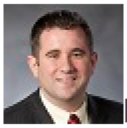
Research to Improve Policy and Enhance Democracy

The Cash Ceiling



Nicholas Carnes, Sanford School of Public Policy, Duke University

Could you raise $650,000 by next summer?

If your answer is "probably not," you probably won't be running for the House of Representatives in 2014. Last year, House candidates had to raise an average of $650,000 to finance their campaigns.

They aren't alone. In the Senate, the average was almost $3 million. The 16 major candidates for the presidency raised an average of $85 million. Even state and local races have become high-dollar affairs. Here in North Carolina, the average candidate for our state's "citizen legislature" had to raise $57,000 to run in 2012.

As election costs shoot into the stratosphere, a new glass ceiling has emerged in politics: a Cash Ceiling. Running for office is too expensive — and therefore off-limits — for the vast majority of Americans. The space on our ballots is becoming the exclusive turf of the wealthy and the well-connected.

People who care about money in politics pay a lot of attention to how big money influences the outcomes of elections and the choices politicians make. They should also be asking how big money influences *who runs* in elections and *who becomes* a politician.

Today, millionaires control all three branches of the federal government: they have a majority in the House, a filibuster-proof supermajority in the Senate, a 5-4 majority on the Supreme Court, and a man in the White House. Meanwhile, working-class jobs — manual labor and service-industry positions — make up a majority of our labor force, but people from those kinds of jobs make up less than 2% of Congress. The effects on economic policy are enormous. As I show in my forthcoming book, social safety net programs are stingier, business regulations are flimsier, protections for workers are weaker, and tax policies are better for the rich when we let wealthy professionals call the shots.

Of course, even back when elections were cheap by today's standards, there still weren't many working-class people in office. But skyrocketing campaign costs have added another serious hurdle. When Edward P. Beard — the house-painter-turned-congressman who founded the short-lived House Blue Collar Caucus — first ran for Congress in 1974, he struggled to raise the $900 he spent on his campaign. If elections back then had cost what they do now, he wouldn't have stood a chance. Big money is making the path to political office — which was always difficult for most citizens — virtually impossible.

But the Cash Ceiling isn't invincible. In the last decade, reformers have started developing models to recruit middle- and working-class candidates and to help them raise the money to campaign. In New

Jersey, the AFL-CIO runs a Labor Candidates School; its graduates have won more than 700 state and local races. In Oregon, unions and activists recently founded a similar program. More are in the works in places like New York and Las Vegas.

Programs like these are some of the most promising new directions in the fight for political equality. If we're ever going to get a handle on money in politics, we have to start thinking about more than just how money can influence the outcome of an election or how campaign donors can sway politicians. The rich aren't just financing our campaigns, they're *running* in them; the wealthy aren't just lobbying politicians, they *are* the politicians. If we want our government to be more responsive to the needs of middle- and working-class Americans, we're going to have to break this Cash Ceiling.

America's Politicians are Listening to the Rich

Martin Gilens, Princeton University

Sheldon Adelson's $20 million couldn't buy Newt Gingrich the 2012 Republican nomination. And pro wrestling mogul Linda McMahon squandered $100 million of her own money in a failed bid for a U.S. Senate seat. If the rich are having such a hard time turning dollars into votes, do we really need to worry about money distorting American politics?

Yes we do. A broader look at national trends over the past fifty years shows that politicians have in fact become increasingly responsive to the preferences of the richest Americans while virtually ignoring the middle-class and the poor. That's the conclusion I've come to after reviewing the policy preferences expressed by thousands of poor, middle-class, and affluent Americans — as recorded in opinion surveys covering the years 1964-2006 — and matching them up against the policies that elected officials actually went on to adopt.

Over four decades, federal policymaking has been fairly consistent with the preferences voiced by upper-income Americans, regardless of opposition from the less well-off. The poor and the middle class, however, are out of luck. On issues where they have differed from their more affluent compatriots, there is no relationship between the preferences they have voiced and the actions taken by policymakers in Washington.

