

Handout: The Presidential Money Race

Reading One: Do Big Donors Have too Much Influence in Elections?

In the 2020 presidential election, there is one factor that might have as much influence as any other in determining who will win office: money.

Over the last several decades, elections have become increasingly expensive. Critics claim that the ballooning cost of campaigns gives big donors and large corporations an undue level of influence on our political system, as candidates typically feel compelled to court the wealthy in order to bolster their fundraising totals. Beyond direct donations, issue groups and political action committees (PACs) are poised to spend billions of dollars to run ads that may not officially endorse a particular candidate, but still affect the race. These groups are under even less regulation than individual donors to campaigns.

A February 2019 backgrounder published by the *Voice of America*, a U.S.-funded international media outlet, notes that the 2016 presidential elections cost an estimated \$2.4 billion, if you include spending by candidates and various interest groups. Notes VOA: “That’s an astounding amount of money — larger than the economies of dozens of countries around the world in that same year, including Lesotho, Bhutan and Belize.” Add to that the money spent by candidates for other federal offices, like the House and Senate, and the total comes to \$6.5 billion .

The backgrounder goes on to explain how big-donor spending became such a dominant force in U.S. elections:

Historically, this is a relatively new phenomenon. According to research by political scientist Zachary Albert of the University of Massachusetts at Amherst, between 1980 and 2012, spending on congressional campaigns rose 600 percent when adjusted for inflation. Over the same period, spending on presidential races increased by a stunning 1,200 percent.

Asked what spending would look like in 2020, Candice Nelson, professor and chair of the Department of Government at American University in Washington, didn’t miss a beat. “2020 will be the most expensive presidential race ever,” she said....

Until 2008, major party U.S. presidential candidates had always chosen to accept public funding for their campaigns. This meant that the U.S. Treasury would provide funding to the candidates for their campaigns, with the understanding that candidates would abide by strict limits on how much they could spend.

This changed in 2008, when Barack Obama, as the Democratic nominee, declined federal money. This freed him from spending restrictions, and powered by a strong national fundraising campaign, he was able to greatly outspend his rival, Republican John McCain.

Until then, 2008 was the most expensive presidential race in history. Since then, no major party candidate has accepted federal campaign finance funds, and the results are cycles of ever-larger fundraising efforts and campaign expenditures.

Perhaps even more important was the 2010 Supreme Court decision in the case *Citizens United v. Federal Election Commission*. [In *Citizens United*, the high court ruled that political expenditures by corporations, unions, and others are a form of speech protected under the First Amendment.]

The ruling made vast changes to the rules regulating who could spend money on political campaigns, opening the doors to direct spending by businesses, labor unions, nonprofits and other independent groups, which injected hundreds of millions of dollars in additional spending into presidential races.

<https://www.voanews.com/usa/us-politics/why-2020-us-presidential-race-will-be-costliest-history>

The Center for Responsive Politics, an electoral finance watchdog group, tracks and provides detailed information on where candidates are getting their money (and how much) through its website [OpenSecrets.org](https://www.opensecrets.org). Karl Evers-Hillstrom, who writes for OpenSecrets about money in politics, described how billionaire donors are investing in the 2020 presidential candidates. In an August 2019 article, he wrote:

[A]s the 2020 election season is already well underway, billionaire donors are finding themselves in demand earlier than usual.

The top 10 donors of the 2020 cycle so far have already given a combined \$47 million to federal candidates, parties and groups. Most of that money — \$39 million — is going to powerful super PACs and other outside groups that can solicit unlimited contributions from wealthy donors.

As candidates on both sides of the aisle increasingly try to attract coveted small donors, wealthy individuals continue to flex their influence in the post-Citizens United landscape where independent groups spend millions on TV ads and other communications to bolster candidates in crucial races....

<https://www.opensecrets.org/news/2019/08/81419-donors-giving-the-most-2020/>

Evers-Hillstrom reports on which presidential candidates megadonors are backing. Sen. Elizabeth Warren (D-Mass.), despite writing off private fundraisers with wealthy donors, received more than \$41,000 from megadonors, and Pete Buttigieg, Mayor of South Bend, Ind., also raised more than \$41,000, including large gifts from Indiana megadonor Deborah Simon and James Murdoch, son of Rupert Murdoch (whose media empire includes Fox News).

President Trump was the top recipient of megadonor money, taking home more than \$130,000. Trump also encouraged wealthy donors give to his joint fundraising committee [Trump Victory](https://www.trumpvictory.com), which then transfers the money to the Trump campaign and the [Republican National Committee](https://www.rnc.com), Evers-Hillstrom reported. As of August 2019, the RNC had \$43 million cash on hand compared to the DNC's \$9 million.

