

Political Finance and its Impact on Public Policy and Decision Making Processes...How to Mitigate the Risks of “Capture”: The U.S. Case

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Problems of Money, Conflict of Interest, Transparency and Enforcement in the U.S.

Evaluating the U.S.: Transparency and Enforcement

- Campaign Finance (B to C)
- Lobbying (B to C)
- Procurement (A)
- Outside Awareness (A)
- Ethics of Public Officials
 - Congress (D)
 - Executive Branch (A)
 - Lobbyists (ALL) (B)
 - Campaign Professionals (AAPC) (A)

“Policy Capture”

Depends upon the policy, the governmental institutions, and the country.

Campaign Finance Reforms: Attempts to Control “Capture” in the U.S.

U.S. Campaign Finance Reform

- FECA and the Watergate amendments
- Reforms of the 1980s and 1990s
- Bipartisan Campaign Reform Act of 2002
- DISCLOSE Act of 2010
- *Citizens United v. Federal Election Commission*
- *McCutcheon et al. v. Federal Election Commission*

Who is a lobbyist and who is a campaign professional in the U.S.?

Lobbyist vs. Advocate?

“Shadow lobbyists”?

**Campaign Professionals:
Conflict from Campaigning to
Lobbying?**

Recent Streams of Campaign Finance and Lobbying Reforms

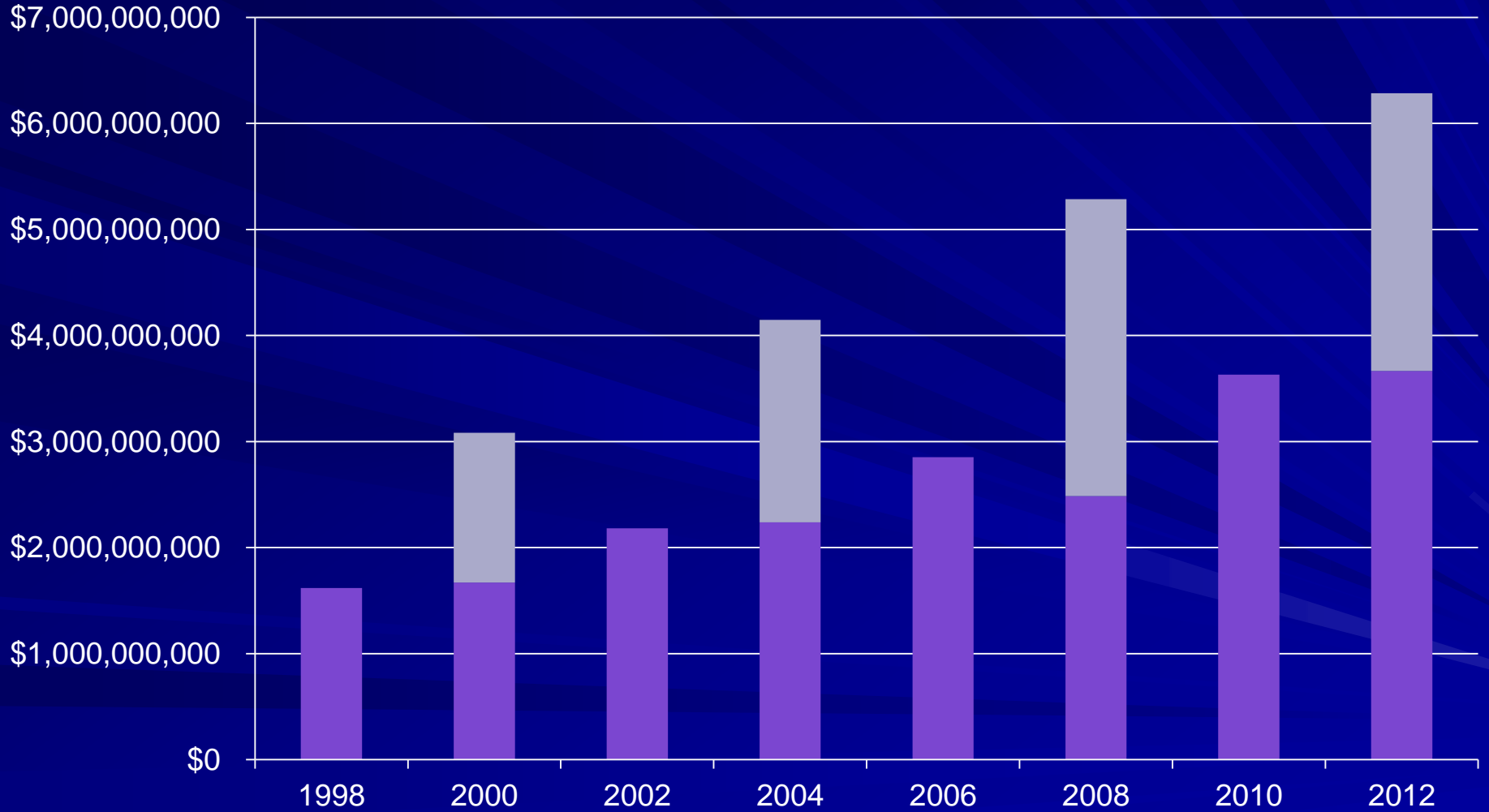
- **Honest Leadership and Open Government Act of 2007(lobbying ethics, and campaign /finance reform)**
- **Presidential/Executive Branch Lobbying Reform**