This pattern plays out across many important issues. American trade policy, for example, has become far less protectionist since the 1970s, in line with the positions of the affluent but in opposition to those of the middle-class and the poor. Similarly, income taxes have become less progressive over the past decades, and corporate regulations have been loosened for a wide range of industries, contrary to the expressed opinions of poor and middle-class citizens.

Nor do inter-class alliances dent the influence of the well off. Even when middle-class preferences align closely with those of the poor, elected officials continue to be strongly responsive to the views of the affluent but not to those of the less well-off. Low- and middle-income Americans have been united, for example, in opposing free trade agreements such as NAFTA and the General Agreement on Tariffs and Trade. But the affluent tend to favor free trade, and the affluent generally get what they want.

Of course, total — perfectly equal— responsiveness to the public may not be ideal. At times, there are good reasons for government policy to deviate from the preferences of the majority. After all, minority rights are important too, and majorities can be misguided in ways that policymakers must try to recognize and resist. Nevertheless, gross levels of inequality in influence are incompatible with basic democratic notions of political fairness that Americans embrace.

In the United States, the increasing concentration of wealth at the very top is only tilting the balance of political power even further toward the top. If we cannot tame the influence of money in shaping government policymaking, more and more Americans will — rightly — come to feel that ours is a government of the rich, by the rich, and for the rich.

How Money Corrupts American Politics

Benjamin I. Page, Northwestern University

Money cannot always buy election results; weak candidates often lose even when they outspend their opponents. Nor is outright bribery very common; elected officeholders rarely sell specific votes directly Yet the perfectly legal flood of money that pervades American politics has fundamentally corrupting effects.

The effects of money are manifold, subtle, and hard to pin down, but a number of pathways of influence can be laid out. Most are based on judgments about the best available evidence, short of irrefutable proof. But on certain key points the quantitative evidence is fairly conclusive. Political scientist Gary Jacobson and other scholars have pinned down how monetary advantages affect chances of winning congressional elections Large amounts of money are virtually essential if a candidate is to have any serious chance of winning. Inability to raise big money leads to losing general elections, losing party nominations, or giving up even before getting started. Thus the need to raise money acts as a filter, tending to eliminate public officials who hold certain points of view – even points of view that are popular with most Americans.

The need for money tends to filter out centrist candidates. Most congressional districts are gerrymandered to ensure a big advantage for one party or the other, so that election outcomes are actually decided in low-salience, low-turnout, one-party primary elections. Primaries are usually dominated by ideological party activists and money givers, who tend to hold extreme views and to reject all but the purest partisan candidates. This contributes to party polarization and legislative gridlock in Congress.

The need for money filters out candidates on the economic left. Democratic as well as Republican candidates have to raise big money, most of which comes from economically successful entrepreneurs and professionals who tend to hold rather conservative views on taxes, social welfare spending, and economic regulation. As a result, few candidates whose views are not broadly acceptable to the affluent are nominated or elected.

The quest for money tilts candidates' priorities and policy stands. Countless hours spent grubbing for money from affluent contributors changes candidates' priorities and sense of constituent needs. As they speak with potential donors, candidates hear repeatedly about resentment of progressive taxes and "wasteful" social spending. Special tax breaks for corporations and hedge fund managers start to sound reasonable.

Affluent citizens get extra influence by turning out to vote, working in campaigns, and contacting officials. Campaign contributions are not the only way in which affluent people get involved in politics; these same people tend to be active in other ways too, underscoring their importance to candidates.

Money can tip the outcome of close elections. Money spent on media, organizing, and turnout tends to increase vote totals, giving a significant advantage to candidates favored by money givers.

Money buys access to officials. When big contributors contact officials they tend to get attention. Their economic resources enable them to get a hearing, to offer help with information and expertise – even to draft bills. Research shows that these processes boost the influence of the affluent on the policy topics and ideas officeholders consider, biasing the public agenda toward the concerns of the affluent.

The quest for re-election money affects officials' priorities and policy stands. From the moment they win office, candidates look ahead to the money they must raise for reelection, and this is bound to steal time from official duties and slant their attention toward constituents who are substantial donors.

