Campaign Finance and Interest Groups

Session 11

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17.263: American Elections
Roadmap

News

Money in 2020

Campaign Contributions

Regulating Campaign Finance
News
Trump Isolates at White House as Recovery Continues

The president’s doctors said his condition is improving but declined to add details.

President Trump is expected to stay in the residence, not the West Wing, as he recovers from Covid-19. He is grappling with a series of positive tests among top advisers while trying to get his campaign back on track a month before Election Day.

- The Trump White House Becomes a Covid-19 Hot Spot
- Q&A: What We Know
- White House Hasn’t Asked CDC for Covid-19 Case Tracking Help
- Trump Still Faces Risk
- Biden, Trump Swap Roles

President Trump took off his face mask as he arrived at the White House upon his return from Walter Reed hospital.
Money in 2020
Total Raised By Biden, Trump And Their Predecessors

How much each candidate's principal campaign committee had raised at this point in the election cycle. Excludes party committees.

Joe Biden $540.6M
Donald Trump $487.8M
Barack Obama (2012)
Hillary Clinton (2016)
Mitt Romney (2012)
Donald Trump (2016)

Source: Federal Election Commission
Credit: Sean McMinn/NPR

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The Geography of Campaign Donations

Middlesex County, MA: Trump -41% in 2016, -$5.31/resident in 2020
The Geography of Campaign Donations

Sedgewick County, KS: Trump +18% in 2016, +$1.39/resident in 2020
The Geography of Campaign Donations

Clark County, NV: Trump −11% in 2016, +$1.68/resident in 2020
The Geography of Campaign Donations

Palm Beach County, FL: Trump –15% in 2016, +$3.64/resident in 2020
Uncompetitive Counties Still Matter for Fundraising

Can you guess which map belongs to which candidate?

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Uncompetitive Counties Still Matter for Fundraising

Can you guess which map belongs to which candidate?

Trump: $19 million

Biden: $28.5 million
# Where is the Money Going?

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Media</td>
<td>$3,169,848,668</td>
<td>45.01%</td>
</tr>
<tr>
<td>Salaries</td>
<td>$910,265,857</td>
<td>12.92%</td>
</tr>
<tr>
<td>Fundraising</td>
<td>$888,167,728</td>
<td>12.61%</td>
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<tr>
<td>Administrative</td>
<td>$671,924,398</td>
<td>9.54%</td>
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<tr>
<td>Unclassifiable</td>
<td>$653,663,992</td>
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<tr>
<td>Campaign Expenses</td>
<td>$382,533,069</td>
<td>5.43%</td>
</tr>
<tr>
<td>Strategy &amp; Research</td>
<td>$366,259,340</td>
<td>5.20%</td>
</tr>
</tbody>
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Campaign Contributions
Who Gives?

Well, mostly people with money. But to be more specific, so far in 2020:

- **Individuals**
  
  - Small donors (< $200): 26% – not identified publicly
  
  - Large donors (> $200): 74% – publicly identified
    
    - Almost 3 million unique contributors (< 1% of Americans)
    
    - Mostly male, overwhelmingly white

- **Political Action Committees**
  
  - Pool together donations from individuals, corporation, unions, etc.

- **Candidates themselves**
  
  - e.g., Michael Bloomberg ($1 billion!!!!)
Why Donate?

Two main kinds of motivations:

- **Investment:** Donate $X amount because expect future return of $X worth of policy → most PACs.

- **Consumption:** Donate for intrinsic psychic benefit, independent of future return → most individuals.

Somewhat surprisingly, consumption dominates investment, making the marginal PAC dollar less effective → “Why there is so little money in American politics?” (given the stakes).
Inferring Ideology from Donations

An implication of treating the act of donating as expressive consumption rather than strategic investment is that donations can be interpreted as indicators of donors’ (sincere) preferences.

Based on this assumption (and some others), political scientists such as Stanford’s Adam Bonica have used FEC data on campaign donations to construct liberal–conservative ideology scores for donors and recipients.
Members of Congress

Senators

Sen. Elizabeth Warren (Mass.)
Sen. Bernie Sanders (I-Vt.)
Barack Obama
Joe Biden
Sen. Joe Manchin (W.Va.)
Sen. Shelley Moore Capito (R-W.Va.)
Sen. Susan Collins (R-Maine)

House Members and Candidates

2018 so far
711 candidates
Rep. Nancy Pelosi (Calif.)
Rep. Steny Hoyer (Md.)
Rep. James Clyburn (S.C.)

Schaul, Kevin, and Kevin Uhrmacher. "First-time, Liberal Candidates are Flooding the Democratic Primaries," Washington Post, May 16, 2018. © Nash Holdings. All rights reserved. This content is excluded from our Creative Commons license. For more information, see https://ocw.mit.edu/help/faq-fair-use/.
Presidential Candidates (2016)
Politicians of All Types

Bonica, Adam. "Mapping the Ideological Marketplace." American Journal of Political Science 58, no. 2 (2014): 367–86. © John Wiley & Sons, Inc. All rights reserved. This content is excluded from our Creative Commons license. For more information, see https://ocw.mit.edu/help/faq-fair-use/.
Donors by Industry

Bonica, Adam. "Mapping the Ideological Marketplace." American Journal of Political Science 58, no. 2 (2014): 367–86. © John Wiley & Sons, Inc. All rights reserved. This content is excluded from our Creative Commons license. For more information, see https://ocw.mit.edu/help/faq-fair-use/. 
The Realignment of the Professions

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Political Action Committees

Bonica, Adam. "Ideology and Interests in the Political Marketplace." American Journal of Political Science 57, no. 2 (2013): 294–311. © John Wiley & Sons, Inc. All rights reserved. This content is excluded from our Creative Commons license. For more information, see https://ocw.mit.edu/help/faq-fair-use/.
Regulating Campaign Finance
Why Regulate Money in Politics?

- Equalize playing field between candidates representing different societal interests
- Prevent corruption, or at least the appearance of corruption
- Promote transparency
- Redirect politicians’ time to more productive uses
Objections to Regulation

- (Effective) political speech requires money, so regulating donations/expenditures infringes on freedom of speech.

- Corruption is hard to define, let alone demonstrate, and why should the mere *appearance* of corruption matter?
  - Plus, maybe a little corruption is good! It greases the wheels of government and empowers pragmatic politicians/parties over extremist ideologues.

- Putatively “evenhanded” restrictions favor incumbents.
Justice Scalia on “Evenhandedness”

To be sure, the legislation is evenhanded: It similarly prohibits criticism of the candidates who oppose Members of Congress in their reelection bids. But as everyone knows, this is an area in which evenhandedness is not fairness. If all electioneering were evenhandedly prohibited, incumbents would have an enormous advantage. Likewise, if incumbents and challengers are limited to the same quantity of electioneering, incumbents are favored. In other words, any restriction upon a type of campaign speech that is equally available to challengers and incumbents tends to favor incumbents.

As often happens in US politics, regulating money in politics implicates trade-offs between two core democratic values: freedom and equality.

- Equal voice (pro-regulation) vs. free expression (anti-regulation)

But each value can be invoked by both sides:

- Free choice among candidates (pro) vs. equal competition between incumbents and challengers (anti)
Citizens United v. FEC (2010)

- McCain-Feingold Act (2002), or BRCA, banned parties from raising “soft money” and placed new limits on “electioneering communications” funded by unions/corporations.
- During the 2008 primaries Citizens United, a corporation-funded nonprofit, produced and paid to air a film critical of Hillary Clinton.
- Per BRCA, the FEC ruled it could not be aired within 30 days of a primary, and Citizens United sued.

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The Film that Started It All

https://www.youtube.com/watch?v=1yf7OImljSI
The Issues at Stake

Narrow question: Did *Hillary the Movie* fall under BRCA’s category of electioneering communications (i.e., was the law *validly* applied)?

Broader question: Did BRCA’s limits on corporate-funded electioneering communications violate the 1st Amendment (i.e., was BRCA *unconstitutional on its face*)?
Oral Arguments

Oral Argument 1

Oral Argument 2
The Supreme Court narrowly ruled that BRCA’s advertising limits were unconstitutional, eliminating corporate/union exceptions to freedom of speech.

Political speech is indispensable to decision making in a democracy and this is no less true because the speech comes from a corporation rather than an individual.

—Justice Anthony Kennedy
Stevens’s Dissent

► Question is not whether corporations should have speech, but whether that speech should be channeled through PACs.

► Long history of distinguishing between corporate “persons” and ordinary ones when it comes to speech.

Although they make enormous contributions to our society, corporations are not actually members of it. They cannot vote or run for office. Because they may be managed and controlled by nonresidents, their interests may conflict in fundamental respects with the interests of eligible voters. The financial resources, legal structure, and instrumental orientation of corporations raise legitimate concerns about their role in the electoral process. Our lawmakers have a compelling constitutional basis, if not also a democratic duty, to take measures designed to guard against the potentially deleterious effects of corporate spending in local and national races.

—Justice John Paul Stevens