

**WHY ENVIRONMENTALISTS SHOULD SUPPORT
“CLEAN ELECTIONS” PUBLIC FUNDING OF CAMPAIGNS:**

THE ENVIRONMENTAL IMPACT OF ELECTRICITY DEREGULATION

In 1999, the Maryland General Assembly passed California-style electricity at the behest of the state's big utilities and big industries. As the law is not yet fully phased in, we don't know if deregulation in Maryland will turn out to be a disaster for consumers as it is in California (but given the recent power outages, it is beginning to look that way).

There is no question, however, that it will be bad news for the environment. That's because before deregulation, utilities – which were responsible for both the generation and transmission of electricity - had some incentive to encourage energy conservation. They could avoid the regulatory and political headaches of building new power plants (as well as the cost of buying extra and high-priced power on the interstate spot market) by investing in efficiency and encouraging conservation. After deregulation, however, companies such as PEPCO and Baltimore Gas & Electric have either sold or spun off their power plants into separate companies and now simply provide electricity to homes and businesses through their power lines. As Ed Osann of the Natural Resources Defense Council explains, “Because their revenues are now based on how much power goes through the wires, there's no incentive for them to encourage conservation. And the companies that generate the power clearly don't have any incentive because they're operating those plants to sell all the power they can generate.”

Environmental activists and pro-conservation lawmakers, notably Senator Brian Frosh, tried to block deregulation. Since then, they have attempted to amend the law, so far without success. Considering their excellent record in moving legislation, what can explain the triumph of California-style electricity deregulation in Maryland?

Follow the Money Trail

The massive campaign contributions and lobbying budgets of the corporate interests that will reap a bonanza from unfettered deregulation: electricity generators and distributors as well as their large industrial customers.

When we look at the campaign contributions of these two sectors to Maryland politicians in the 1998 election (i.e., right before deregulation was enacted), they totaled \$467,640. Environmental organizations in Maryland contributed a mere fraction of this amount.

All those industry campaign contributions give the corporate big boys access in Annapolis. Big lobbying budgets widen that access further.

In the 1990s, this corporate advantage was largely offset by the fact that Maryland had the most environmentally progressive Governor in the nation, Parris Glendening. Those days are gone. Corporate superiority over environmentalists in money is especially dangerous now considering Maryland's estimated \$1 billion budget deficit. To close the deficit, Gov. Ehrlich has “cut funding and personnel for Department of Natural Resources and Department of the Environment...zeroed out funding for the Community Parks and Playgrounds program, diverted money from the Transportation Trust Fund and slashed funding for land conservation programs such as Program Open Space and Rural Legacy,” according to the Maryland League of Conservation Voters. Meanwhile, Ehrlich refuses to close tax loopholes by which his big corporate campaign contributors cheat on hundreds of millions of dollars in taxes they owe in Maryland.

Towards a Solution: “Clean Elections” Public Funding of Campaigns

To level the political playing field in Maryland, we need to reduce the power of the Big Money special interests in Annapolis – interests that contributed approximately \$75 million in the 2002 election.

Strict limits on fundraising and expenditures would accomplish this goal. But the Supreme Court refuses to countenance mandatory campaign expenditure limits, calling them a violation of free speech.

It is futile to tinker around the edges of a campaign finance system whose main features the courts declare sacrosanct. We need to adopt a proven alternative to that system. That alternative is Clean Elections campaign finance reform as practiced in Arizona and Maine. Here’s how it works:

- To participate, a candidate must demonstrate broad community support by collecting a large number of small contributions in the district he wishes to represent. For example, in Arizona, where Clean Elections is already law, candidates must collect several hundred \$5 contributions from voters in the district they wish to represent.
- If successful, the candidate receives enough money from the public Treasury to wage a competitive campaign.
- If a privately financed opponent outspends him, he receives offsetting funds to keep pace, up to a certain limit.

Advantages of Clean Elections:

