

# Corruption and interest group influence

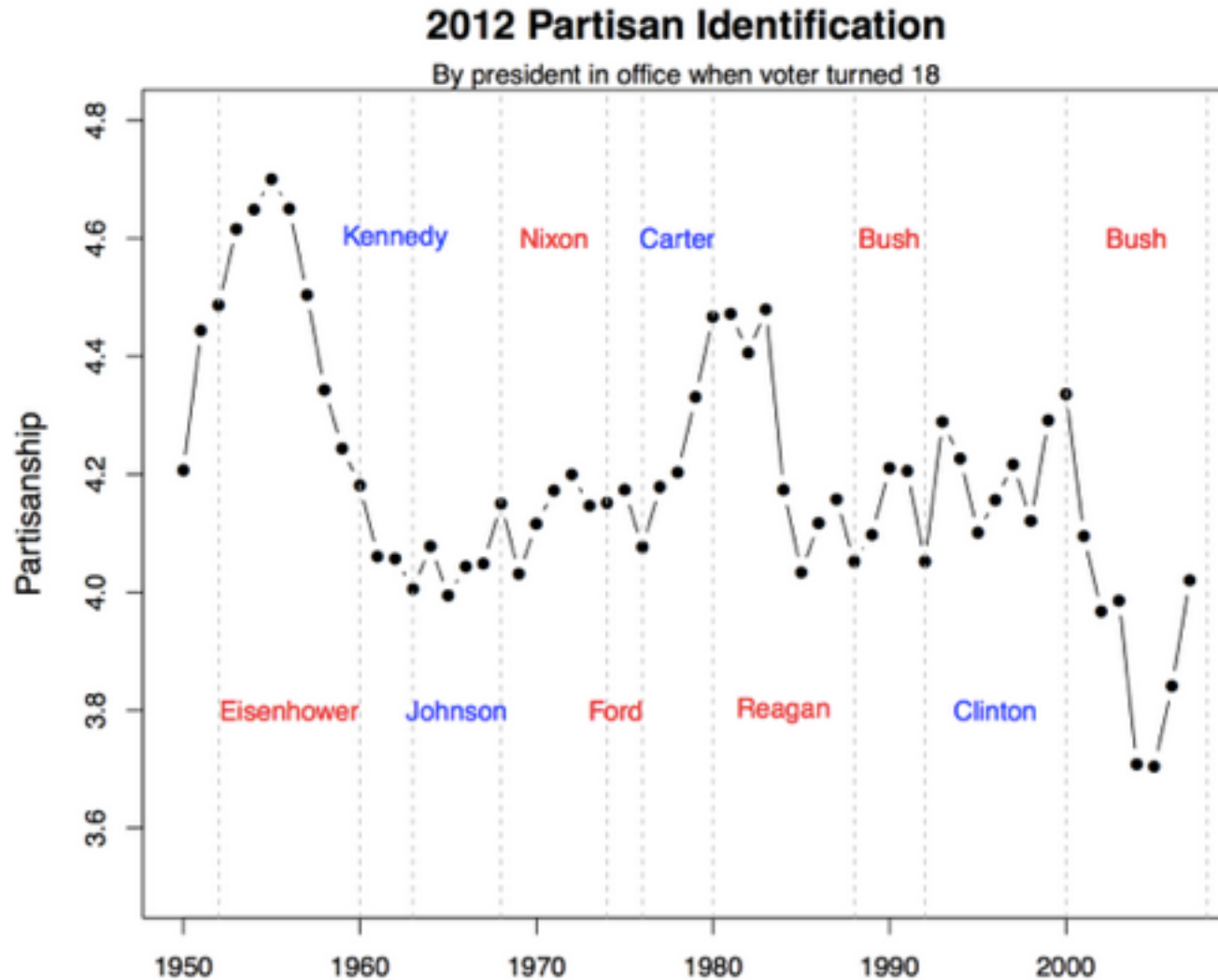
Government and Politics of the USA,  
Week 4

3 November, 2015

Prof. Andrew Eggers

# **Wrapping up last week's lecture**

Some interesting evidence of social identification...



(Higher is more Republican.)

Dan Hopkins: <http://fivethirtyeight.com/features/partisan-loyalty-begins-at-age-18/>

## Electoral college background

- Original constitutional debate: popular election of President, vs. election by Congress?
- Electoral College as compromise through indirect election  
“A small number of persons, selected by their fellow-citizens from the general mass, will be most likely to possess the information and discernment requisite to such complicated investigations.” (Federalist No. 68)
- Initial format (II.1.3): Each Elector votes for two candidates, one of whom must not be from own state; majority winner is President (second place is VP); if no majority winner Congress chooses among top 5.
- Twelfth Amendment (1803): Each elector casts separate ballots for Pres and VP
- Early 19C: Electors are partisan actors, thus *pledged* for a ticket; now electors no longer listed on the ballot

OFFICIAL BALLOT, GENERAL ELECTION  
PALM BEACH COUNTY, FLORIDA  
NOVEMBER 7, 2000

<b>ELECTORS FOR PRESIDENT AND VICE PRESIDENT</b>  (A vote for the candidates will actually be a vote for their electors.)  (Vote for Group)	(REPUBLICAN)	
	GEORGE W. BUSH - PRESIDENT	3 ➡
	DICK CHENEY - VICE PRESIDENT	
	(DEMOCRATIC)	
	AL GORE - PRESIDENT	5 ➡
	JOE LIEBERMAN - VICE PRESIDENT	
	(LIBERTARIAN)	
HARRY BROWNE - PRESIDENT	7 ➡	
ART OLIVIER - VICE PRESIDENT		
(GREEN)		
RALPH NADER - PRESIDENT	9 ➡	
WINONA LaDUKE - VICE PRESIDENT		
(SOCIALIST WORKER )		
JAMES HARRIS - PRESIDENT	11 ➡	
MARGARET TROWE - VICE PRESIDENT		
(NATURAL LAW)		
JOHN HAGELIN - PRESIDENT	13 ➡	
NAT GOLDBERGER - VICE PRESIDENT		

OFFICIAL BALLOT, GENERAL ELECTION  
PALM BEACH COUNTY, FLORIDA  
NOVEMBER 7, 2000

4 ➡	(REFORM)	
	PAT BUCHANAN - PRESIDENT	
	EZOLA FOSTER - VICE PRESIDENT	
6 ➡	(SOCIALIST)	
	DAVID McREYNOLDS - PRESIDENT	
	MARY CAL HOLLIS - VICE PRESIDENT	
8 ➡	(CONSTITUTION)	
	HOWARD PHILLIPS - PRESIDENT	
	J. CURTIS FRAZIER - VICE PRESIDENT	
10 ➡	(WORKERS WORLD)	
	MONICA MOOREHEAD - PRESIDENT	
	GLORIA La RIVA - VICE PRESIDENT	
	<b>WRITE-IN CANDIDATE</b>	
	To vote for a write-in candidate, follow the directions on the long stub of your ballot card.	

TURN PAGE TO CONTINUE VOTING ➡

## Electoral college reform?

- In 1824, 1876, 1888, & 2000, winner of electoral college loses national popular vote.  
**How does this happen?**
- Following 1968 election, Constitutional amendment introduced for runoff system (40% majority threshold); passed House; stalled in Senate.

### 1968 election results

	Share of popular vote	Share of electoral votes
Richard Nixon	43.5%	56%
Hubert Humphrey	42.9%	35.5%

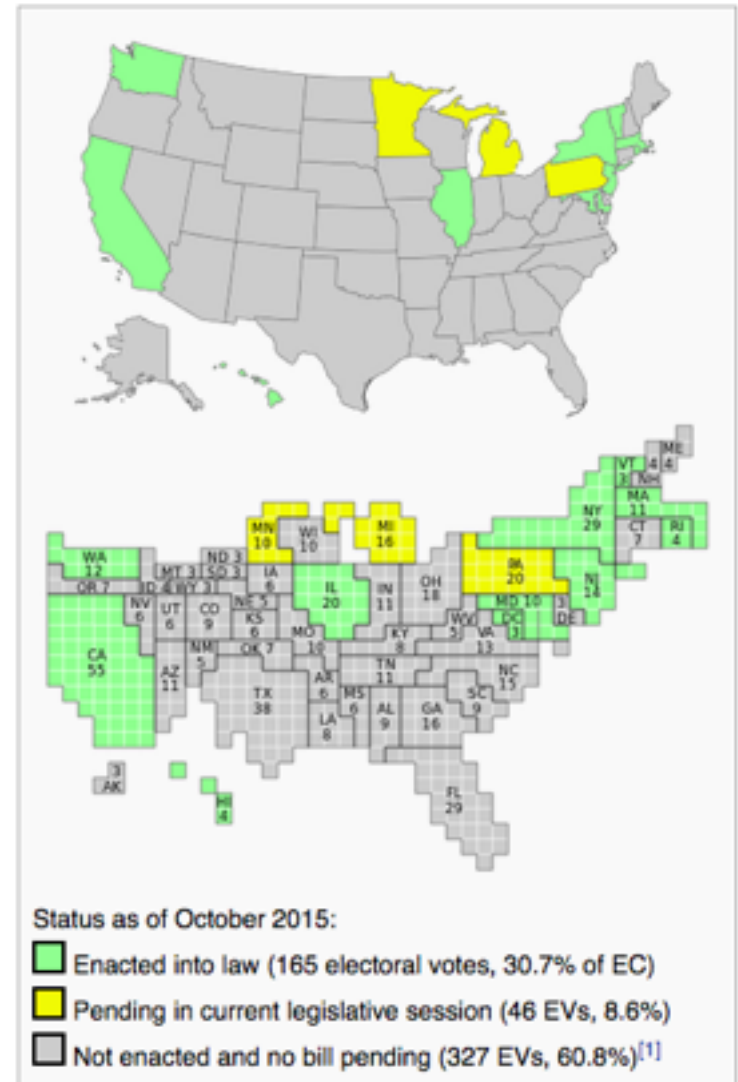
**Why so hard to change?**

# National Popular Vote Interstate Compact

"Each State shall appoint, in such Manner as the Legislature thereof may direct, a Number of Electors, equal to the whole Number of Senators and Representatives to which the State may be entitled in the Congress..." (US Constitution, II.I.2)

Currently: All states use winner-take-all except Maine & Nebraska, which use the “district system”.

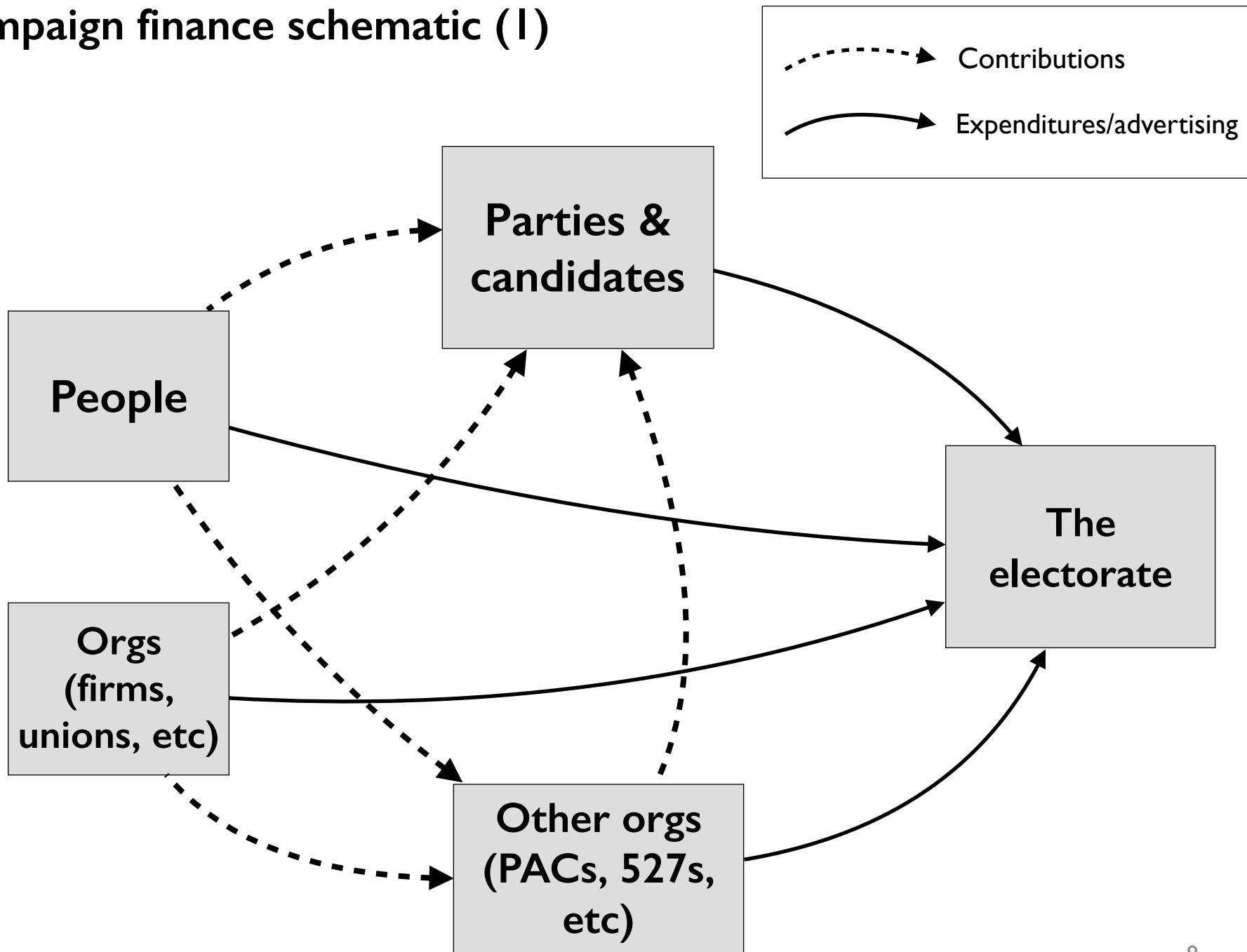
NPVIC: Signatory states agree to give all electors to national popular vote winner, once sufficient number of states have signed.



# **Money in US elections**



# Campaign finance schematic (I)



## Bit of history: corporate spending in politics

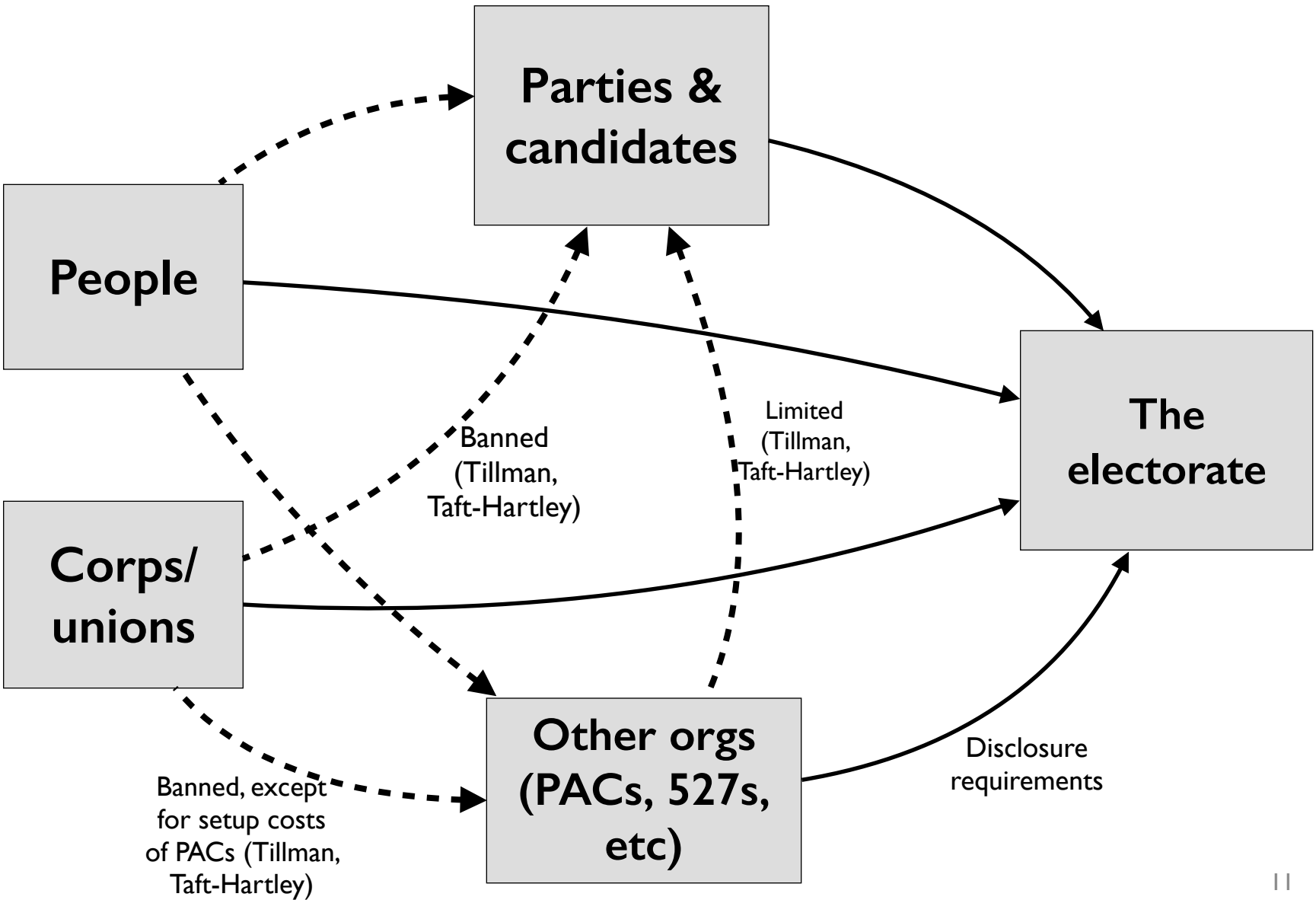
Ban on contributions to candidates from

- corporations (Tillman Act, 1907)
- unions (Taft-Harley Act, 1947)



But, could organize Political Action Committees (PACs) to which members contribute; these can contribute to candidates and parties.

# Campaign finance schematic (I)



# Bit of history: contribution and spending limits

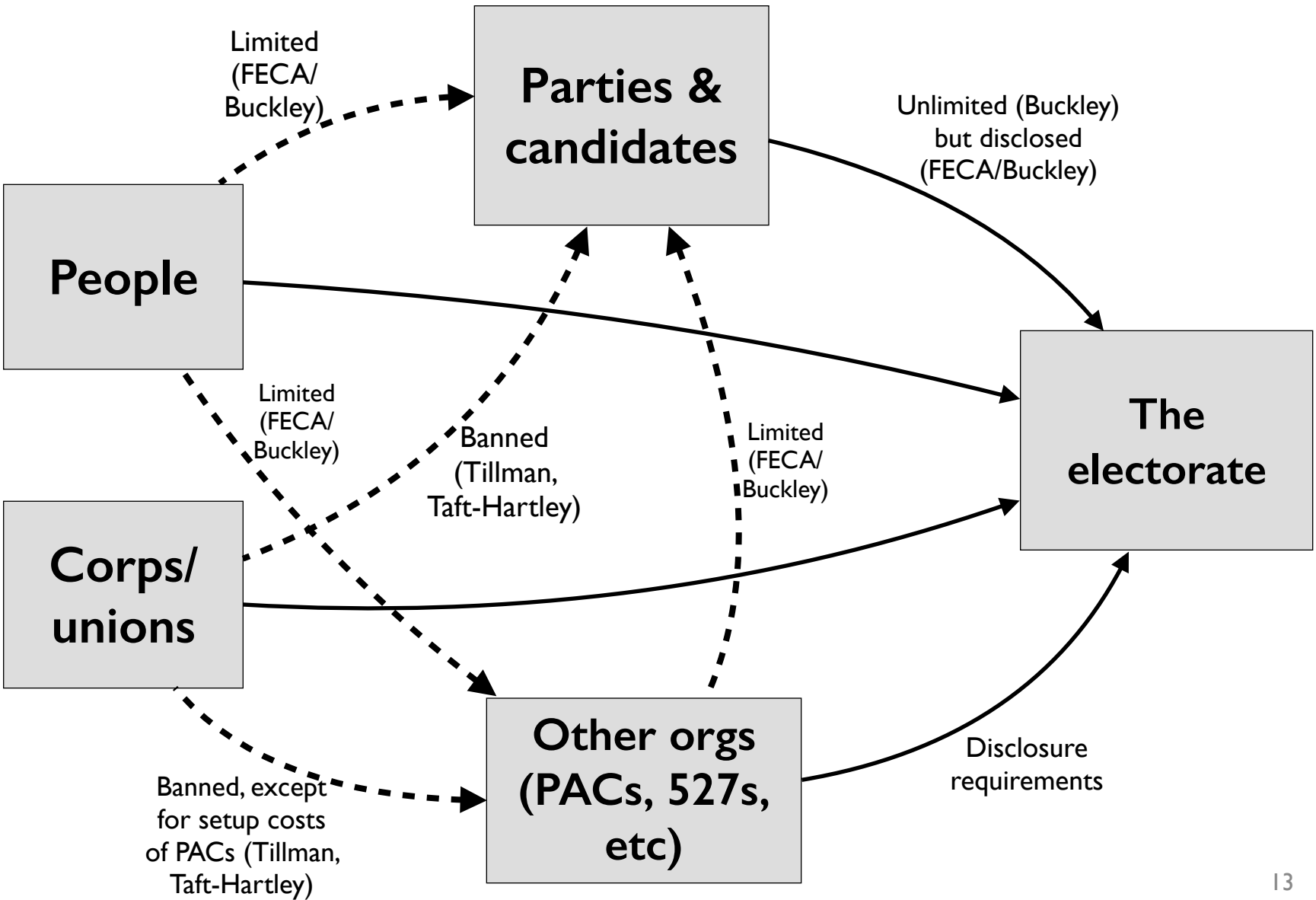
Post-Watergate reforms  
(Federal Election Campaign Act  
1971, amended 1974):

- disclosure of campaign spending and individual contributions
- limits on individual contributions
- limits on campaign spending



**Buckley vs. Valeo (1976):** Supreme Court approves disclosure & contribution limits, **strikes down** spending limits.

# Campaign finance schematic (2)



# Independent expenditures: the key question about US campaign finance

Almost all news/controversy (e.g. *Citizens United*) is about **independent expenditure**: campaigning conducted by organizations other than the candidates and parties.

Court has struck down:

- limits on use of corporate and union funds for independent expenditures (*Citizens United*)
- contributions from individuals, corps, unions to “independent-expenditure only committees” [Super-PACs] (*SpeechNOW*)

Disclosure problems: some non-profits that do not disclose their donors can now make unlimited contributions (though must be primarily non-political)

What makes it independent? “payment”, “content”, “conduct” [candidate suggests ad, candidate and org use common vendor]



John McCain and Russ Feingold

# Independent expenditures: the key question about US campaign finance (2)

“[W]e now conclude that independent expenditures, including those made by corporations, do not give rise to corruption or the appearance of corruption.” (42)

“The appearance of influence or access, furthermore, will not cause the electorate to lose faith in our democracy.” (44)

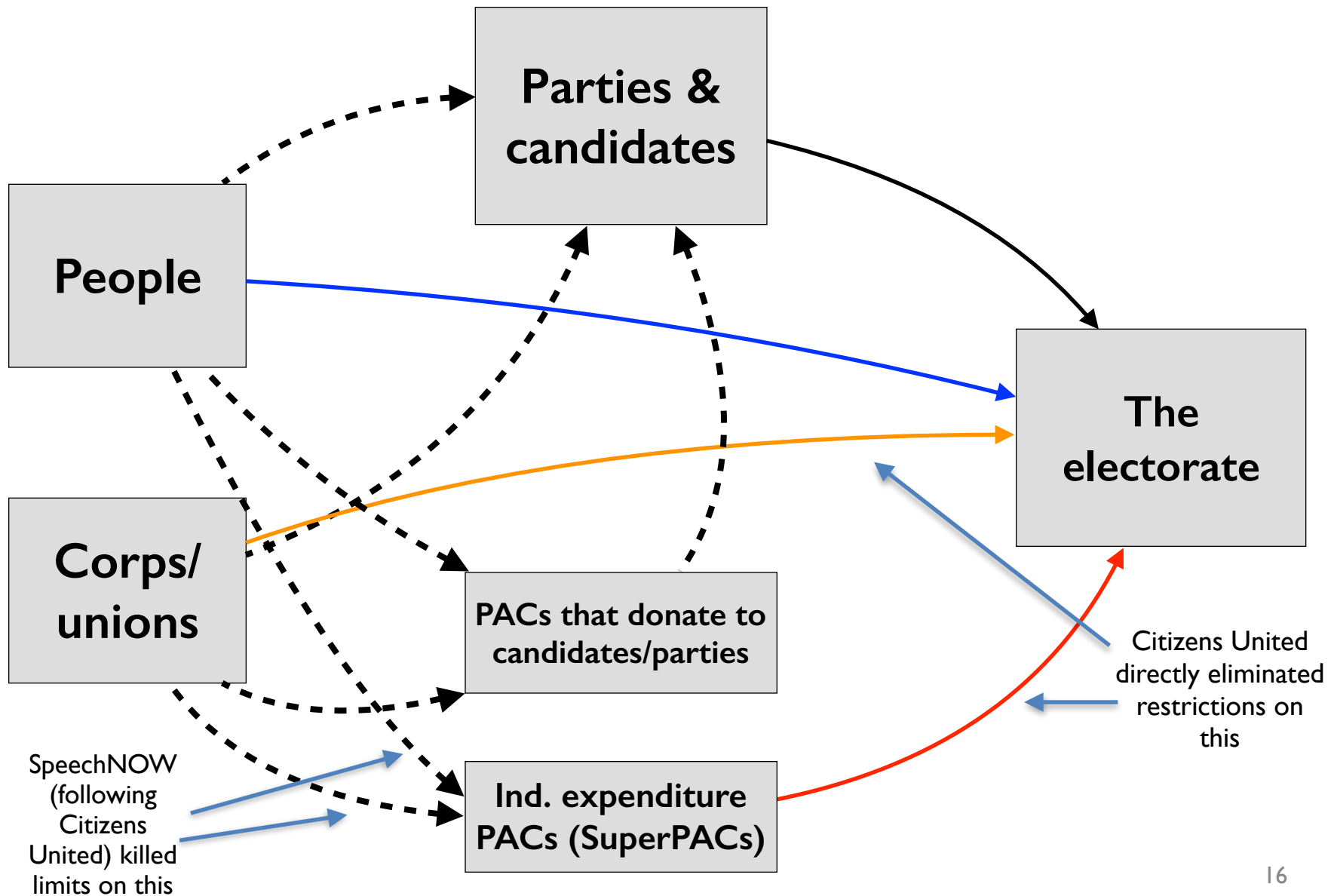
Justice Kennedy, in majority opinion

“A democracy cannot function effectively when its constituent members believe laws are being bought and sold.”

Justice Stevens, in dissent

“anti-corruption” vs “anti-distortion” rationale for limiting political speech/contributions

## Campaign finance schematic (3)





NAME OF COMMITTEE (In Full)

**Priorities USA Action**

Full Name (Last, First, Middle Initial)

**A. George Soros**

Mailing Address 888 7th Ave

Fl 33

City

New York

State

NY

Zip Code

10106-0001

FEC ID number of contributing  
federal political committee.

C

Name of Employer

Soros Fund Management

Occupation

President

Receipt For:

☐

Primary

☐

General

☐

Other (specify) ▼

Aggregate Year-to-Date ▼

1000000.00

Date of Receipt

06

25

2015

Transaction ID : VNVXSDZA3F0

Amount of Each Receipt this Period

1000000.00

Full Name (Last, First, Middle Initial)

**B. Steven Spielberg**

Mailing Address 1515 Amalfi Dr

City

Pacific Palisades

State

CA

Zip Code

90272-2754

FEC ID number of contributing  
federal political committee.

C

Name of Employer

Dreamworks Animation

Occupation

Co-Founder

Receipt For:

☐

Primary

☐

General

☐

Other (specify) ▼

Aggregate Year-to-Date ▼

1000000.00

Date of Receipt

06

26

2015

Transaction ID : VNVXSDYP6X1

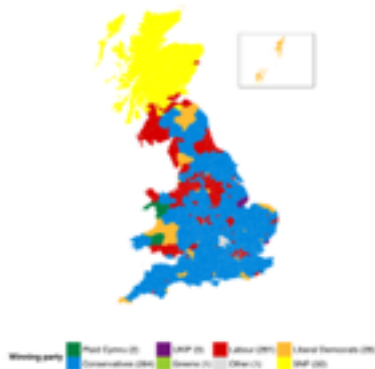
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# Comparative view of campaign finance

Financing of campaigns and parties differs greatly across countries (Pinto-Duschinsky, 2002).

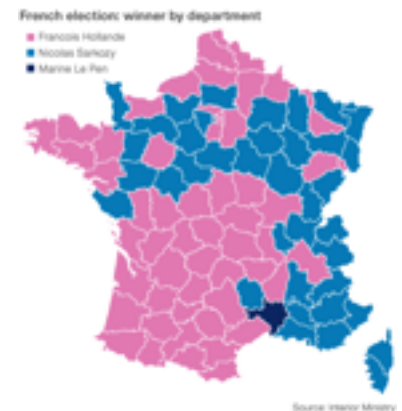
Three important cases:



Spending highly regulated,  
but not contributions



Contributions highly  
regulated, but not spending



Contributions and spending  
highly regulated

# Comparison of campaign finance: spending limits for parties and candidates

- US: no limits on spending, unless participating in public funding schemes
- UK: limits on candidate spending since 1883. Ban on political advertising on radio and TV [but big subsidies via *party political broadcasts*]
- France: limits on spending by candidates, no limits on party spending; ban on paid political advertising



# Comparison of campaign finance: limits on contributions to parties and candidates

- US: Limits on contributions from individuals (everything disclosed); total ban on contributions from corporations & unions (but not from their Political Action Committees, i.e. PACs)
- UK: No real limits; disclosure for donations above £7500 to party
- France: Similar to U.S. (limit of 7,500 euros), with less disclosure



Michael Gooley, Trailfinders CEO: gave £1.5M to Conservatives in less than a year. (Photo: Linda Nyland, via [guardian.co.uk](https://www.guardian.co.uk))

# Comparison of campaign finance: independent expenditures

- US: post-Citizens United, no limits, some disclosure
- UK: post-Bowman decision, £500 limit in independent spending in a particular constituency; £1m for national campaign
- France: recent rise of “micro-partis” or “partis de poche” organized around individual politicians



Phyllis Bowman, anti-abortion activist

# **Influence and lobbying**

# Evidence of the importance of relationships in lobbying from the U.S.

**Blanes i Vidal et al (2013):** When a member of Congress retires, lobbyists connected to that member earn less lobbying revenue.



Jordi Blanes i Vidal



Marianne Bertrand

**Bertrand et al (2014):** When a member of Congress changes the issues she works on, lobbyists who are connected to that member also change the issues they work on.

*What are lobbyists doing? What is lobbying for?*

# Theories of lobbying

Some theories:

- 1) Lobbying is persuasion via provision of expert information
- 2) Lobbying is bribery
- 3) Lobbying is a “subsidy” (Hall and Deardorff, 2006)

Why do relationships matter?

Another fact: in most cases, interest groups lobby their *allies* (Hall and Deardorff, 2006)



# Measuring influence

Does all of this have effects?

Hard to tell.

- Contributions lead to better access (Broockman and Kalla, 2015)
- Somewhat stronger relationship between preferences of economic elites and policy outcomes than preferences of avg citizens and policy outcomes (Gilens and Page 2014) [but overstated: see Bashir (2015) “Testing inferences about American Politics”]
- Difficulty of defining and measuring influence key explanation for weakening of campaign finance regulation