President Obama's Reforms

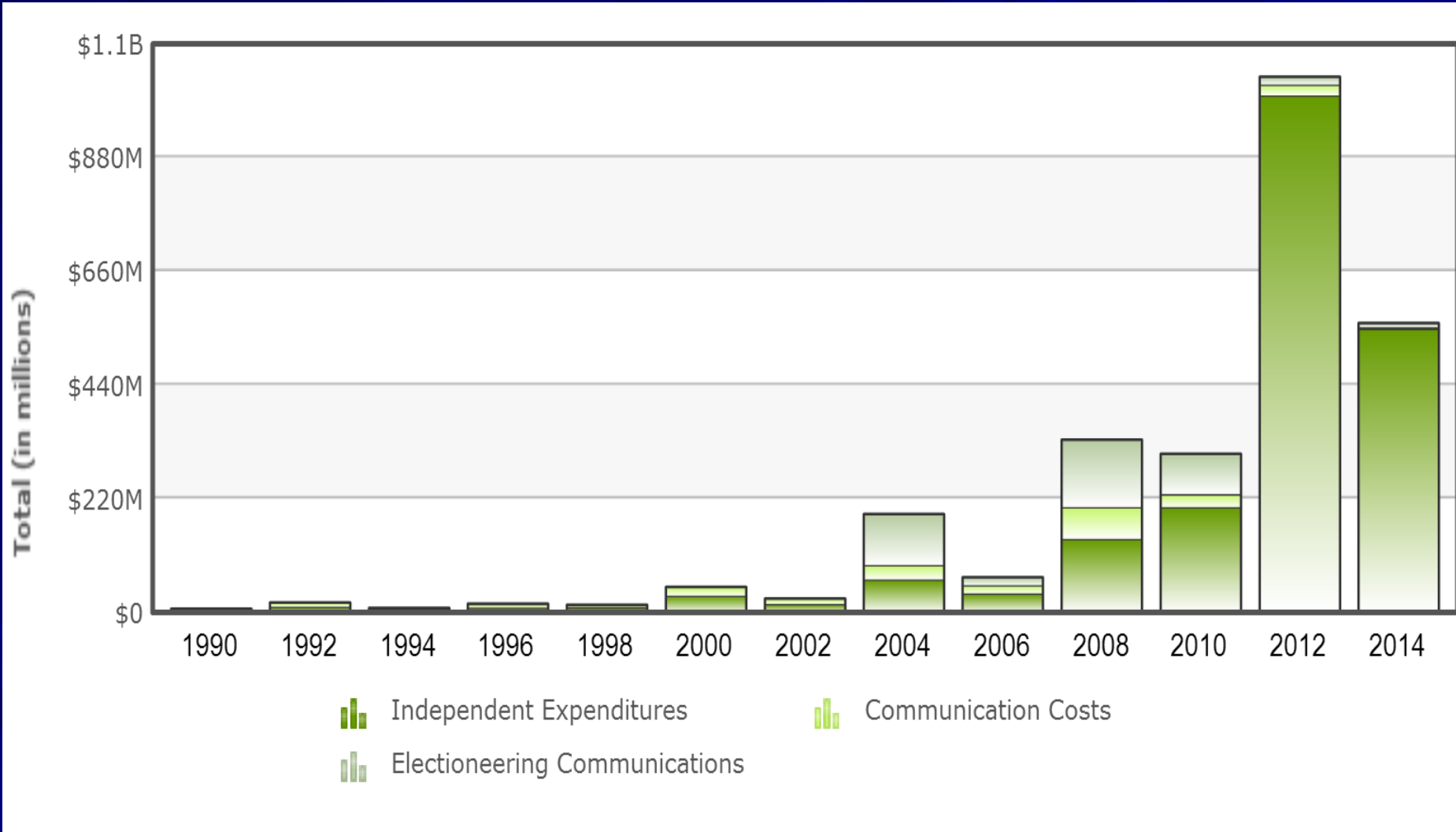
- Revolving Door Restrictions (Into and Out of government)
- Restricts Gifts to Executive Branch Officials
- Lobbying TARP & American Recovery and Reinvestment Act (Stimulus) Restrictions
- Restrictions on Serving on Commissions and Advisory Councils
- More Transparency

Total Cost of Elections

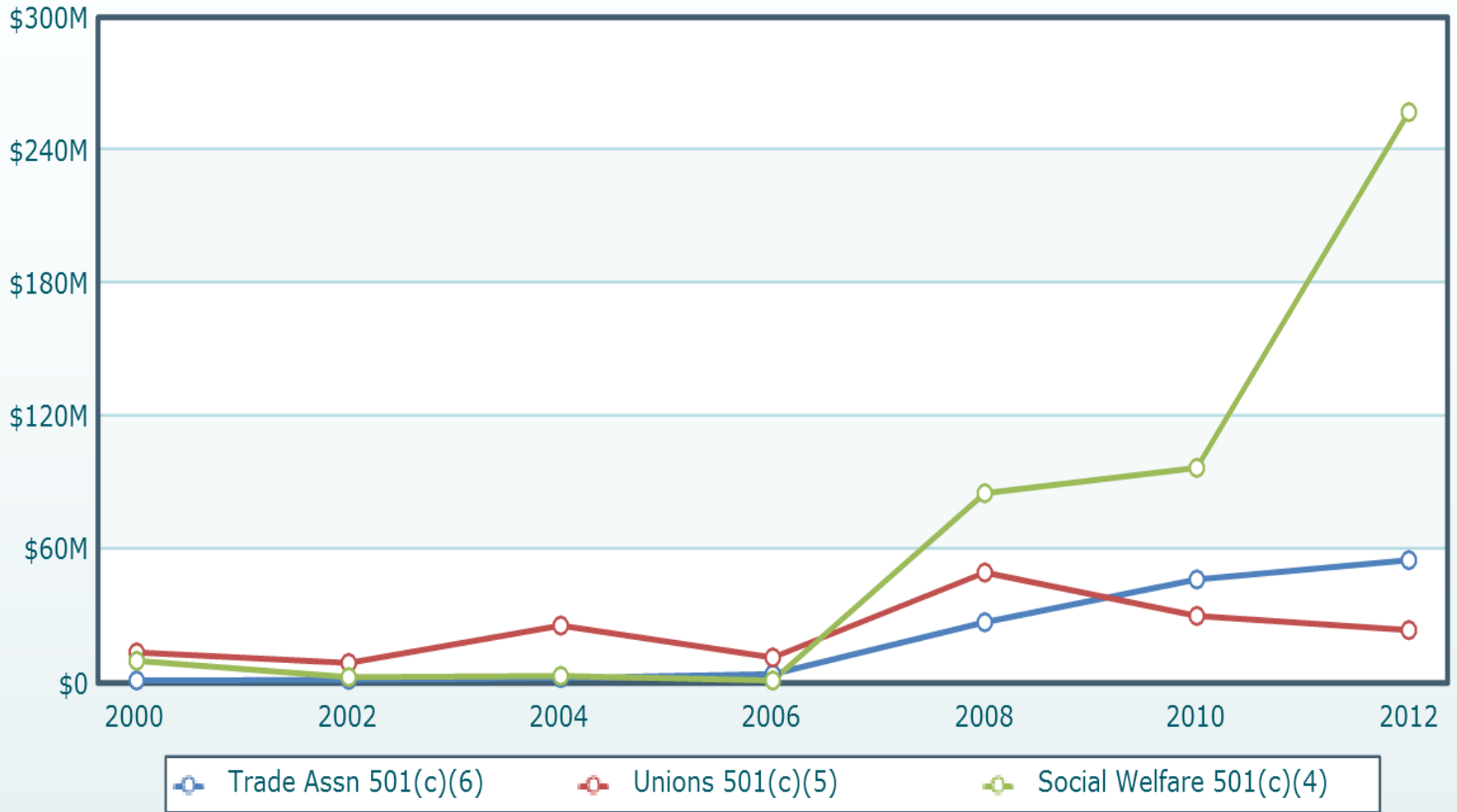
■ Congressional Races ■ Presidential Race