- It enables citizens with community support but ordinary financial means to run for office.
- By encouraging electoral competition, public funding widens debate.
- It frees candidates and lawmakers from incessant fundraising, removing the appearance and reality of corruption.
- Participation in the publicly funded system is voluntary; by leaving the private campaign finance system alone, the Act is immune to judicial challenge.
- In Maine and Arizona, the number of candidates who participate in the system doubles with each election cycle. In 2002, a majority of candidates in both states financed their campaigns solely with public funds; both incumbents and challengers used the system; and participation cut across party lines.
- Member-rich organizations, such as environmental groups, especially benefit from Clean Elections. That’s because they can mobilize their members on behalf of pro-environment candidates to collect the \$5 contributions that qualify a candidate to participate in the system.
- Clean Elections candidates who win owe nothing to fat cat contributors, reducing the latter’s privileged access in Annapolis. With lawmakers free from undue corporate influence, they are much more likely to support an environmental agenda.
- Maryland’s Clean Elections system would cost less than \$2 per resident per year – a small price to pay for real democracy and significantly less than the current system, which lavishes pork on special interest contributors.
- Clean Elections reform has already been implemented in Maine and Arizona, where it is accomplishing all the benefits described above. That’s why environmentalists in both states strongly support the law, including the Maine Sierra Club, Natural Resources Council of Maine, Arizona Sierra Club, Arizona League of Conservation Voters, Grand Canyon Trust, Sonora Trust, Nature Conservancy of Arizona, Center for Biological Diversity, and Don’t Waste Arizona.

In 2004, We Have an Unprecedented Opportunity To Enact Clean Elections Reform in Maryland

In 2002, the General Assembly passed a bill to create an official task force to examine Clean Elections reform and make recommendations for Maryland. This distinguished study commission, chaired by the Dean of Liberal Arts at the University of Baltimore, Carl Stenberg, will issue its final report in the autumn of 2003. The Stenberg Commission has already decided to recommend in favor of Clean Elections reform. Now it is finalizing a detailed draft statute, which it will submit shortly to the General Assembly.

Considering its distinguished membership, exhaustive deliberations, and what will surely be a persuasive report, the Stenberg Commission could do for campaign finance reform what the Thornton Commission did for public schools. The Stenberg report comes at the perfect time to enact major reform:

- **Everybody Agrees That Maryland Suffers from a Campaign Finance Problem.** The 2002 election cycle was by far the most expensive in Maryland's history. Special interests pumped \$75 million into the election – double what they spent in 1998. Since 1990, the gubernatorial inflation rate has skyrocketed 726%. During the 2002 campaign, the media reported incessantly on the unprecedented sums of money spent. At least \$1 million in contributions from the gambling industry alone – timed to influence the high profile fight over legalization of slot machines -- has reinforced the general consensus that Maryland suffers from a campaign finance problem.
- **Strong Support from the Media.** The *Washington Post* and *Baltimore Sun* both support Clean Elections reform, so editorials and newspaper stories will create a pro-Stenberg climate that lawmakers will find difficult to ignore.
- **Key Lawmakers Either Support Clean Elections or are Persuadable.** Gov. Ehrlich says he supports public funding of campaigns. The two committee chairs who will consider the bill (Del. Hixson and Sen. Hollinger) are sympathetically inclined. Senate President Mike Miller has not ruled out support for the Stenberg recommendation (and, because of the FBI investigation, can not simply torpedo it). Speaker Mike Busch is a progressive Democrat who will give this issue a fair-minded hearing.
- **Clean Elections Will Help Close the Budget Deficit.** Over the past year, Progressive Maryland and allies have demanded closure of hundreds of millions of dollars in corporate tax loopholes as the best way to balance the state's budget. A focus on loopholes, in turn, has prompted the natural question: "How did they get there?" And this question, in turn, is giving advocates of Clean Elections one of our strongest arguments in favor of reform: tax loopholes are payola to deep-pocket campaign contributors. If Maryland wants to climb out of this budget deficit and achieve more fiscal discipline in the future, the single best step we can take is to enact Maine-style campaign finance reform.
- **Clean Elections is Incumbent-Friendly.** When incumbent lawmakers learn how the system works in Maine and Arizona, they will see that this reform is in their self-interest. Already in Maine and Arizona, almost half of incumbents use the publicly funded system. And in both states 90% of incumbents still win re-election (as they do in Maryland). Why? Because incumbents enjoy plenty of other advantages besides a fundraising edge. They have superior name-recognition, more contacts among activists, better campaign skills, more experience, a proven track record, etc. Incumbents in both states like the system because it eliminates the worst aspect of their job, fundraising, and frees them after the election to vote their conscience – not as contributors and lobbyists demand.

In the upcoming session of the General Assembly, Maryland has a once-in-a-decade opportunity to enact a major reform to help the environment. That's why environmentalists should make enactment of the Stenberg recommendation a top priority in the 2004 session of the General Assembly. Join the growing movement in Maryland to bring Clean Elections to our state, a movement that includes the Sierra Club, Progressive Maryland, AFL-CIO, AARP, the Alliance of Retired Americans, NAACP, League of Women Voters, AFL-CIO, Common Cause/Maryland, United Methodist Church, American Jewish Congress, and many other groups. **To get involved, contact Sean Dobson of Progressive Maryland at sean@progressivemaryland.org or 301.495.7004.**

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