Interest Groups in Politics

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April 2012
Interest Groups in Politics

- BASIC MOTIVATIONS OF INTEREST GROUPS
- WAYS TO PARTICIPATE IN POLITICS
- FOCUSING ON BUSINESS
- FEDERAL REGULATION OF ELECTION FINANCE
- CHARACTERISTICS OF PACS
- ROLE OF SMALL CONTRIBUTORS
- MYTHS ABOUT ELECTION CAMPAIGNS
- KEEPING BIG MONEY OUT OF POLITICS (?)
Basic Motivation of Interest Groups

➢ To Use The Powers of Government to Achieve Their Objectives
  • Government can tax and spend (and subsidize)
  • It also can loan, regulate, and influence

➢ To Oppose Government Actions that Would Hurt Their Interests
  • Lobby legislators (relatively unregulated)*
  • Engage in the regulatory process
  • Mobilize other interest groups
  • Arouse the public

*Congress shall make no laws ... abridging ... the right of the people ... to petition the government for a redress of grievances (US Constitution, Amendment 1)
Ways to Participate in Politics - I

- **Contribute Money**
  - Give cash to campaigns and political parties
  - Encourage your constituency (e.g. Union members, company managers, organizational supporters)
  - Organize PACs

- **Lobby Legislators Directly**
  - Develop relationships with members and staff
  - Do or sponsor supporting research
  - Work with other interest groups
Ways to Participate in Politics - II

Use Your Resources to Support (or oppose) Candidates and Policies

- Business can’t send money to a candidate
- But anyone can run ads in support — or opposition
- Encourage voter registration & “get out the vote”
Focusing on Business - 1

A Company Has a Long Established Right to State Its Position On Public Issues Affecting the Company (Commercial Speech)

• It may communicate candidate information to employees (and shareholders)
• It can provide political education for employees how to participate in politics
• It can promote employees voluntary involvement in direct political action on their own time
Focusing on Business - II

- It can set up (and subsidize the operation of) PACS
  - Most companies do not; about 50% of Fortune 500 do
  - PACS can “bundle” contributions by individuals who usually give them full authority to allocate the funds
- Any group or person can contribute to a Super PAC
Focusing on Business - III

Businesses often shift their support from Republicans to Democrats to Republicans, etc.

WalMart’s PAC

2000: 15% to Democrats 85% to Republican
2004: 22% to Democrats 78% to Republican
2008: 48% to Democrats 52% to Republican

Access versus influence
Federal Regulation of Election Finance - I

1907 Tillman Act: Bans campaign contributions from Corporations
1947 Taft Hartley Act: Extends ban to labor unions
1971 Federal Election Campaign Act: Allows corporations to give money through PACs
1974 Amendment to 1971 Act: Limits contributions by individuals, parties, and PACS. Creates FEC
1976 Buckley v. Valeo: Supreme Court strikes down 1974 campaign spending (not receipts) limits
1978 FEC Regulation Create loophole allowing parties to raise unlimited contributions from corporations, unions, and individuals (“soft money”)
Federal Regulation of Election Finance - II

1979  FECA amendment allows unlimited “soft money” donations to political parties or to campaigns directly

2002  McCain Feingold Act: Bans corporations from directly paying for ads that call for election or defeat of a candidate 30 days before a primary or 60 before an election

2010  Citizens United: Supreme Court allows corporations and unions to run ads directly advocating election (or defeat) of a candidate
Characteristics of PACS

PACS are “Not Monolithic”

- They represent varied and often competing interests
- Business versus labor
- Liberal versus conservative
- Social versus economic
- Between businesses in competing industries (e.g. importers versus exporters)
Characteristics of PACS - II

- Most Companies Do Not Have PACS
  - Some as a matter of policy
  - Others are too busy running the business

- Activist Groups Try To Eliminate Business Political Contributions
  - Shareholders invariably oppose them
  - No similar agitation in case of unions or other interest groups
### Characteristics of PACS - III

**Top 20 PAC Contributors to Candidates, 2008 Election Cycle**

<table>
<thead>
<tr>
<th>PAC</th>
<th>Total</th>
<th>Dem Pct</th>
<th>Rep Pct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assn of Realtors</td>
<td>$4,020,900</td>
<td>58%</td>
<td>42%</td>
</tr>
<tr>
<td>Electrical Workers</td>
<td>$3,344,650</td>
<td>98%</td>
<td>2%</td>
</tr>
<tr>
<td>AT&amp;T</td>
<td>$3,108,200</td>
<td>47%</td>
<td>53%</td>
</tr>
<tr>
<td>American Bankers Assn</td>
<td>$2,918,143</td>
<td>43%</td>
<td>57%</td>
</tr>
<tr>
<td>Beer Wholesalers</td>
<td>$2,869,000</td>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td>Auto Dealers Assn</td>
<td>$2,860,000</td>
<td>34%</td>
<td>66%</td>
</tr>
<tr>
<td>Assn of Fire Fighters</td>
<td>$2,734,900</td>
<td>77%</td>
<td>23%</td>
</tr>
<tr>
<td>Operating Engineers Union</td>
<td>$2,704,067</td>
<td>87%</td>
<td>13%</td>
</tr>
<tr>
<td>American Assn for Justice</td>
<td>$2,700,500</td>
<td>95%</td>
<td>5%</td>
</tr>
<tr>
<td>(trial lawyers)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Laborers Union</td>
<td>$2,555,350</td>
<td>92%</td>
<td>8%</td>
</tr>
</tbody>
</table>
## Characteristics of PACS - IV

