Senator Hillary Clinton, who took in \$19.1 million.

"His early fundraising, particularly his ability to match Senator Clinton, immediately separated him off into the top tier," said Anthony Corrado, a professor of government at Colby College in Waterville, Maine.

Other Candidates

In any other year, the fundraising by Clinton and Republican nominee John McCain would have stood out. Clinton, 61, spent \$250 million, compared with Kerry's previous Democratic record of \$228.4 million.

McCain spent \$227.7 million; among Republicans, that was second only to Bush's \$269.4 million in 2004.

Arizona Senator McCain, unlike Obama, accepted \$84.1 million in public financing for the general election, a decision that barred him from raising money privately. Obama outspent him by a 4-to-1 margin from Sept. 1 through Nov. 24, FEC records show.

McCain, 72, had little choice than to accept the taxpayer money, said Julian Zelizer, a professor of history and public affairs at Princeton University in New Jersey.

"It's not clear he would have been able to sustain sufficient levels into November," Zelizer said. "Also, for McCain to reject the campaign finance system he has staked his reputation fighting for would have devastated any chance for him to use his maverick argument."

Borrowed Money

The Arizona senator paid back the \$3.9 million he borrowed that helped him win the New Hampshire primary. Clinton last month wrote off the \$13.2 million in personal loans she made to her campaign.

Former Massachusetts Governor Mitt Romney, who loaned his campaign \$44.6 million, and former New York City Mayor Rudy Giuliani, who loaned his campaign \$800,000, still have their loans on the books. Federal election law limits repayment of such personal loans by the candidate to \$250,000. Romney previously said he would forgive the loans.

With so much money raised privately, the amount of taxpayer funds spent on the 2008 election fell to \$104.6 million from \$176.4 million in 2004.

Most of the top candidates in both parties -- Obama, McCain, Clinton, Giuliani and Romney -- shunned taxpayer matching funds that would have limited their spending in the primaries.

'Broken' System

"These presidential public funding figures make it official," Krumholz said. Public campaign financing is "broken."

Senator Russell Feingold, a Wisconsin Democrat who with McCain co-sponsored the 2002 law banning corporate, union and unlimited individual donations to the political parties, has introduced legislation to revamp presidential financing and increase public funding.

Obama, Clinton, Vice President-elect Joe Biden and Representative Rahm Emanuel of Illinois, the next White House chief of staff, co-sponsored the overhaul measure.

The League of Women Voters, Democracy 21 and the U.S. Public Interest Research Group are among the organizations urging congressional overhaul of campaign financing.

"The way Washington works is not going to change until we fundamentally change the nation's campaign finance laws," they said.

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