Money, Politics, Corruption

Can they be compared?
Compare?

United States
- Score: 74
- Rank: 17

Pakistan
- Score: 29
- Rank: 126

Sweden
- Score: 87
- Rank: 4
Words

- Campaigns
- Politics
- Elections
Words

- Power
- Money
- Corruption
- Reform
Argentina and the US

- Dr. Robert Potash
  - “Argentines go into politics to get rich. Americans get rich to go into politics.”

- Pakistan:?
PAY

- BUSH $272,573,444, (about
- KERRY $249,305,109, (1,845,401,274,175 Rupiahs)
ASK

• ASK FOR VOTES
• ASK FOR MONEY
FOLLOW RULES

• DONATIONS ARE LIMITED
• DONATIONS ARE REPORTED
• SPENDING IS UNREGULATED
• SPENDING IS REPORTED
Money

• Communication costs money
  – Personal Visits
  – Speeches
  – Surrogates
  – Mail/Phone/Door to Door
  – Print/Signs/Bill Boards
  – Radio
  – Television
Summary

TV has clearly effected the way elections are run in this country and the way democracy operates. What is at issue here is something we simply assume without thinking too much about -- popular control -- how do people exert control over who their elected officials are and what their elected officials do?
Questions

• How much money for campaigns?
• Where does it come from?
• What are the laws?
• Who benefits?
How Much Money?

- $4 billion in 2004 presidential and congressional elections
  - $20 per eligible voter in US
  - Most spent in 10-15 “battleground” states
Is this too much money?
Proctor and Gamble

• $4.6 billion advertising (2005)
General Motors

- $4.4 billion
Anheuser-Busch

$500 million for “Super Bowl”
Is this *too much* money?

- US government: $4 billion annually to combat smoking of marijuana
- Campaign spending is .03% of U.S. GDP
What is money used for?

• Inform Voters (television, radio, mail, door-to-door)
• Register Voters
• Mobilize Voters
• Maintain Political Organizations (parties, interest groups, candidate committees)
• Legal costs
Historical Trends
Spending in Presidential Elections

Source:
Federal Election Commission

- Payouts of Public Funds
- Spending in Presidential Elections
Historical Trends

Congressional Campaign Spending, 1990-2006
(in constant 2006 dollars)
Advantages to Incumbents

Figure 1. House Incumbents vs. Challengers
Average Receipts 1988-2006

Incumbents vs. Challengers
Average Receipts 1988-2006

Millions of Dollars (Adj 2004)


0.194 0.242 0.315 0.339 0.273 0.270
0.162 0.276 0.296 0.275 0.270

0.678 0.740 0.733 0.873 0.839 0.977 0.963 1.115 1.190
An expensive race

$36 million
Party Fundraising

<table>
<thead>
<tr>
<th>Year</th>
<th>Republicans</th>
<th>Democrats</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>368</td>
<td>261</td>
</tr>
<tr>
<td>1994</td>
<td>358</td>
<td>234</td>
</tr>
<tr>
<td>1996</td>
<td>555</td>
<td>346</td>
</tr>
<tr>
<td>1998</td>
<td>417</td>
<td>253</td>
</tr>
<tr>
<td>2000</td>
<td>716</td>
<td>520</td>
</tr>
<tr>
<td>2002</td>
<td>692</td>
<td>463</td>
</tr>
<tr>
<td>2004</td>
<td>782</td>
<td>679</td>
</tr>
</tbody>
</table>
## Party Spending: U.S.A. vs Canada (in millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Democrats</td>
<td>$680</td>
<td>Liberal $18.2</td>
</tr>
<tr>
<td>Republicans</td>
<td>$780</td>
<td>Conservative $18.2</td>
</tr>
<tr>
<td>Green</td>
<td>$1</td>
<td>Green $18.2</td>
</tr>
<tr>
<td>Reform</td>
<td>$0</td>
<td>New Democratic $18.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bloc Quebecois $4.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Marxist-Leninist $4.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Marijuana $1.4</td>
</tr>
</tbody>
</table>
Why are American campaigns so expensive?

• Candidate-centered elections
• Long elections
• 1st Amendment of U.S. Constitution
  *(Buckley v. Valeo 1976)*
Where Does Money Come From?

House Candidates 2004

- Political Action Committees (PACs), 40%
- Large Contributors, 45%
- Small Contributors, 10%
- Self-funded, 5%

Large Contributors, 45%

Small Contributors, 10%

Self-funded, 5%

Political Action Committees (PACs), 40%
What are the political finance laws?
Disclosure of contributors

• name, address, occupation, and amount

• http://www.opensecrets.org/
Rules on Contributions

- Individuals: up to $2300 per election to candidate; $28,500 to political party
- Political Action Committees: $5000
- No contributions from foreigners

Rules on Spending

• No limits
Public subsidies

• Presidential candidates: $80 million each (with restrictions on spending)
• Political Parties: $20 million for convention
• Congress: none
Enforcement

• Federal Election Commission
• 6 Commissioners (3 from each party)
• interpret laws, collect financial reports, conduct audits, investigate complaints
State Election Laws

– Great variety in 50 states.
– half permit corporate and union money
– Some require disclosure only.
  • Examples: Virginia, Utah, New Mexico.
Who benefits under these rules?
Who benefits?

- party leaders
- incumbents
- candidates who know “bundlers”
- The rich?
- Republicans??
Is Raising Money Discouraging?

Figure 1. Factors that Discourage Running for State Representative

- raising money
- lost privacy
- negative home/family life
- give up career
- lost income
- loss of leisure time
- negative advertising
- length of campaign
- difficulty of running campaign
- little power
- time spent as st. leg
- negative political campaign
- serving in minority
- redistricting

Source: Author survey of potential candidates in CT, MA and RI; N=698.
**Who Is MOST likely to take advantage of public $?**

**Figure 2. Would Availability of Public Funds Increase the Likelihood of Your Running for State Representative?**

<table>
<thead>
<tr>
<th>Discourages</th>
<th>Percent saying &quot;Yes&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money</td>
<td>32%</td>
</tr>
<tr>
<td>Gender</td>
<td>29%</td>
</tr>
<tr>
<td>Race</td>
<td>34%</td>
</tr>
<tr>
<td>Income Under $50K</td>
<td>43%</td>
</tr>
<tr>
<td>Age Under 65 yrs</td>
<td>31%</td>
</tr>
<tr>
<td>Ideology Lib</td>
<td>36%</td>
</tr>
<tr>
<td>Party Dem</td>
<td>31%</td>
</tr>
<tr>
<td>State RI</td>
<td>37%</td>
</tr>
<tr>
<td>State CT</td>
<td>29%</td>
</tr>
<tr>
<td>State MA</td>
<td>26%</td>
</tr>
<tr>
<td>Age Over 65</td>
<td>13%</td>
</tr>
<tr>
<td>Gender Men</td>
<td>28%</td>
</tr>
<tr>
<td>Gender Wome</td>
<td>26%</td>
</tr>
<tr>
<td>Race White</td>
<td>28%</td>
</tr>
<tr>
<td>Race Nonwhite</td>
<td>43%</td>
</tr>
</tbody>
</table>

- Yes: 32%, No: 18%
Congressional Scandals involving money from lobbyists
Reform (2002)

- Bipartisan Campaign Reform Act of 2002
  1. No more “soft money” to political parties
  2. No ads with interest group soft money 60 days before General Election
  3. Millionaires cannot spend over a certain amount without penalty
Consequences of Reform

- Parties spend “independently”
  - $200 million without coordinating w/ candidates

- Interest groups spend soft money
  - $500 million in 2004
  - $300 - $400 million estimated in 2006

- Political parties become more ideological
Looking Ahead

- Congress
- Presidency
- How are they as Institutions?
- How do they relate?
- Emphasis on War Power