Outside Spending by Cycle



Political Nonprofit Spending

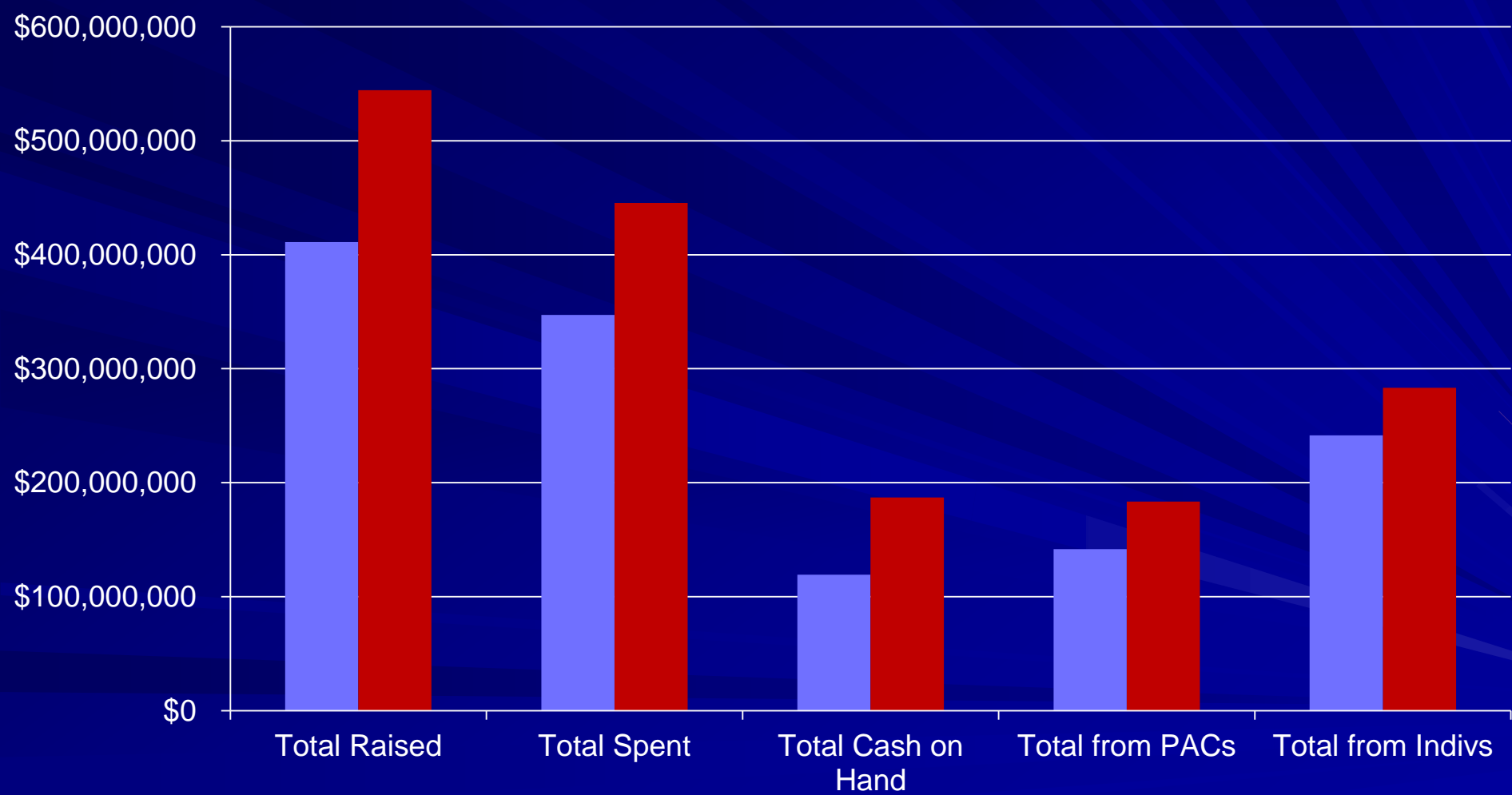


Campaign Spending, 2014

Type of Group	Total Spent	# Registered	# Spending
Super PACs	\$345,020,796	1,258	221
Parties	\$228,826,761	58	25
Social Welfare 501(c)(4)	\$118,024,421	N/A	87
Other (corps, inds, etc)	\$54,468,405	192	143
Trade Assns 501(c)(6)	\$40,121,716	N/A	10
Unions 501(c)(5)	\$1,723,211	N/A	18
Total	\$788,185,310	1,628	504