**Top 20 PAC Contributors to Candidates, 2008 Election Cycle**

<table>
<thead>
<tr>
<th>PAC</th>
<th>Total</th>
<th>Dem Pct</th>
<th>Rep Pct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Honeywell</td>
<td>$2,515,616</td>
<td>52%</td>
<td>48%</td>
</tr>
<tr>
<td>Home Builders Assn</td>
<td>$2,480,000</td>
<td>46%</td>
<td>54%</td>
</tr>
<tr>
<td>Air Line Pilots Assn</td>
<td>$2,422,000</td>
<td>85%</td>
<td>15%</td>
</tr>
<tr>
<td>Credit Unions</td>
<td>$2,362,899</td>
<td>54%</td>
<td>46%</td>
</tr>
<tr>
<td>Machinists Union</td>
<td>$2,321,482</td>
<td>97%</td>
<td>3%</td>
</tr>
<tr>
<td>Plumbers/Pipefitters Union</td>
<td>$2,316,559</td>
<td>95%</td>
<td>5%</td>
</tr>
<tr>
<td>Service Employees Union</td>
<td>$2,285,850</td>
<td>94%</td>
<td>6%</td>
</tr>
<tr>
<td>American Fed of Teachers</td>
<td>$2,283,250</td>
<td>99%</td>
<td>1%</td>
</tr>
<tr>
<td>Teamsters Union</td>
<td>$2,248,950</td>
<td>97%</td>
<td>3%</td>
</tr>
<tr>
<td>Air Traffic Controllers</td>
<td>$2,210,475</td>
<td>80%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: Center for Responsive Politics; Federal Election Commission.
Role of Small Contributors

- Can Use Free $3 voluntary check off on federal income tax
  - Declining portion of taxpayers do so
  - 29% in 1980, down to 8% currently

- Role of Small Contributors is Overestimated
  - Contributors of $200 or less were 24% of Obama receipts in 2008
  - 25% of Bush in 2004, 21% for McCain in 2008
  - Many $200 contributors repeat during the campaign
  - Contributors of $1000 or more were 47% of Obama’s total in 2008
  - 56% for Bush in 2004; 59% for McCain in 2008
Myths About Election Campaigns - I

- "Big Bucks Buy Elections"
  - Quite often lower spenders win
  - $ means sending out your message; voters may not like it
  - The Democratic National Committee outspent Republican Committee by $115 million in 2010
  - In 2010, Democratic House candidates outspent Republicans by $68 million

- "Regulation Works as Designed"
  - Often has unintended consequences
  - Restricting $ you can send a candidate has generated out-of-state "reciprocity"
  - "You send $ to my candidate and I’ll send to yours"
Myths About Election Campaigns - II

- “Political Contributions Change How Office Holders Vote”
  - “I don’t think that votes follow money. Money follows votes” (Barney Frank)
  - Top contributor Enron got no politicians’ support when it really needed it.
  - Don’t tell any member of Congress that you will give him a large contribution if he votes your way!
Myths About Election Campaigns - III

“Business Power Over Government Usually Prevails”

- Some evidence that relationship goes the other way:
- 2008 study shows that companies with a high social responsibility rating tend to be located in Democratic states and counties
- Companies with a low rating tend to be located in Republican states and counties
The Size and Power of Government Continue to Increase

- Every dollar spent by government ends up in somebody’s pocket

The Biggest Spenders Are Organizations With a Large Stake in Government Policies

- Companies that are highly regulated or highly subsidized
- Banks, housing companies, health care companies, defense contractors and telecommunications firms, trial lawyers, unions
- “Talking to politicians is fine; with a little money, they hear you better.”
Keeping Big Money Out of Politics - II

The Basic Way of Reducing the Role of Money in Politics

• Reduce the power of government over the private sector
  • Likely odds: $1/\infty$

Surprise: Campaign Finance is #2 in Spending Money For Political Influence

• Lobbying is #1; not just by business
• The two go together ("We hear you better")

Note: Americans spend more on cigars each year than on political campaigns (blowing smoke?)
Post Script on History

Then

• In 1750, George Washington easily won a seat in the Virginia House of Burgesses. Opponents criticized his heavy campaign spending.
  • Especially the 150 gallons of liquor distributed among the district’s 391 voters.
  • Some may have been too drunk to get to the polls

Now

• “Politics has got so expensive, it takes lots of money to even get beat” - Will Rogers