
Campaign Finance and Interest Groups

Session 11

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17.263: American Elections

Roadmap

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News

Trump Isolates at White House as Recovery Continues



President Trump took off his face mask as he arrived at the White House upon his return from Walter Reed hospital.

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

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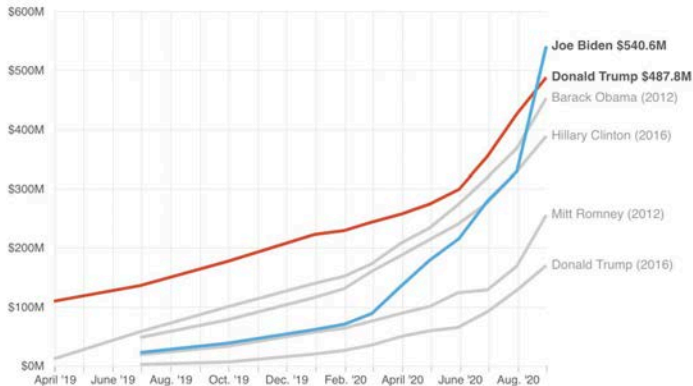


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Money in 2020

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

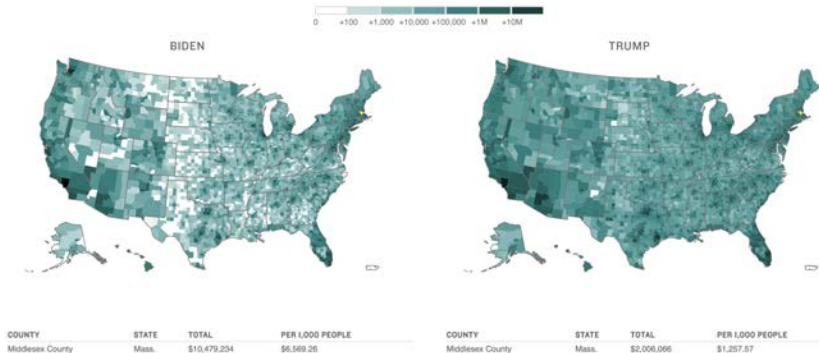


Source: Federal Election Commission

Credit: Sean McInn/NPR

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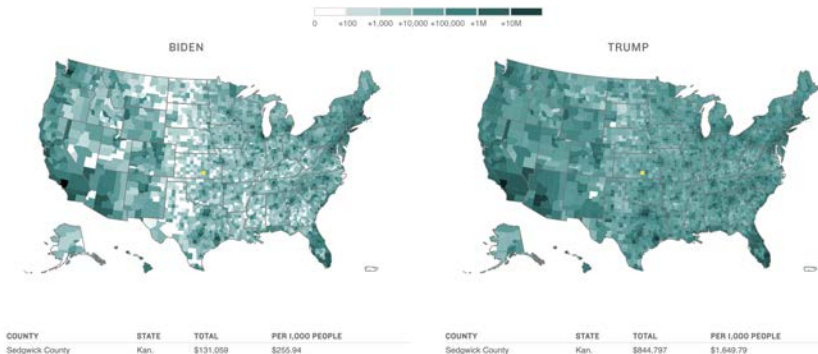
The Geography of Campaign Donations



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Middlesex County, MA: Trump -41% in 2016, $-\$5.31$ /resident in 2020

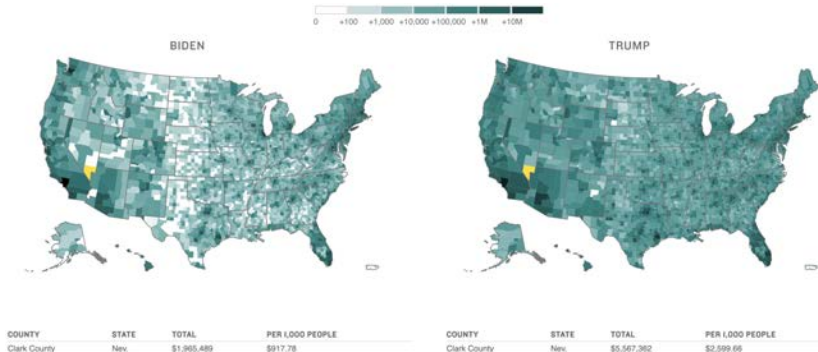
The Geography of Campaign Donations



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Sedgewick County, KS: Trump +18% in 2016, +\$1.39/resident in 2020