Dylan Scott, a policy reporter for *Vox*, argues that such spending has a negative impact on our democracy. In a June 2019 article, he wrote:

[C]ampaign contributions can still buy big donors access to elected officials. It's not just common sense and anecdotal evidence that prove it, either. Empirical research has shown what some well-placed donations can get you.

A 2016 paper from two University of California Berkeley researchers, published in the *American Journal of Political Science*, ran a remarkable experiment. A political organization tried to schedule meetings with 191 congressional offices between lawmakers and their campaign donors. For some of the requests, the group disclosed that the donor had given money to the campaign; for other requests, they withheld that crucial information.

It was a truly randomized experiment. This is what it yielded (emphasis mine): “When informed prospective attendees were political donors, senior policy makers made themselves available between **three and four times more often.**”

Other studies have found a similar connection. Researchers from Stanford and the University of Wisconsin examined campaign donations from corporations to members of congressional committees that affect their business. They found industries would drop donations to members who were leaving an influential committee and instead direct their money to incoming members, even those of the opposite party.

“We provide evidence that corporations and business PACs use donations to acquire immediate access and favor,” the authors wrote, “suggesting they at least anticipate that the donations will influence policy.”

The Roosevelt Institute ran its own data, examining the behavior of lawmakers who initially voted in favor of the Dodd-Frank financial reform bill and then took later votes to weaken the bill’s provisions, and found that “for every \$100,000 that Democratic representatives received from finance, the odds they would break with their party’s majority support for the Dodd-Frank legislation increased by 13.9 percent.”

Sometimes, it doesn’t require any academic rigor at all to see how money influences policy. Rep. Chris Collins (R-NY) said before the Republican tax bill passed in 2017 that his donors had told him to pass the bill... “or don’t ever call me again.”

<https://www.vox.com/policy-and-politics/2019/6/24/18656919/2020-democratic-presidential-candidates-campaign-donations-finance-pledges>

Spending on presidential campaigns is increasing, and evidence suggests it is impacting both individual candidates and their political parties. The question is whether we will choose to do anything to reverse this trend.

For Discussion:

1. How much of the material in this reading was new to you, and how much was already familiar? Do you have any questions about what you read?
2. According to the reading, what are some factors that have contributed to the increase in spending on presidential campaigns?
3. Have you previously heard about the 2010 Supreme Court decision in the case Citizens United v. Federal Election Commission? According to the reading, what was the outcome of this ruling?
4. Do you think large donations are form of free speech that should be protected? Why or why not?
5. Do large donations have a negative impact on our democracy? If so, what, if anything, might be done to reverse the trend of increased election spending?

Reading Two: Small Donors Surge in the 2020 Race

Small donors are having a big impact on the 2020 presidential election.

In November 2019, the U.S. Public Interest Research Group (USPIRG), a nonprofit organization, analyzed Federal Election Commission filings from the 2020 presidential candidates.

In its [analysis](#), USPIRG found that contributions of less than \$200 were the single largest source of cash received to date in the 2020 election season. Small donor totals outpaced large donations, PACs, party committees, transfers and self-funding, according to the study. Small donations accounted for more than twice as much money as PACs and other political committees.

“For years, it has been impossible to run for office without relying heavily on large dollar donations,” said Joe Ready, director of USPIRG’s Democracy for the People Program. “This meant that the small number of people with that kind of money, or access to it, had a disproportionate influence over who could even run for office. While big money still has significant influence, the data from the 2020 candidates show that small donors now also have a significant voice....The significant growth in small donor participation is a good sign for the health of our democracy.”

USPIRG found that:

- Compared to the 2016 election at this point, candidates had raised nearly \$100 million more in small donor contributions in this cycle
- Six candidates had raised more than 50 percent of their funds from small donations (Bernie Sanders, Elizabeth Warren, Andrew Yang, Beto O'Rourke, Julian Castro and Marianne Williamson).
- Six candidates had raised more than \$10 million from small donations (Donald Trump, Pete Buttigieg, Bernie Sanders, Kamala Harris, Joe Biden, and Elizabeth Warren).

USPIRG [notes](#) that these findings come at a time when running for office has never been more expensive.

However, while many candidates have pledged to eschew big money, many have returned to courting the wealthy amid intense competition on the campaign trail. As Evan Helper, a staff writer for the *Los Angeles Times*, explained in a September 4, 2019 article:

After all the promises that fundraising-as-usual was behind them and that charming the wealthy over canapes would take a backseat to chatting with regular human beings, Democratic presidential candidates spent a lot of time this summer in the Hamptons, Martha’s Vineyard, Brentwood, and the well-manicured estates of Silicon Valley, too....

Sen. Bernie Sanders of Vermont has twice funded [robust presidential campaigns](#) almost exclusively with small online contributions. Sen. Elizabeth Warren of Massachusetts has largely succeeded, as well. The others, not so much....

Helper notes that former U.S. Rep. Beto O’Rourke, who later dropped out of the presidential race, had built his name motivating grassroots donors during an unsuccessful run for the Senate in Texas. But

O'Rourke's plan not "to do large-dollar fundraisers" in the 2020 presidential race gave way. In May 2019 he held a private reception in New York for "hosts" who raised \$25,000 or more for the event.

Before Sen. Kamala Harris ended her 2020 campaign for president, she went to the Hamptons, a pricy section of Long Island, NY, to raise money from big donors. While there, Helper writes, she attacked candidate Bernie Sanders' Medicare for all proposal.

That drew a rocket from the Vermont senator.

"I don't go to the Hamptons to raise money from billionaires," he scolded over Twitter. "If I ever visited there, I would tell them the same thing I have said for the last 30 years: We must pass a Medicare for All system to guarantee affordable health care for all, not just for those who can afford it."

As [Harris's] experience shows, high-dollar fundraising can make for awkward optics, especially at a time when candidates have put political reform at the top of their agendas. At least seven presidential contenders have taken the "Reform First" pledge demanded by a coalition of groups led by the nonprofit End Citizens United, which promises strict new fundraising rules and ethics reform as the first bill they would push from the White House.

Most of them also took pledges to refuse help from lobbyists or super PACs. But the reformer image can be tough to project when candidates faced with a small-donation shortfall turn to intimate gatherings organized by corporate titans, or partners in big law firms, with considerable business before the federal government....

There has been no other presidential primary in recent history where two of the top three candidates run their campaigns by swearing off bundlers and private fundraisers with wealthy donors. That makes this election cycle a milestone for anti-corruption activists.

But they acknowledge big money keeps finding its way in, and not just in the form of a front-runner — [former Vice President Joe] Biden — who is unabashed about cozying up to big donors.

<https://www.latimes.com/politics/story/2019-09-03/democratic-presidential-candidates-small-donors>

A July 2019 *New York Times* article noted that President Trump has also had success with small donors. The Times reported that Trump's campaign:

has worked hand-in-hand with the Republican National Committee since shortly after he was elected to continue cultivating a small-donor base that has been more fervent than those of past Republican candidates.

The efforts have yielded results. Of the \$68 million raised in the second quarter of the year by Mr. Trump's campaign and two joint committees it formed with the national committee — Trump Victory and Trump Make America Great Again Committee — 35 percent came from small donors, defined as those who gave \$200 or less. That is a significant increase over the first three months of the year, both in total fund-raising and in the proportion of funds from small donors.

<https://www.nytimes.com/2019/07/16/us/politics/trump-campaign-donations.html>

Some candidates are also eschewing money from corporations. Every Democratic presidential candidate except former Massachusetts Gov. Deval Patrick has promised not to take contributions from the oil and gas industry by signing a No Fossil Fuel Money pledge, pushed by grassroots advocates concerned with climate change.

David Turnbull, who works for the organization behind the fossil fuel-free pledge, Oil Change U.S., said that the pledge is important both symbolically and on a practical level. He notes that research has consistently shown that donors are far more likely to get meetings with elected officials than with non-donors.

In an interview with E.A. Crunden in *Think Progress*, Turnbull said: “Rejecting fossil fuel money is an important starting point for candidates to show that they are serious about listening to their everyday constituents and not favor the interests of the fossil fuel executives who have the resources to max out their contributions to candidates.”

Leah Stokes, an expert on environmental politics and assistant professor at U.C. Santa Barbara, said she thinks the pledge has been “remarkably successful as an activist campaign.” Stokes said that her research found that “fossil fuel companies have a significant influence on policy, one that typically keeps climate-related issues from even getting a vote in Congress. Even slightly mitigating the access the industry has to lawmakers, Stokes said, could have major implications for passing real climate action.”
<https://thinkprogress.org/2020-democrats-no-fossil-fuel-money-pledge-biden-beto-4b51eee1bf69/>

It is clear that in 2020, small donors are playing a significant role in electoral politics. It remains to be seen what impact that shift will have on the election, and whether it will continue.

For Discussion:

1. How much of the material in this reading was new to you, and how much was already familiar? Do you have any questions about what you read?
2. What advantages can you think of might come from relying on small donations from a large number of people, rather than focusing on donations from the wealthy?
3. What do you think? Does it matter to you that a candidate gets his or her money from small donors rather than wealthy ones? Why or why not?
4. According to the reading, what are some of the pledges that candidates are taking with regard to their campaign fundraising? What affect might these pledges have?
5. If you had to run your own campaign for president, would you sign a pledge not to take money from any specific groups of people or industries? Why or why not?

--Research assistance provided by Akin Olla.