House Candidates, 2013-2014

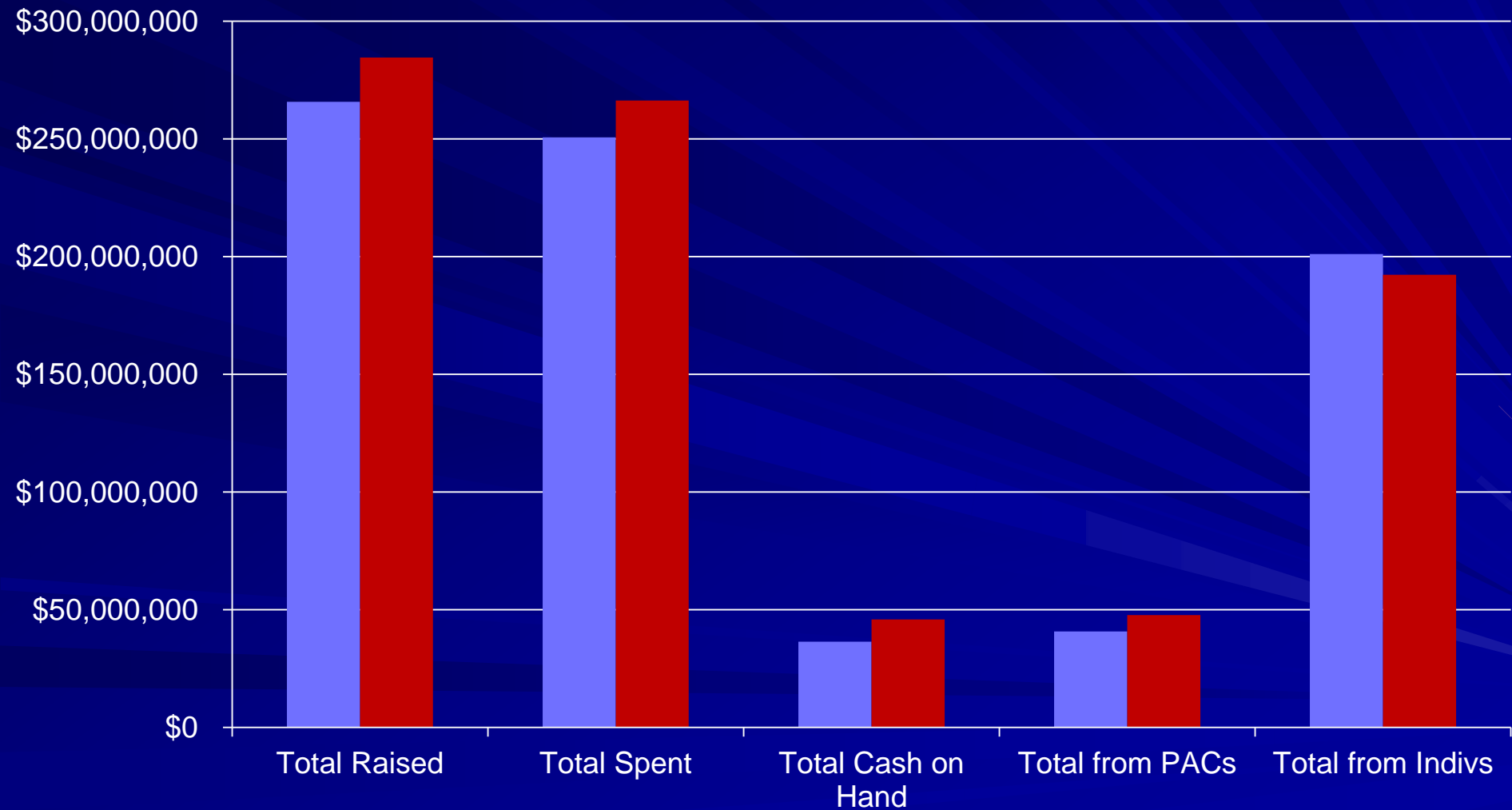
■ Dems (602 candidates) ■ Repubs (758 candidates)



Source: Center for Responsive Politics

Senate Candidates, 2013-2014

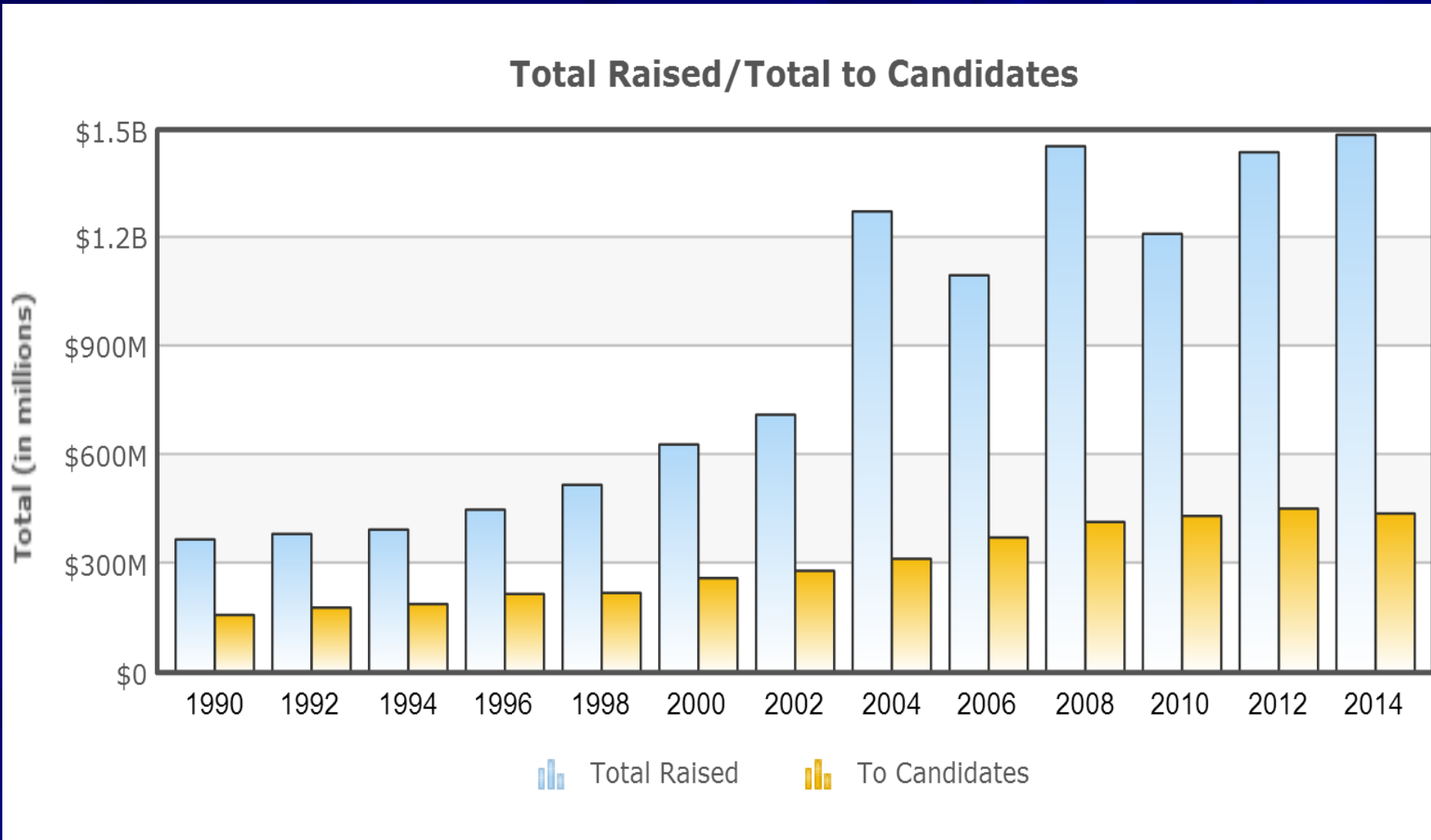
■ Dems (58 candidates) ■ Repubs (137 candidates)



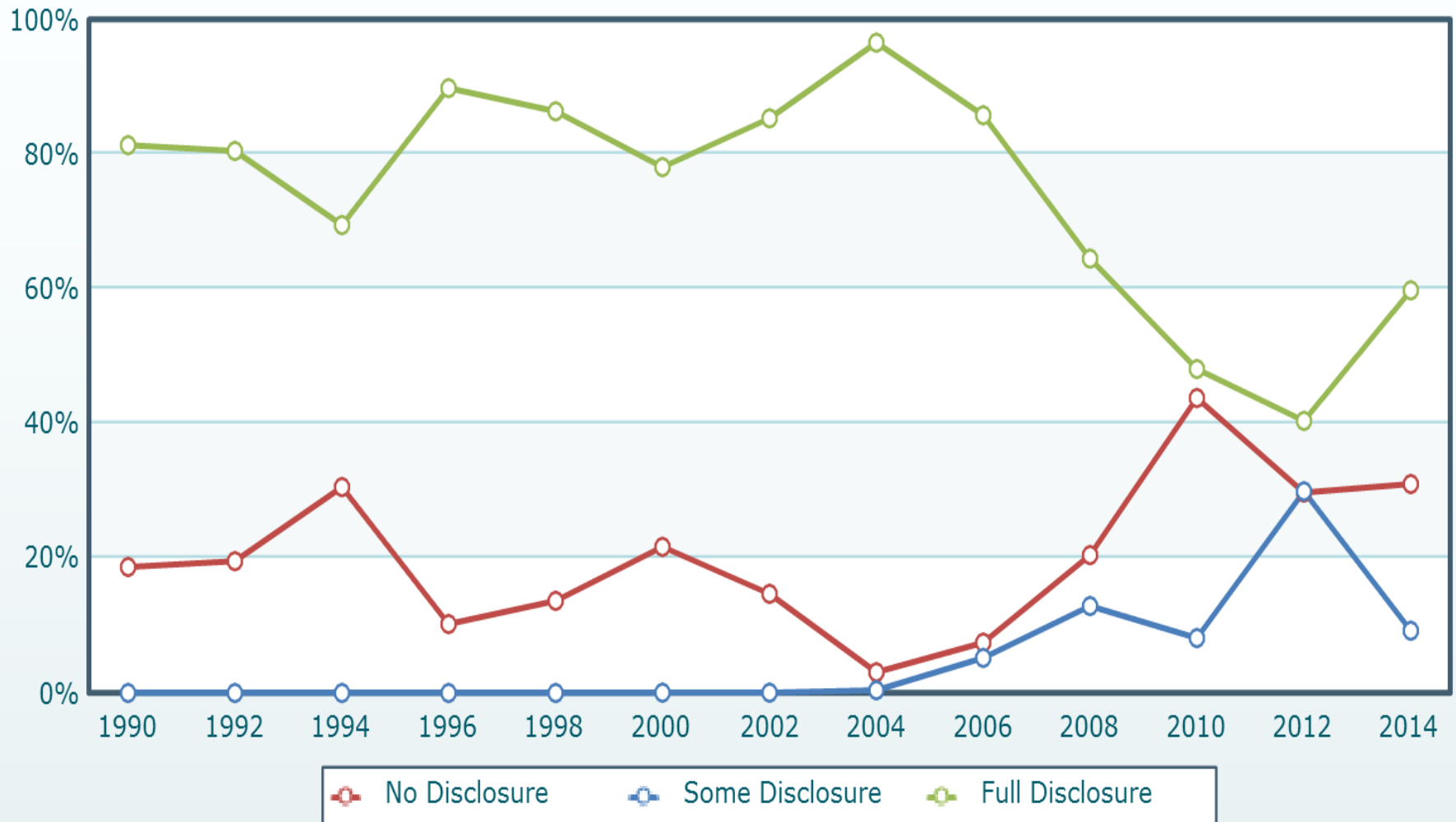
2014 Super PAC Spending

- Number of Super PACS: 1,259
- Total \$ Raised: \$596,353,551
- Total \$ Spent: \$345,020,796

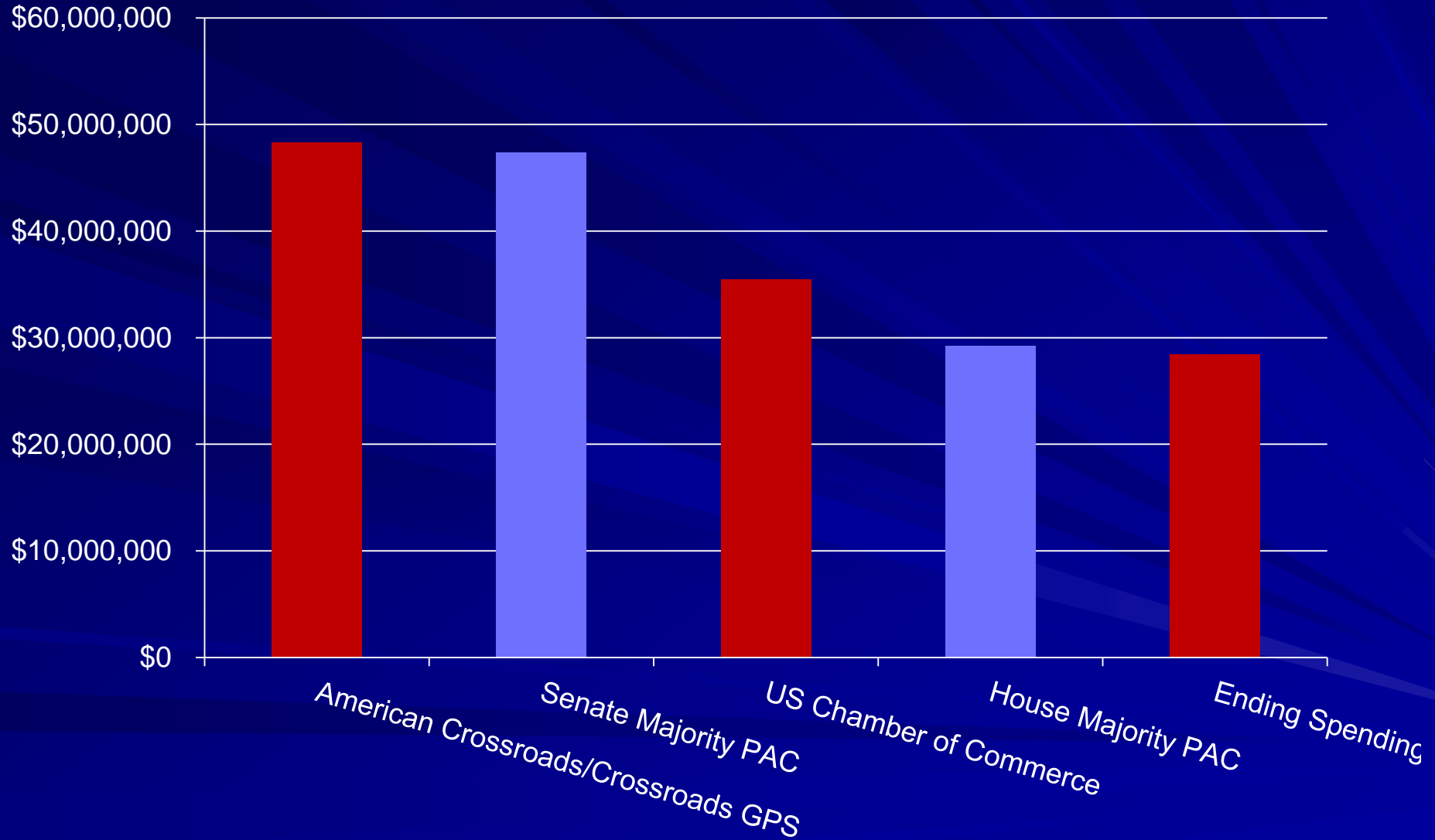
PAC Fundraising



Donor Disclosure Analysis



Top Groups, 2014



Top Republican Donors, 2013-2014

PAC Name	Total
National Auto Dealers Assn	\$1,937,250
Every Republican is Crucial PAC	\$1,850,000
American Bankers Assn	\$1,834,375
National Assn of Realtors	\$1,825,570
National Beer Wholesalers Assn	\$1,721,000
Koch Industries	\$1,627,500
Honeywell International	\$1,531,675
Lockheed Martin	\$1,517,750
National Rural Electric Cooperative Assn	\$1,487,272
AT&T Inc	\$1,460,750
Exxon Mobil	\$1,358,250

Top Democratic Donors, 2013-2014

PAC Name	Total
Intl Brotherhood of Electrical Workers	\$2,318,974
American Assn for Justice	\$2,073,500
American Fedn of St/Cnty/Munic Employees	\$2,002,000
American Federation of Teachers	\$1,964,500
Operating Engineers Union	\$1,868,992
Machinists/Aerospace Workers Union	\$1,808,400
Plumbers/Pipefitters Union	\$1,805,600
National Assn of Realtors	\$1,751,669
United Food & Commercial Workers Union	\$1,687,525
Laborers Union	\$1,604,499
National Education Assn	\$1,588,300

Recent Disclosure Problems

- Principally 501(c)(4)s and 501(c)(6)s
- “Dark money”
 - Do not have to disclose sources of funding
 - Can receive unlimited corporate, individual, or union contributions
- Spending by organizations that do not disclose their donors has increased
 - 2006: less than \$5.2 million
 - 2012: over \$300 million

Distrust of U.S. Governmental Institutions

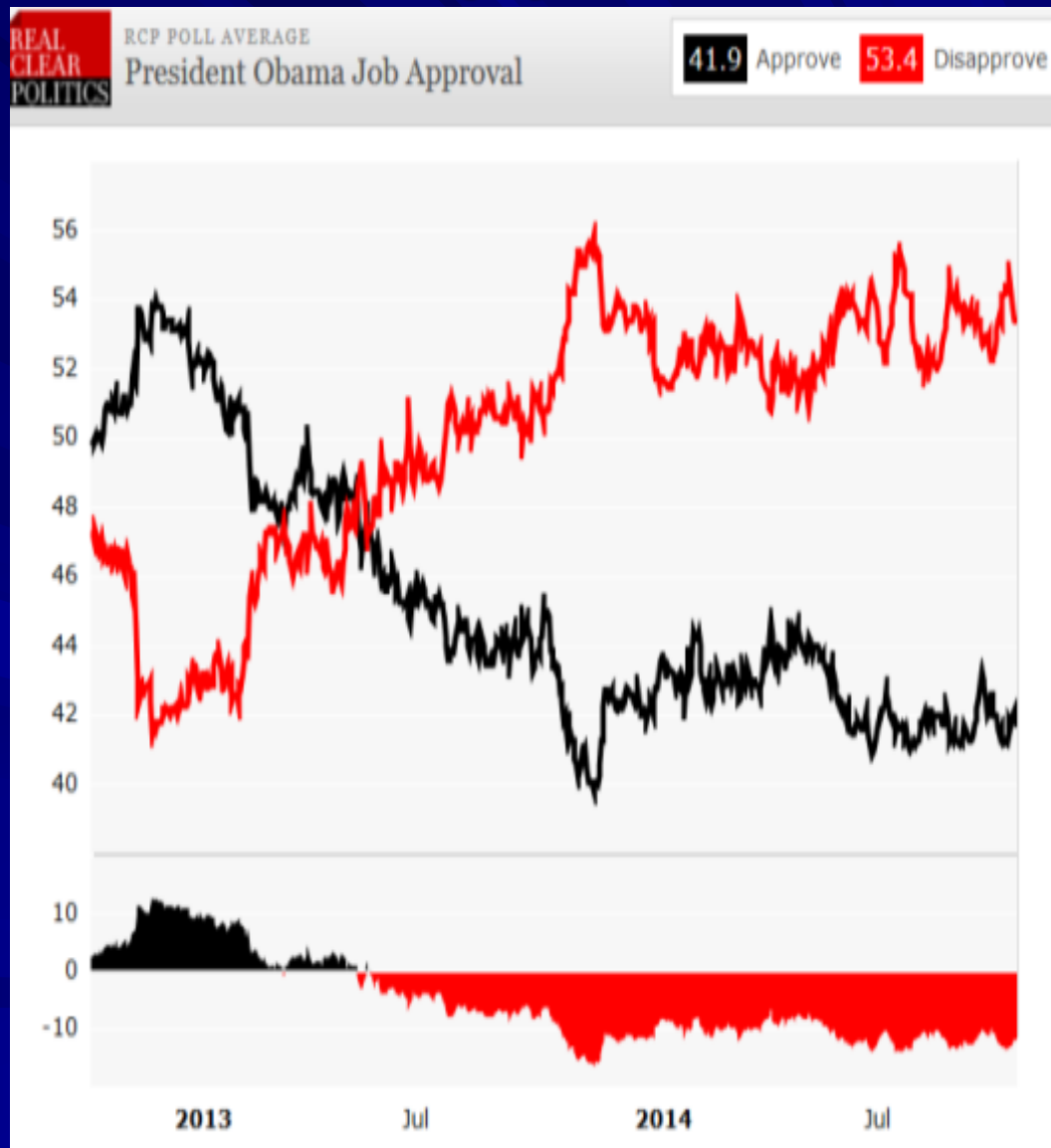
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Congressional job approval



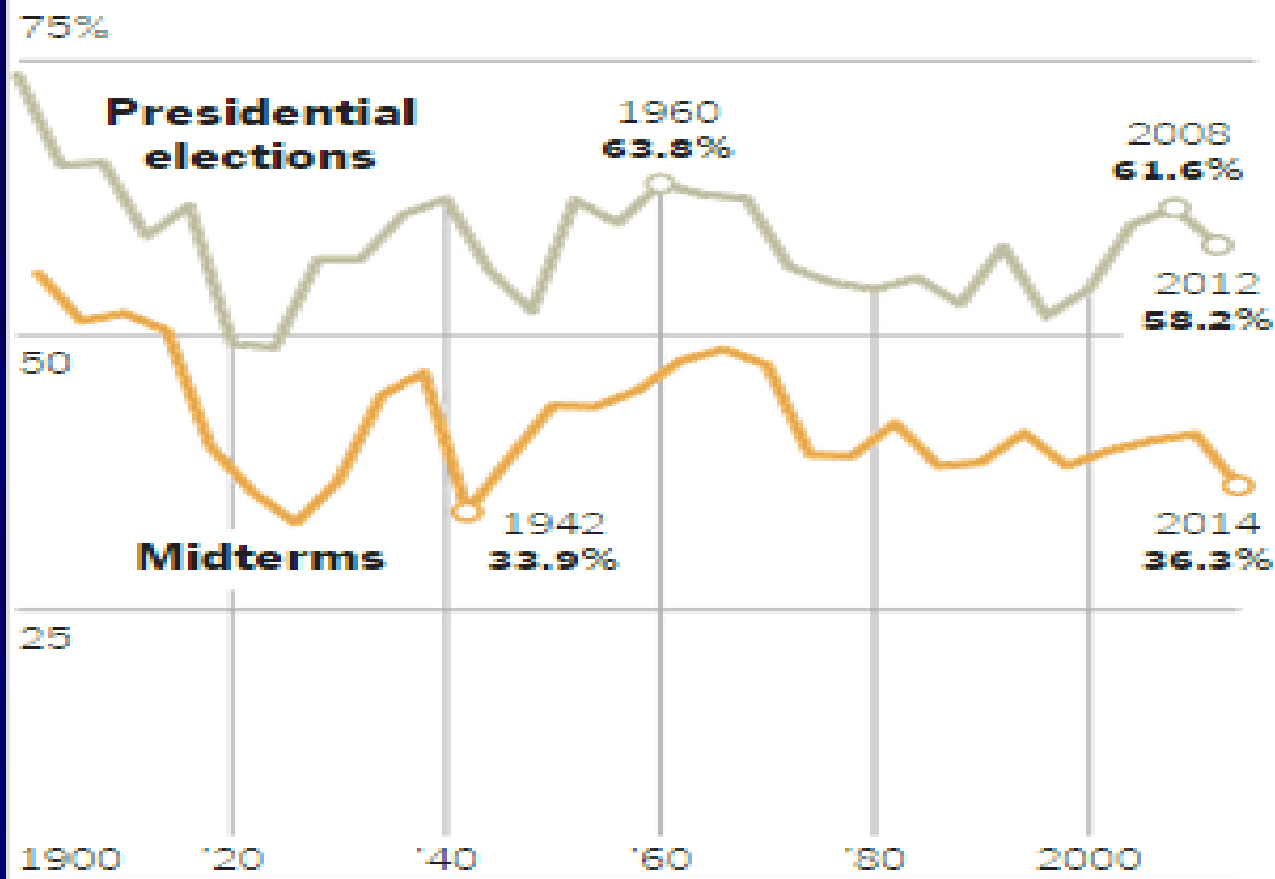
Presidential Job Approval

■ 41.9% approval



Poor Participation in Democracy

Turnout this month was the lowest in any federal election since 1942.

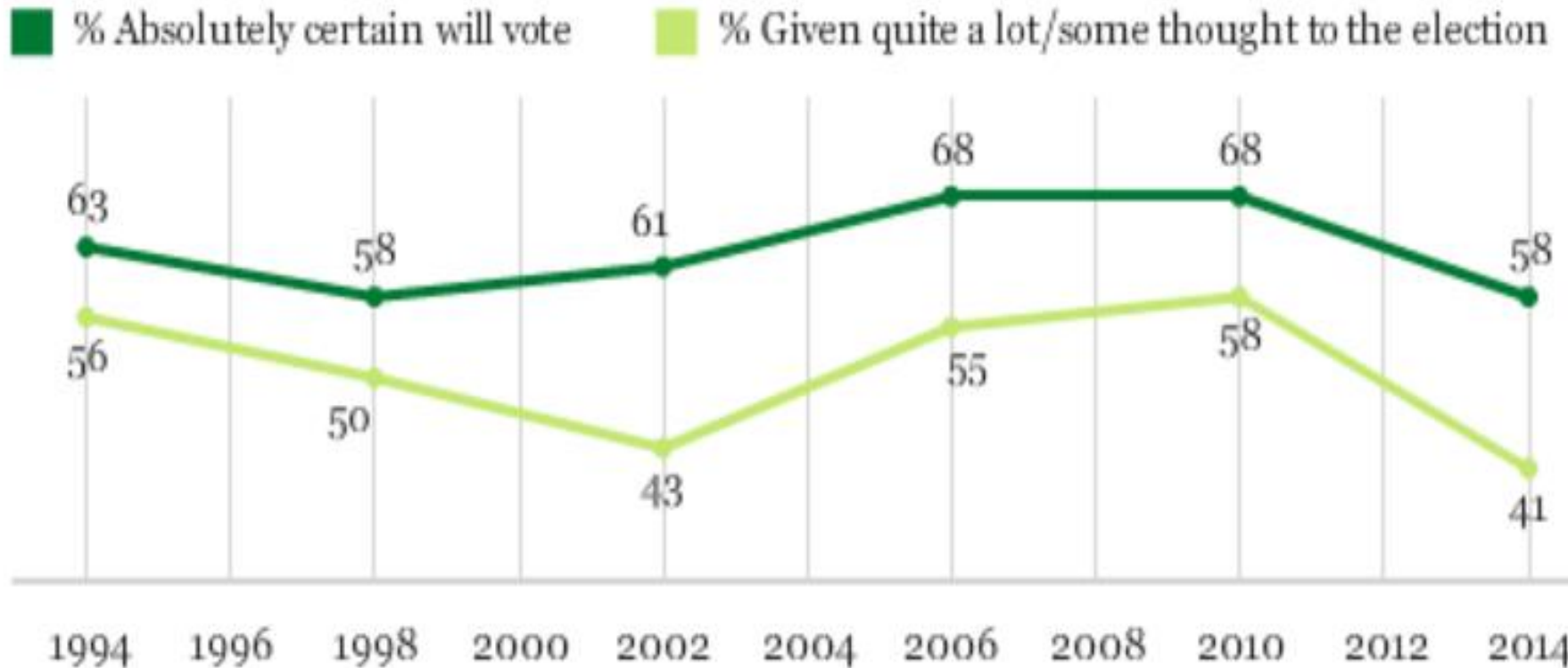


Source: United States Elections Project, University of Florida

Voters, especially Independents, lack interest in election

Indicators of U.S. Adults' Propensity to Vote in Midterm Election

Recent final pre-election trends



Campaigns and Lobbying Reform: Attempts to Mitigate Risks of “Capture” in the U.S.

Causes of U.S. Reform

Scandal/Conflict of Interest/Corruption

- Jack Abramoff: 2004-2006: fraud, tax evasion, conspiracy to bribe public officials (5 yrs., 10 months)
- Conviction of Chairman Rep. Bob Ney
- Conviction of Duke Cunningham: bribes for earmarks
- Conviction/Overtured of Rep. Tom Delay-illegal corporate contributions for campaigns in Texas
- Indictments of members, staff and federal employees

Causes of U.S. Reform

- Increase in Campaign Spending (2008 -\$5 b+; 2014 \$7 b+)
- Campaign Finance & Lobbying:
Bundling/Earmarks
- Proximity of Votes and Campaign Contributions
- Size of Lobbying expenditures
- Negative Public Attitudes about Lobbyists (2006 & 2008 Elections)
- Promise of Post Hill Lobbying Jobs---K Street Project
- Gifts and Travel
- Anger with Congress
- "Political Intelligence" and Insider Trading

Who is a lobbyist?

LDA Legal Definition in the US

Two Contacts (Congress, staff and Executive Branch Executives)

20 % of time on “lobbyist activities”
(contacts and efforts in support of those contacts)

Paid by Client

\$5,000 income per lobbyist or \$20,000 for organization(semi annually)(now indexed)

Number of Registered Lobbyists*

*The number of unique, registered lobbyists who have actively lobbied.

■ 1998	10,406	■ 2006	14,495
■ 1999	12,933	■ 2007	14,837
■ 2000	12,536	■ 2008	14,195
■ 2001	11,831	■ 2009	13,787
■ 2002	12,113	■ 2010	12,965
■ 2003	12,913	■ 2011	12,711
■ 2004	13,167	■ 2012	12,433
■ 2005	14,071	■ 2013	12,279

Size of Lobbying Expenditures

Tip of the Iceberg?

Source: Clerk of the House and Secretary of the Senate, 1998-2013

■ 1998	\$1.45 b.	■ 2006	\$2.65 b.
■ 1999	\$1.45 b.	■ 2007	\$2.88 b.
■ 2000	\$1.57 b.	■ 2008	\$3.30 b.
■ 2001	\$1.64 b.	■ 2009	\$3.50 b.
■ 2002	\$1.83 b.	■ 2010	\$3.55 b.
■ 2003	\$2.06 b.	■ 2011	\$3.33 b.
■ 2004	\$2.20 b.	■ 2012	\$3.31 b.
■ 2005	\$2.44 b.	■ 2013	\$3.21 b.

Growth in the Number of Advocates (2012)

- **Narrow Definition: 40, 281** (number of people in the Government Affairs Directory doing advocacy)
- **Broad Definition: 87,058** (total number of employees listed in Government Affairs Directory including support staff)
- **Estimated number of people in the lobbying industry in Washington, DC area: 100,000 +**
- **Number of Groups in the U.S.: Over 1 million**
- **Who should be called a lobbyist?**

Campaign Finance Links

- [Annenberg Public Policy Center](http://www.annenbergpublicpolicycenter.org/): The site of the University of Pennsylvania-affiliated research center provides information on the role of advertising and the media in federal politics, including the use of "issue ads" in campaigns. (<http://www.annenbergpublicpolicycenter.org/>)
- [Campaign Disclosure Project](http://www.campaigndisclosure.org/): A collaboration of the UCLA School of Law, the Center for Governmental Studies and the California Voter Foundation, the project classifies and evaluates campaign disclosure laws of the 50 states, and designs and promotes a set of uniform standards and model laws. (<http://www.campaigndisclosure.org/>)
- [Campaign Finance Information Center](http://www.campaignfinance.org/): The Investigative Reports and Editors' site contains archives of campaign finance stories from around the country, databases, lists of experts, links and other reporting tools. (<http://www.campaignfinance.org/>)
- [Center for Public Integrity](http://www.publicintegrity.org/): The non-partisan investigative research group's site provides reports on the money behind state and federal elections. (<http://www.publicintegrity.org/>)
- [Federal Election Commission](http://www.fec.gov/): This site contains images of hard copies of campaign finance reports by candidates, parties and PACs and other information from the U.S. agency that oversees campaign finance laws. (<http://www.fec.gov/>)
- [Internal Revenue Service's 527 Group Disclosure Site](http://www.irs.gov/Charities-&-Non-Profits/Political-Organizations): This site contains campaign finance reports filed by groups organized under Section 527 of the tax code. (<http://www.irs.gov/Charities-&-Non-Profits/Political-Organizations>)
- [Project Vote Smart](http://votesmart.org/): This site juxtaposes campaign contributions for more than 13,000 candidates and elected officials nationwide with voting records and evaluations by special interest groups. (<http://votesmart.org/>)
- [National Institute on Money in State Politics](http://www.followthemoney.org/): The nation's most complete resource for information on money in *state* politics (governors, ballot initiatives, state legislators and more) -- much like OpenSecrets.org does on the federal level. (<http://www.followthemoney.org/>)
- [Thomas: Congress' Official Site](http://thomas.loc.gov/home/thomas.php): Includes searchable databases for bill status, sponsors of legislation, and committee actions. Congressional Record online, plus links to member and committee home pages, are also here. (<http://thomas.loc.gov/home/thomas.php>)

Questions?

Comments?