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

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Total Cost of Elections

Source: Center for Responsive Politics
Outside Spending by Cycle

Source: Center for Responsive Politics
Political Nonprofit Spending

Source: Center for Responsive Politics
## Campaign Spending, 2014

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

Source: Center for Responsive Politics
House Candidates, 2013-2014

Source: Center for Responsive Politics
Senate Candidates, 2013-2014

Total Raised

Total Spent

Total Cash on Hand

Total from PACs

Total from Indivs

Source: Center for Responsive Politics
2014 Super PAC Spending

Number of Super PACS: 1,259

Total $ Raised: $596,353,551

Total $ Spent: $345,020,796

Source: Center for Responsive Politics
PAC Fundraising

Total Raised/Total to Candidates

Source: Center for Responsive Politics
Donor Disclosure Analysis

Source: Center for Responsive Politics
Top Groups, 2014

Source: Center for Responsive Politics
# Top Republican Donors, 2013-2014

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

Source: Center for Responsive Politics
# Top Democratic Donors, 2013-2014

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

Source: Center for Responsive Politics
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

Source: Center for Responsive Politics
Distrust of U.S. Governmental Institutions
Congressional job approval

Source: Real Clear Politics, retrieved 11/3/14
Presidential Job Approval

41.9% approval

Source: Real Clear Politics, retrieved 11/4/14
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

Source: Gallup, retrieved 11/5/14
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/Overturnd of Rep. Tom Delay:** illegal corporate contributions for campaigns in Texas
- **Indictments of members, staff and federal employees**

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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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>10,406</td>
<td>2006</td>
<td>14,495</td>
</tr>
<tr>
<td>1999</td>
<td>12,933</td>
<td>2007</td>
<td>14,837</td>
</tr>
<tr>
<td>2000</td>
<td>12,536</td>
<td>2008</td>
<td>14,195</td>
</tr>
<tr>
<td>2001</td>
<td>11,831</td>
<td>2009</td>
<td>13,787</td>
</tr>
<tr>
<td>2002</td>
<td>12,113</td>
<td>2010</td>
<td>12,965</td>
</tr>
<tr>
<td>2003</td>
<td>12,913</td>
<td>2011</td>
<td>12,711</td>
</tr>
<tr>
<td>2004</td>
<td>13,167</td>
<td>2012</td>
<td>12,433</td>
</tr>
<tr>
<td>2005</td>
<td>14,071</td>
<td>2013</td>
<td>12,279</td>
</tr>
</tbody>
</table>
## Size of Lobbying Expenditures

**Tip of the Iceberg?**

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditures</th>
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<tbody>
<tr>
<td>1998</td>
<td>$1.45 b.</td>
</tr>
<tr>
<td>1999</td>
<td>$1.45 b.</td>
</tr>
<tr>
<td>2000</td>
<td>$1.57 b.</td>
</tr>
<tr>
<td>2001</td>
<td>$1.64 b.</td>
</tr>
<tr>
<td>2002</td>
<td>$1.83 b.</td>
</tr>
<tr>
<td>2003</td>
<td>$2.06 b.</td>
</tr>
<tr>
<td>2004</td>
<td>$2.20 b.</td>
</tr>
<tr>
<td>2005</td>
<td>$2.44 b.</td>
</tr>
<tr>
<td>2006</td>
<td>$2.65 b.</td>
</tr>
<tr>
<td>2007</td>
<td>$2.88 b.</td>
</tr>
<tr>
<td>2008</td>
<td>$3.30 b.</td>
</tr>
<tr>
<td>2009</td>
<td>$3.50 b.</td>
</tr>
<tr>
<td>2010</td>
<td>$3.55 b.</td>
</tr>
<tr>
<td>2011</td>
<td>$3.33 b.</td>
</tr>
<tr>
<td>2012</td>
<td>$3.31 b.</td>
</tr>
<tr>
<td>2013</td>
<td>$3.21 b.</td>
</tr>
</tbody>
</table>

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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**: 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**: 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**: 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**: 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**: 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**: 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**: 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**: 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**: 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)

Source: Center for Responsive Politics
Questions?

Comments?