In sum, the net effects of money in politics include distraction from the public business, exacerbation of polarization and gridlock, and distortion of policy making in wasteful, inefficient, and anti-democratic directions. These are not trivial costs to American democracy, and their impact raises the obvious question: what can be done? There is little immediate prospect for a Supreme Court decision or Constitutional amendment to reduce the impact of money on politics. But the effects of big private money could be greatly diluted through public funding – for example, by letting all citizens contribute with "democracy vouchers" (as legal expert Larry Lessig has proposed) or instituting some other system of matching small contributions. To make something like this happen – over the likely resistance of wealthy big contributors – would require a broad, bipartisan social movement. Citizens of various ideological persuasions would have to join together, much as Americans once did in broad reform movements during the Progressive Era of the early twentieth century.

The Other Kind of Political Money

Kay Lehman Schlozman, Boston College

Our conversations about money in politics are dominated by concern about campaign contributions or, perhaps, bribery in its many forms. We tend to overlook another kind of political money, spending on lobbying by organized interests, perhaps because lobbying so clearly enjoys First Amendment protection. The reported sums expended on lobbying at the federal level approach the blowout spending on the 2012 presidential election. Moreover, the reported sums underestimate substantially the real amounts spent through organizations pursuing political influence. Underreporting happens, for example, because spending on grassroots lobbying does not need to be reported.

Why is so much spent? Campaign donors make contributions for two reasons: they seek not only to influence who wins or loses but also to have an impact on what the winners do once in office. Thus, we need to pay attention to what happens after the election: that is, to the follow-up that happens when policies are actually being made.

When individual citizens seek to make their voices heard in politics, the well-educated have many advantages. However, when politically active organizations seek influence, the critical resource is money. An organization with a large budget will hire the expertise it needs – lobbyists, researchers, tax attorneys, public relations experts, and so on. Hiring high-priced talent helps to ensure political effectiveness. Hiring more of these political professionals allows an organization to multiply the volume of its political input substantially. In short, well-educated individuals are likely to have many other attributes that make them effective as activists. Affluent organizations can purchase those characteristics.

The aggregate sums are staggering. According to opensecrets.org, the Web site of the Center for Responsive Politics, registered expenditures for lobbying have exceeded $3 billion in every year since 2008. What is of particular concern, however, is not so much the level of lobbying spending as its distribution. It is the affront to the democratic tenet of equality among citizens – embodied in the principle of one person, one vote – that makes the other kind of political money so worrisome. Some kinds of people and some political perspectives – most notably, the affluent – receive much more vigorous representation.

Aggregating the various kinds of organizations that represent business in national politics shows that the bulk of organized interest representation is centered around business, which constitute 53 percent of all organizations and 74 percent of the those organized around economic roles and interests. Business organizations account for 72 percent of lobbying spending.

Among the handful of organizations representing the less privileged are labor unions, which constitute roughly 1 percent of organized interests active in Washington politics and 1 percent of the lobbying spending. But, as is well known, rates of union membership, which are currently much higher for workers in the public than the private sector, have plunged over the last generation. Interestingly, because public-sector professional workers like teachers are relatively likely to be unionized, professionals have, overall, higher rates of union membership than do service, sales, or production workers.

There are a handful of organizations that represent the poor – most of them social service providers like the Red Cross and Goodwill Industries. Together they account for 1 percent of the organizations active in Washington and less than 1 percent of the lobbying spending. There are no organizations – and, hence, no lobbying spending – for recipients of means-tested government benefits like SNAP, the EITC, or TANF acting on their own behalf. There are, similarly, no organizations representing children in Head Start programs, those awaiting trial on felony charges, or women at home.

What, if anything, is to be done? Probably not much – given the protection afforded to lobbying by the First Amendment. Besides, not only is lobbying constitutionally protected but it performs important functions in American democracy – most importantly, providing policymakers with detailed information about the possible consequences of policy alternatives. Still, it would be useful if policy makers showed more awareness of way that unequal resources shape what they hear.