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Congress and its Other Budget Problem: An Examination of the Effect of Campaign Contributions on Congress' Decision-Making

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CONGRESS AND ITS OTHER BUDGET PROBLEM: AN EXAMINATION OF THE EFFECT OF CAMPAIGN CONTRIBUTIONS ON CONGRESS' DECISION-MAKING

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ABSTRACT

While there is significant study concerning the source of money in Congressional campaigns, comparatively little is geared towards demonstrating the link between Congress's decision-making and the interests of the donors. By examining individual statements made during the Congressional "Supercommittee" meetings and the overall voting behavior of the Congress during specific debates, this paper finds that the link between donors' interests and members' votes are varyingly correlated due to other factors, but in general the link is more tenuous than is popularly believed.

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Chapter 1: Introduction

"Last week, the Supreme Court reversed a century of law to open the floodgates for special interests – including foreign companies – to spend without limit in our elections." These words are from President Barack Obama's 2010 State of the Union address and concern a recent Supreme Court ruling that altered the status quo largely established by BCRA (the Bipartisan Campaign Reform Act). *Citizens United v. Federal Election Commission* has allowed corporations and unions to spend unlimited money on election-related advertising, eliciting criticism from such varied sources as Barack Obama, Sandra Day O'Connor,[1] and John McCain.[2]

The criticism, as well as support for the ruling, has extended beyond that of the standard politicos. Lawrence Lessig in his testimony to the Senate Judiciary Committee hearing on *Citizens United* wrote that this ruling could potentially increase the already disparate gap in time between politicians' fundraising and actual governance.[3] This argument may have some weight. The perception is that politicians are beholden to those with the funds, not those with the votes, causing Congress to spend time with moneyed interests instead of constituents.

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[1] Liptak 2010.
[2] McCain, in fact, was co-sponsor of BCRA.
[3] Lessig 2.

There are, however, those who dispute this claim. Bradley Smith, writing for the Wall Street Journal, argues that such talk is hyperbole, and that all the decision does is allow independent entities (including corporations, unions, and even booksellers) to express their political opinions.[4] Whereas Lessig focuses on the idea of time shifting away from governance and towards fundraising, Smith sees this as an issue of freedom from the perspective of the private entity.

This has been the debate, going on for years, concerning money and its relationship to politics. Most of the discussion on this issue, however, seems to focus on how money affects the *campaign,* rather than the time spent in Washington.

This paper seeks to help rectify this situation. While election seasons are well covered, what about the other times, where significant decisions are made? I want to focus on the time politicians spend *after* winning the election and whether or not money affects this. While it is certainly important to understand how money matters during the campaign, it has been left unanswered as to whether, once politicians enter office, they let campaign contributions impact their decision-making.

Therefore, this paper will seek to establish whether or not there is a definite and pervasive link between campaign donations and Congressmen and Congresswomen's voting behaviors. This is an enormous topic, with many ways of tackling this issue. Entire books can be, and have been, written about the behavior of members of Congress, and almost all of them have been longer than sixty pages. Nevertheless, every little bit of illumination helps in an area which is very difficult to shed light on.

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[4] Smith 2010.

The structure of this paper is as follows. First, I will attempt to give a brief history of campaign finance law. By examining this history and comparing it with contemporary events in political history, one may perceive whether or not money has had an effect on past politicians. It is also important to see how long politics has had a relationship with money as well as the nature of that relationship. Then I will consider other causes of voting behavior that should be kept in mind. It is always important to carefully consider the potential for alternative explanations, and this study is no different. After this, I will explain the methods used to examine national-level politicians, which includes elements of both quantitative and qualitative study. Finally I will show the results of this study and draw conclusions from this evidence.

From this paper I hope to show, to myself as well as others, whether or not the issue of money in politics should be the national issue that it is today. Should *Citizens United* worry the average American, or is it the case that an ease in contributing would, in fact, be a boon to the democratic process? These are the questions that I hope to answer in my study. It would be helpful, however, to begin by briefly covering the history of campaign finance law in the United States.

The history of campaign funding reform is important because it provides context for the current situation. In addition, it is able to teach us how such laws have been dealt with (in most cases, circumvented) at various points in the past century. In order to understand our current situation, one must look to the past to see how the system we have today has been constructed.

Campaign finance law first became a national issue at the turn of the 20th century, when progressivism became the norm and laws were enacted to limit the power of 'big business.' Teddy Roosevelt, himself accused of corruption in the 1904 election, urged Congress to pass the Tillman Act of 1907. The effects of the Tillman Act were limited. There was exceedingly little enforcement, and loopholes were found almost instantly; however this was the single most important campaign finance policy in the United States for nearly seventy years. Other acts passed between this and FECA had little lasting effect, in part due to the inadequate enforcement mechanisms and large loopholes found in them.[5] The lasting legacy of this act was to ban <u>direct</u> corporate funding of elections. This part of the Act remains to the present day and has not been challenged by any of the recent court decisions concerning this issue.

In 1971, Congress decided to revisit campaign finance reform by passing the Federal Election Campaign Act (or FECA). Rather than focus on contributors, FECA attempted to limit the amount of money campaigns spent overall, with specific limits on spending as well as requiring campaigns, both committees and candidates, to disclose such financial information publicly. Remarkably, FECA also set up an opt-in system of public finance wherein candidates could choose to receive public money equal to the spending limit, provided he or she agree to not receive private funds. However, this has not been adopted by any of the major national candidates since then and has largely been forgotten. Moreover in 1974 the Supreme Court's decision in *Buckley v. Valeo* overturned a large portion of the law. Spending limits on individuals as well as campaigns were discarded, but kept the disclosure requirements found in the law.

[5] Corrado 2005, 29 – 31.

Regardless of the Court's decision, FECA greatly enlarged the government's role in regulating and overseeing the finances of public campaigns.[6]

The most recent step taken by Congress to reform campaign finance has been the Bipartisan Campaign Reform Act of 2002 (or BCRA). This act, otherwise known as McCain-Feingold, stopped private entities from producing "electioneering communications,"[7] increased the breadth of the federal government's role in limiting campaign funding, and added more strict disclosure requirements for financial disbursements.[8]

Very little of this matters today, however, because of the ruling of the Supreme Court in *Citizens United v. Federal Election Commission.* In 2010, eight years after the passing of BCRA, the Supreme Court ruled that limits on "electioneering communications" are unconstitutional; moreover it found that any advertising, whether in favor of a specific candidate or not, are protected by the First Amendment, assuming there is no coordination between politicians and fundraisers. [9] This would seem to fly in the face of the principle of *stare decisis,* with the court disregarding the ruling found in *Buckley.* However, those who celebrated the ruling considered it a boon for free speech. Mitch McConnell, leader of the Senate's Republicans and a foremost opponent of federal intervention in campaigns, said the court "struck a blow for the First Amendment."[10]

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[6] Corrado 2005, 33.
[7] This term is found in BCRA and meant to address broadcasts that are shown relatively prior to the election (60 days for primaries and 30 days for general elections) and refers to a specific candidate
[8] http://www.fec.gov/pages/brochures/electioneering.shtml
[9] *Citizens* 2010.
[10] Stohr 2010.

The main point to take away from this history is that the power of the federal government in this area has ebbed and flowed over time. What we typically see is Congress passing a law that is amended or outright rejected by the judiciary soon after. The aspects of the laws that do not get overturned are generally ignored or lack mechanisms for enforcement. For instance, BCRA's rule preventing coordination between candidates and outside groups has been flagrantly violated on a number of occasions. For instance, Ben Nelson has appeared in television advertisements funded by the Democratic National Committee, a group which ostensibly counts as an outside organization.[11] Almost certainly in the future there will be another legislative attempt at reducing private contributions, but whether it will accomplish that goal or not remains to be seen.

[11] Lightblau 2011.

Chapter 2: Why Study Contributions?

As has been said before, in the wake of *Citizens United v. Federal Election Commission* special interests, whether it be corporations, unions, etc., can now spend a nearly limitless amount of money supporting their candidates. But to what extent does this effect members of Congress? Does a politician's decision-making change just because of who made donations to his or her campaigns?

There is no concrete evidence as of yet to support this claim. Of course one logical assumption to make is that politicians, being concerned with re-election, placate large donors in order to receive money which will keep them competitive in elections. However, it could simply be that politicians are afraid of the *potential* power of interest groups to move votes: one stark example is the case of the AMA (allegedly) deciding elections in order to stop the drive for a national health insurance plan.[12] This is not the only side of the story, however: Ansolabehere et al. name five reasons why interest groups give donations, each one assuming a response from the targeted politician. These five reasons are 1) that donors assume a direct return on their investment, 2) that donations are simply means by which donors earn access to politicians, 3) that donors actually seek to affect the election's outcome, 4) that large donors are merely aggregations of individual interests, overcoming what is essentially a collective action problem, and 5) that the heads of large organizations enjoy "being part of the Washington

[12] Mayhew 44.

establishment," making access effectively a status symbol.[13] The first four are certainly logical means by which donors' contributions can affect a politician's decision-making in office, however without direct evidence there is little evidence to prove that such strategies by donors actually succeed or not.

After all, there are a number of other variables confounding the situation. Any conceivable variable could potentially affect Congressional voting patterns. In this section I will consider, one by one, the most popular rationales for explaining voting behavior that do not concern the financing of campaigns. These include differences in seniority, personal ideology, and the salience of issues for each Congressperson's home district.

Seniority is, among variables affecting politicians' behavior, one of the easier factors to measure. John Kingdon in his book Congressmen's Voting Decisions argues that seniority greatly affects voting patterns, mainly due to the influence and knowledge that senior members bring. Junior members due to a lack of bargaining power and direction tend to vote similarly to their more experienced colleagues, who in turn are disposed to help them with more salient issues. Moreover the committee structure reinforces this concept; senior members are given formal, in addition to informal, power.[14] The problem with this perspective is that it makes little attempt to *fully* explain voting behavior. Seniority may explain voting behavior in cases where junior members defer to senior members, but this situation cannot explain the voting behavior of senior

[13] Ansolabehere et al. 2003, 126 – 127.
[14] Kingdon 1968, 91 – 93.

members and junior members without mentors. In addition, junior members' motives for deferring and senior members' motives for giving advice would seem to be evidence for other explanations. For instance, a junior member being rewarded for compliance with agricultural subsidies for his state would be evidence for a cynical view of politicians exclusively seeking re-election, rather than a legitimate respect for senior privilege. Likewise, senior members using junior members to fit their own agenda would seem to indicate a more ideological explanation for voting behavior. In either case, seniority by itself cannot by itself constitute the most important factor in a politician's decision-making.

Personal ideology is, for obvious reasons, a difficult variable to detect among politicians. The importance of ideology to politicians' decision making can vary over time, the Tea Party Republicans being the most recent example of an ideological faction having a significant effect in Congress. The problem again is that this is not a pervasive, constant force; as has already been mentioned, some members of Congress are more ideologically stringent, or at least appear to be, than their colleagues. In addition, one must keep in mind that ideology is most commonly subservient to achieving reelection. The fact of the matter is that Congress is made up of professional politicians who must achieve reelection in order to continue their careers, and that no matter how ideological a member may be, reelection "has to be the *proximate* goal of everyone, the goal that must be achieved over and over if other ends are to be entertained."[15]

That leaves the salience of issues in (or ideology of) a Congressperson's home district. This fits in more with a 'delegate' model of representation and is congruent with

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[15] Kingdon 1968, 15 – 16.

the idea expressed previously, which is that members of Congress seek reelection above all else. The ideology of home districts is obviously an enormous factor in how politicians make decisions; it is the main reason why conservative members come from conservative districts and liberal members come from liberal districts. Yet this also does not paint the entire picture. If a member of Congress can optimize his or her odds of winning reelection by closely following the opinion of his or her home district, why does party unity vary over time? While it has been observed that party leaders often tell their members "that toeing the party line" is not as important as pleasing constituents, members still commonly vote against the interests or desires of their own districts, particularly when a vote is close or crucial.[16] One would expect that parties would become virtually extinct (or at least incredibly ineffectual) if Congressmen and -women slavishly followed the opinions of their districts. Therefore we can conclude that a home district's ideology is an important, but not surefire, way of determining the voting behavior of Congress.

The commonly-known 'models of representation' that have been hinted at thus far in the paper should be addressed. The models of representation theory asserts that politicians behave one of three ways while in office: as a delegate, a trustee, or a politico. Delegates are politicians that simply argue for what the majority of their constituents want, regardless of their personal feelings about the matter. Trustees follow their own beliefs, attempting to serve the public interest with their own attitudes and knowledge rather than the opinion of the constituency. Lastly, politicos make decisions based on whatever increases their chances of re-election. While they have a large role to play in

[16] Herrnson 1995, 256.

understanding how representation works, it is not enough to simply carve out three large categories and place each representative in one of them. Besides being overly simple, it may not even be an accurate representation of how politicians make decisions. As S. Sydney Ulmer wrote in his book *Political Decision-Making* theorized on a variation of the models of representation:

> If these three role-definitions [public-interest statesman, instructed delegate, and ideologist] are viewed as models of how congressmen make decisions they are hopelessly unrealistic. All three suffer from the same basic flaw- they overestimate grossly the amount of information the congressman can have at his disposal and his ability to process and evaluate this information before voting. Congressmen *must* cast their votes on the basis of very little information; a realistic model of congressional decision-making must be built on this inescapable foundation.[17]

Simply put, it may be entirely possible that representatives think largely counter to the way the models of representation theorize, or may even be unable to judge information as accurately as political scientists can.

One of the means by which to address how Congressmen vote in the face of little information was proposed by Richard Fenno in his book Home Style. Fenno argues that Congressmen, in order to be re-elected and further serve the public interest, attempt to curry favor with four discrete constituencies: their geographic districts, constituents likely to vote for them, their core group of supporters, and intimates (i.e. close friends, family,

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[17] Ulmer 1970, 21.

and advisors).[18] Members of Congress seek to curry favor with these various groups, but will only seek to gain trust with the more distant groups *if and only if* it does not reduce influence with the more intimate constituencies. From this we can see that large donors, falling into the categories of either core supporters or intimates depending on the situation, would be more important to a Congressman than members of his geographic constituency.

The implication from this is, then, that money (or access from money) largely determines Congress's decisions, with contributions being seen as the way to remain competitive in elections. This paper will examine that theory by taking two approaches: one is the examination of Congress as a whole, looking at larger movements in terms of monetary flow versus measures taken by Congress, both Republican and Democratic. The second is to examine politicians at the individual level, taking into account their preferences and comparing them to the flow of money to their campaigns.

There is a legitimate criticism of this structure to be made, namely, that it would be simpler to cover one of these two aspects here and now, rather than try to divide time and effort between them. There are, however, problems with using these individual forms of analysis alone.

Using the quantitative method alone brings some problems to the fore, mainly that painting Congressional behavior with such broad strokes would confound the already well-hidden traces of causality in members' decisions. Examining Congress as a whole, with money going in on one side and legislation coming out on the other, obfuscates the

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[18] Aldrich et al. 1.

issue and cannot be used to decisively deduct the effects of money on politics. One could very well argue from this method alone that the causality is reversed, in other words that contributions are determined by the decisions made by members.

Moreover, as has already been said, there are other factors, such as seniority, which must be examined before making a conclusion, and quantitative analysis alone cannot handle them. By looking at individual members one can compare their behaviors, drawing conclusions based on their histories and differences. For instance, if forty Senators were to receive a large amount of support in the form of contributions from the AARP and subsequently pass legislation favorable to that interest group, one would reasonably conclude that the AARP's lobbying contributed to that particular piece of legislation. However, more careful analysis could very well show that the members who voted to pass the legislation received <u>no</u> contributions, voting instead due to constituents' demographics, and all of the money instead went to politicians who eventually voted no on the matter.

From this one can see why a quantitative study alone would not satisfy a search for causation in Congressional voting behaviors. We must also look at individual members to draw any sort of real information from the matter. Therefore, in addition to the floor votes of the House of Representatives, it is important to take a closer look and look at a smaller subject: in this case, the subject will be the Joint Select Committee on Deficit Reduction, also known as the "Supercommittee."

Chapter 3: The Supercommittee and its Processes

The Supercommittee was formed by Congress' 2011 Budget Control Act in order to solve the 2011 debt ceiling crisis. As a joint select committee, it took the form of a bicameral body, containing members of both the House of Representatives and the United States Senate in equal numbers. In addition, both political parties were represented in equal numbers. House Speaker John Boehner chose Reps. John Hensarling (Co-Chair) of Texas, Fred Upton of Michigan, and Dave Camp of Michigan. House Minority Leader Nancy Pelosi chose Reps. Xavier Becerra of California, Jim Clyburn of South Carolina, and Chris van Hollen of Maryland. Senate Majority Leader Harry Reid picked Senators Patty Murray (Co-Chair) of Washington, Max Baucus of Montana, and John Kerry of Massachusetts, while Minority Leader Mitch McConnell picked Senators John Kyl of Arizona, Rob Portman of Ohio, and Pat Toomey of Pennsylvania.[19] It is difficult to argue that this selection is not diverse in terms of partisanship and home districts.

One should take a moment to notice the diversity of seniority to be found in this Supercommittee. For the purposes of simplification it is easier to form three categories of descending seniority. The oldest group, consisting of Max Baucus, Fred Upton, John Kerry, and Jon Kyl had all begun their services between the years of 1975 and 1987. The 'middle' group consists of Patty Murray, Rob Portman, Xavier Becerra, Jim Clyburn, and

[19] Korte 2011.

Dave Camp. This group began service between 1991 and 1993. Finally, the youngest group is made up of Jeb Hensarling, Pat Toomey, and Chris van Hollen who have served since 1999-2003. Because it is difficult to control for *all* other possible variables, it would serve better to choose one relationship and see if it applies moreso than campaign contributions. In this case, we will be looking at seniority as a comparison. Seniority seems to be the most prevalent and important differentiating variable among the members surveyed here, except of course for party and ideology.

The methodology used in this section is simple: by listening to the committee members' statements made and questions asked during the public testimonies (private negotiations are unavailable due to being closed-door sessions), one can get an idea of the members' ways of thinking and their positions on the various issues that the committee discussed. Once this is done, by looking at the member's list of recently received donations it can be roughly determined whether those views are in line with the individual member's largest donors. If there is alignment, and there is reason to suspect that those views are not in line with what the constituents in the member's district would support, then I believe that that is sufficient grounds to conclude that campaign money has significantly affected the decisions made by that member.

However, this is not a completely solid connection. One should remember while reading that committee testimony is not the definitive telling of a politician's desires; moreover, what is announced in public may be the complete opposite of what is said in private. It is certainly possible that these committee members act a certain way in the public testimonies in order to posture for donors or voters. This, obviously, is impossible to measure, mainly because politicians make a point to keep private conversations off the record. However, in this case such a difference between private and public discussions may be irrelevant. Whether or not members are posturing matters little, as the statements at these hearings are still indicative of how the politician wants to appear to the general public (the public in this case being both constituents and donors, big and small). Therefore, while the statements made may be more bombastic than sentiment, it still provides a fairly accurate picture of how a politician wishes to be viewed by those not privy to the private discussions. By focusing on individual members of Congress one can better determine what is posturing and what is genuine.

Probably the most outspoken member of this Committee in terms of ideology was Jeb Hensarling, both the Republican Co-Chair and one of its youngest members. Hensarling was likely the most opinionated of the voices at the Committee hearings, with one of the lines of his opening statement at the first hearing being "This committee must be primarily about the business of saving and reforming social safety net programs that are not only failing many beneficiaries but are going broke at the same time."[20] Keep in mind that this statement was given before any testimony from experts had been heard. Moreover, Hensarling made it no secret that his ideas were from prominent individuals in the business community, quoting a number of CEO's of prominent companies.

> "Bernie Marcus, chairman and CEO of Home Depot, which employs 255,000: 'If we continue this kind of policy we're dead in the water. If we don't lower spending and if we don't deal with paying down the debt we are going to have to raise taxes. Even brain-dead economists understand that when you raise taxes you

[20] Full videos of the Supercommittee hearings can be found in C-Span's archive at http://www.c-spanvideo.org/topic/85

> cost jobs.' Mike Jackson, CEO of Auto Nation, 19,000 employees: 'the best thing this town could do to help this economic recovery become sustainable is to deal with the deficit and to see tax reform.' Jay Fishman, chairman and CEO of Travelers' Insurance Company: 'what's really weighing on their minds is not knowing how the coming explosion in federal debt is going to affect their borrowing costs, liquidity, cost of doing business, and prices.'"

Clearly Hensarling had in mind when discussing the deficit was the effect that it would have on domestic business practice. However, there is little to suggest that those businesses have any significant financial ties to Hensarling's Congressional campaigns. These three businesses were not significant financers of Hensarling's when compared to other businesses.[21]

And yet the questions and comments from the Texas Congressman gave the distinct impression that he was in favor of a tax code favoring large businesses over small businesses or individuals. This is not surprising from a funding perspective, as the primary funders of Hensarling's 2011 – 2012 campaigns are large financial institutions, with IBC Bank, Cash America International, and Ernst & Young being the top three overall contributors.

However, this can easily be explained by the fact that Hensarling is a Republican Congressman from Texas, and may have ideological rather than professional reasons for favoring businesses over individuals. Without direct evidence that Hensarling's comments are in support of the specific institutions that donated money to his campaign,

[21] Meaning that these businesses were not in the top twenty financiers for Hensarling's 2011-2012 campaign cycle. Financial information for individual Representatives' campaigns can be found at OpenSecrets.org.

the conclusion must be that election contributions had little effect on his behavior during the Supercommittee hearings.

The other co-chair of the committee was Patty Murray, the Senator from Washington. Her opening remarks on the first day of hearings were somewhat more optimistic than her co-chair, stating that she hoped "we can continue to not allow ourselves to not be boxed in or pigeon-holed by special interest groups, or partisans, or media, or pundits, and we are allowed the room to come to a balanced agreement." Her comments were primarily geared towards reducing tax rates for individuals and smaller businesses as opposed to larger ones, noting – again in the first hearing – that she "hear[s] from businesses that are struggling – especially small businesses – that are having a tough time creating the jobs that millions of Americans are desperate to fill."

But what did Sen. Murray mean when she said "a balanced agreement"? Perhaps the most enlightening statements come from the Sept. 22 hearing when she noted that

> Last week CBO [Congressional Budget Office] director Elmendorf testified that the CBO had considered several various tax proposals and weighed their effectiveness in stimulating the economy. He mentioned reductions in the payroll tax as among the most powerful, followed by expensing of investment cost for businesses and followed by that, by just a little bit, broader reductions in income taxes.

In recalling Elmendorf's testimony on the effects of various economic actions, Murray is implicitly admitted that she agreed with his assessment. The question, then, is whether or not these statements are directly correlated to the interests of her largest financial supporters.

There is somewhat similar evidence suggesting that Sen. Murray, in comparison to Rep. Hensarling, may or may not be influenced by campaign contributions. While the top contributors from 2007 - 2012 (the top three, for reference, being EMILY's List, Microsoft, and the University of Washington) do not have a particular interest in the viewpoint that Sen. Murray is expressing, when looking at the top industries there arises a somewhat different picture. The number one source of contributions for Murray's campaign comes from lawyers and law firms. This is not surprising, as Democratic candidates are commonly given large sums by law firms. However, taken with the second largest contribution source, the retired, this paints a different picture. By choosing to focus on lowering taxes for the individual rather than the business, Sen. Murray may be attempting to shift the focus from entitlement reform (affecting primarily the beneficiaries of Medicare and Social Security, in other words the elderly) to tax reform. Senator Murray may have been influenced by such organizations as the AARP in her decision-making; however, yet again there is no hard evidence to suggest that such influence exists. The largest differences between Sen. Murray's and Rep. Hensarling's styles of thinking can be attributed more to Hensarling's ideological focus as opposed to Murray's focus on catering to key constituents such as the elderly.

These differences between the more ideological and more technocratic approaches can be more clearly seen when comparing two other members of the deficit committee, Sens. Pat Toomey and John Kerry. The Republican Congressman from Pennsylvania seemed starkly opposed to raising taxes and strongly in favor of across-theboard tax reform. In his opening statement Toomey addressed the need to foster economic growth in saying:

> How do we do that [foster economic growth]? Well, one I would observe that cutting spending and reducing the deficit is itself pro-growth, because it removes the chilling effect that excessive deficits have on job creators and investment. But the other big opportunity for us is tax reform. You know, a simpler, fairer system that has lower marginal rates would encourage economic growth and go a long way to helping this problem.

Toomey here is making clear his stance, which is that lowering marginal tax rates (i.e. taxes on higher incomes) would increase economic growth and therefore increase the amount of total revenue for the government. However, he also addressed the more specific parts of tax policy that he took issue with:

> I mean, examples abound. We have ethanol credits that are bad economic, bad agriculture, bad tax policy. We use a tax code to force Americans to pay more for inefficient sources of electricity. That costs us jobs, and when huge iconic American corporations can pay little or no income taxes, well that's just indefensible. So I think we ought to wipe out those special-interest favors and have commensurately lower rates and encourage the economic growth that will generate more revenue, generate more jobs.

These quotes illustrate a definitive ideological stance towards reducing tax rates, but more importantly towards eliminating tax credits that favor what Toomey calls "special-interest favors."

In comparing these statements with Toomey's campaign records, it becomes clear that both financial industries and conservative political action groups desire influence over the Congressman. The most important of Toomey's contributors, by far, is Club for Growth, a political action group that exclusively funds conservatives, typically Republicans.[22] The rest of Toomey's top five contributors, except for one (the Senate Conservatives Fund) are financial businesses. Whether or not these businesses would desire all of Toomey's ideas are irrelevant; what is key here is that Toomey is attempting to address the need to cater to the large financial industries as well as his more conservative base. Campaign contributions may have had some effect on Toomey's tenure as a Pennsylvania Senator, however his statements may simply be due to the fact that Toomey is very ideologically conservative; any large donations from outside sources may be a side effect.

Compare this with John Kerry's statements and financial records. Much like Toomey, Kerry received large donations from financial services industries, among them Bain Capital and Blackstone. However, Kerry himself said little during the actual hearings, preferring instead to defer to his colleagues. What he did say was essentially technocratic in nature, recalling the Gramm-Rudman Act in the 1980's and the balancing of the budget in the 1990's, both done with Democratic and Republican support. Kerry stressed his willingness to cooperate and incorporate Republican ideas in the committee's final recommendation as well.

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[22] Club for Growth accounts for $850,041 of Pat Toomey's $20,472,488 campaign dollars raised from 2007 - 2012.

If Kerry was catering in any way to the financial institutions that paid for his campaign, he hid it remarkably well. There was essentially no statement of real substance in his remarks at the hearings. Instead he chose to often remind his colleagues that an agreement between both Republicans and Democrats would be necessary to come to a successful result. Perhaps he was aiming for more of an 'elder statesman' role, choosing to help guide the younger members of the committee and contain their ideological enthusiasm. Or perhaps he was a lion in the closed-doors debates of the committee, choosing to appear bipartisan and reasonable to the public. Whatever the case, we cannot know, for Kerry made no indication during the hearings that he was supporting or opposing measures concerning his most powerful donors.

One may have noticed at this point that the two younger members examined thus far, Jeb Hensarling and Pat Toomey, have been described in this paper as a bit more ideologically stringent than their counterparts, and the older members, illustrated here by the cases of Patty Murray and John Kerry, are more pragmatic in their approach towards government. This pattern will manifest itself in further iterations in this approach, however, as will be shown this is not a perfectly predictive method for determining a member's decision-making process.

The next Congressman to be examined is one Xavier Becerra, one of California's many Democratic Representatives. Becerra was one of the more aggressive questioners during the testimonies, remarking on the first day that "they [the American people] have been telling us time and time again … to treat everyone on the team fairly, not favoring special interests, as we look to spread the pain and the gain." Becerra as a liberal Democrat was clearly seeking here to ensure that corporations and other large financial bodies pay more taxes than they did at the time, and more importantly to make known his position to the public. He continued on October 26 during questioning to attack the current system of allocating tax expenditures, concluding a line of questioning with "so we spend almost as much through the tax code for certain constituencies as we spend through the entire appropriations and allocations process, through the regular budgetary process. That's the type of spending we're not talking about today, the tax expenditures." Becerra is arguing that the focus of the committee should be to look at groups that profit from tax loopholes and other forms of selective tax expenditures, and see if some of the deficit can be lessened by addressing that part of the budget.

Becerra's statements are strongly in line with the interests held by most of his major donors. The vast majority of his large donors are unions such as the American Association for Justice, the American Federation of Teachers, and the Operating Engineers Union, each giving the $5,000 a year limit to standard PAC donations. Each of these groups would rather see tax expenditures, particularly those favoring larger businesses, be eliminated rather than see tax increases on the individual or a reduction in entitlement spending.

Despite having received a significant amount of money from the financial industry and other large donations from businesses, the vast majority of Becerra's contributions come from union organizations. Over the course of the Supercommittee's short life Becerra fervently fought for the interests of those groups over the interests of various businesses. Therefore it is safe to say that Becerra is more likely, especially when compared to his colleagues reviewed thus far, to be influenced by campaign contributions than not.

When looking at seniority, a good comparison to make to Becerra's history is that of Senator Rob Portman. A former Representative and now Senator of Ohio, Sen. Portman is used to running in a fairly competitive state. Indeed his proposals were fairly moderate and uncontroversial, if business-friendly, saying that "we should aim to do what's necessary to bring long-term sustainability to the federal budget. The American people want this, the financial markets, the credit agencies are looking for this, and future generations, who will be inheriting the debt, will need this." He also echoed Toomey's support of tax reform, believing that

> We should try to fix our complex anti-growth tax code. Common sense tax reforms can eliminate unjustified tax preferences, apply those savings to lower, more competitive tax rates to encourage savings, investment, and jobs. That'll create economic growth and generate more revenue.

These statements betray a fairly pro-business attitude. