



Interest Groups in Politics

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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 I)

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 - I

- 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

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

Characteristics of PACS - IV

Top 20 PAC Contributors to Candidates, 2008 Election Cycle

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

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

Keeping Big Money Out of Politics - I

- 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