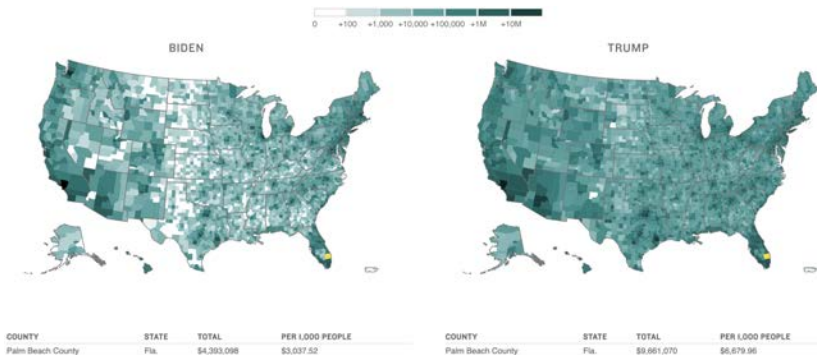
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Clark County, NV: Trump -11% in 2016, $+\$1.68$ /resident in 2020

The Geography of Campaign Donations

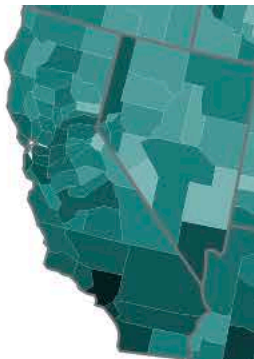


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Palm Beach County, FL: Trump -15% in 2016, $+\$3.64$ /resident in 2020

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



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Where is the Money Going?

Media	\$3,169,848,668	45.01%
Salaries	\$910,265,857	12.92%
Fundraising	\$888,167,728	12.61%
Administrative	\$671,924,398	9.54%
Unclassifiable	\$653,663,992	9.28%
Campaign Expenses	\$382,533,069	5.43%
Strategy & Research	\$366,259,340	5.20%

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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.

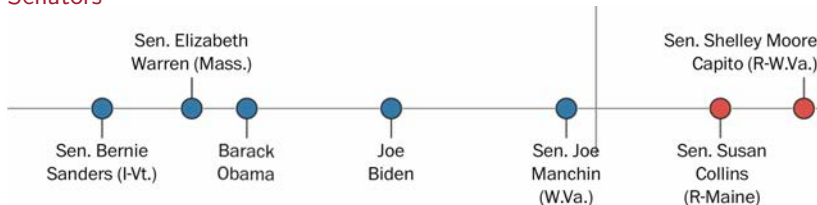
Somewhat surprisingly, **consumption dominates investment**, making the marginal PAC dollar less effective → “Why there is so little money in American politics?” (given the stakes).

Inferring Ideology from Donations

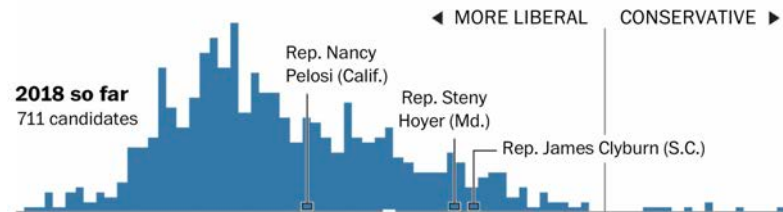
- ▶ An implication of treating the act of donating as expressive consumption rather than strategic investment is that donations can be interpreted as indicators of donors' (sincere) preferences.
- ▶ Based on this assumption (and some others), political scientists such as Stanford's Adam Bonica have used FEC data on campaign donations to construct liberal-conservative ideology scores for donors and recipients.

Members of Congress

Senators

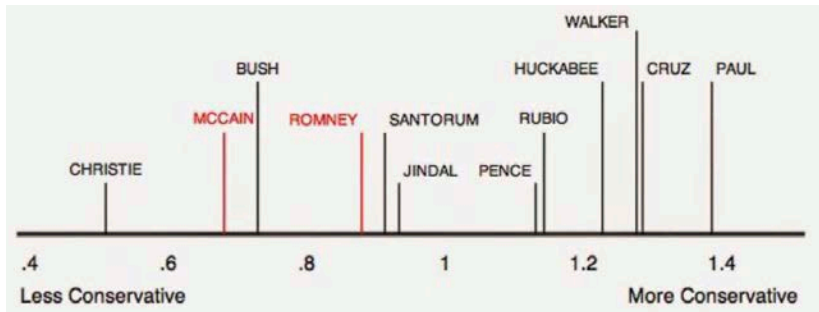


House Members and Candidates



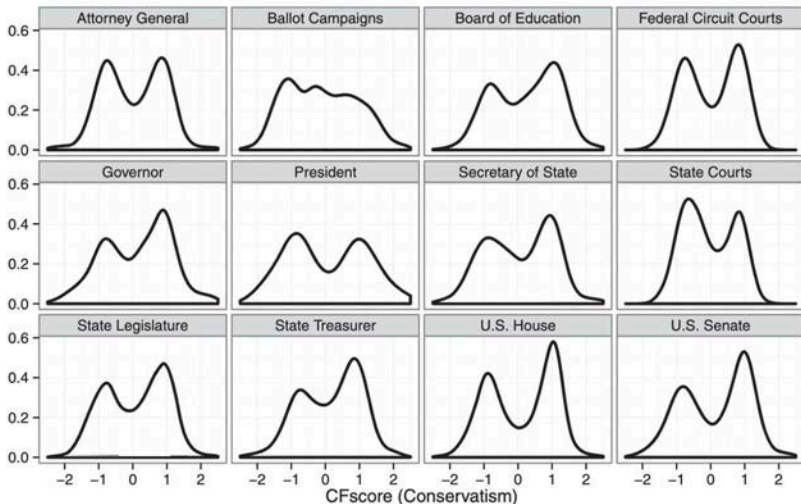
Schaul, Kevin, and Kevin Uhrmacher. "First-time, Liberal Candidates are Flooding the Democratic Primaries." *Washington Post*, May 16, 2018. © Nash Holdings. All rights reserved. This content is excluded from our Creative Commons license. For more information, see <https://ocw.mit.edu/help/faq-fair-use/>.

Presidential Candidates (2016)



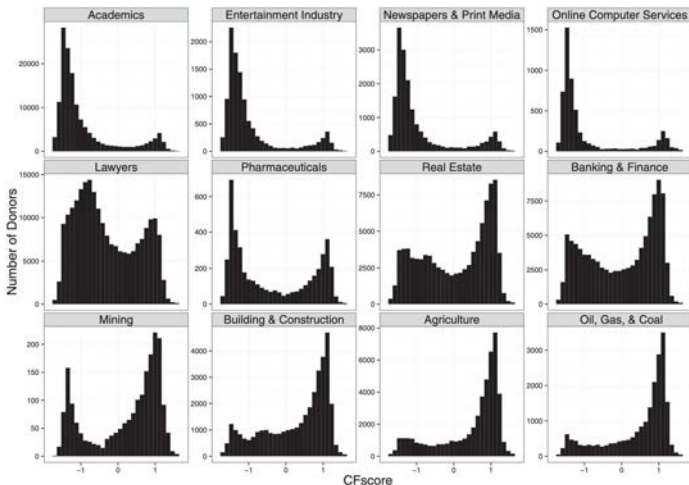
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Politicians of All Types



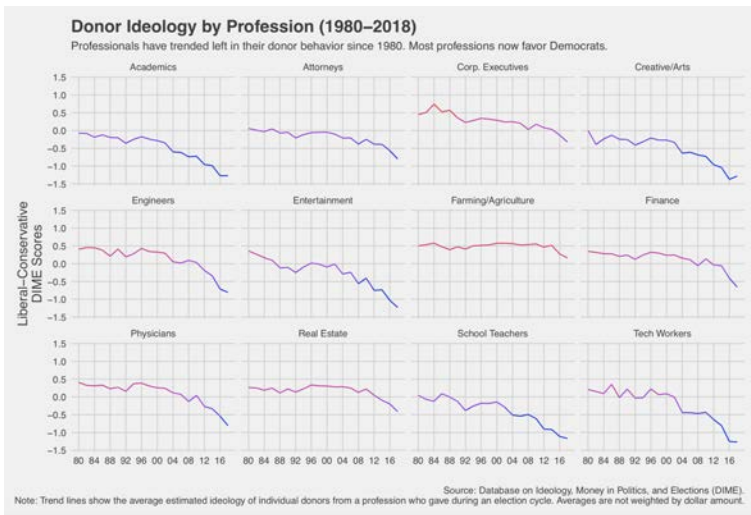
Bonica, Adam. "Mapping the Ideological Marketplace." *American Journal of Political Science* 58, no. 2 (2014): 367–86. © John Wiley & Sons, Inc. All rights reserved. This content is excluded from our Creative Commons license. For more information, see <https://ocw.mit.edu/help/faq-fair-use/>.

Donors by Industry



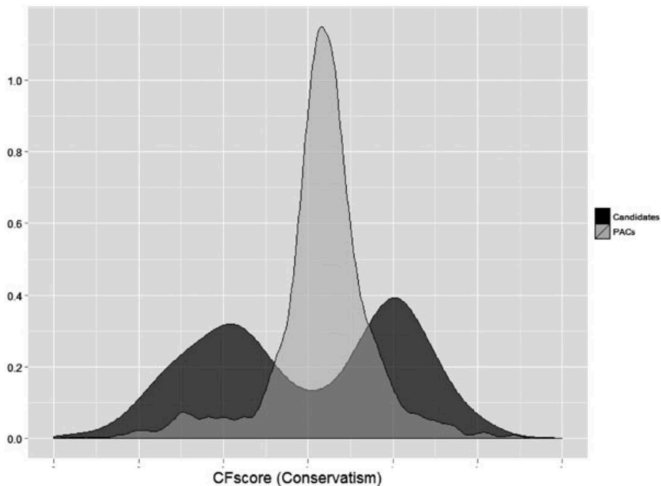
Bonica, Adam. "Mapping the Ideological Marketplace." *American Journal of Political Science* 58, no. 2 (2014): 367–86. © John Wiley & Sons, Inc. All rights reserved. This content is excluded from our Creative Commons license. For more information, see <https://ocw.mit.edu/help/faq-fair-use/>.

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.

—Antonin Scalia, dissenting in *McConnell v. FEC* (2003)

Values in Conflict

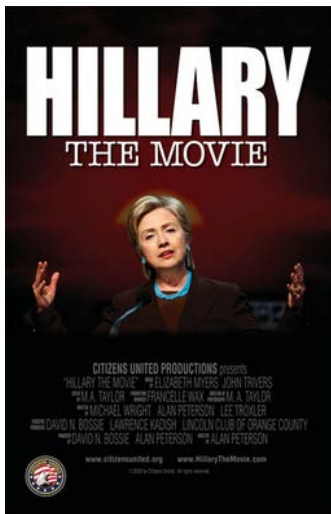
As often happens in US politics, regulating money in politics implicates trade-offs between two core democratic values: **freedom** and **equality**.

- ▶ 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 Decision



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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

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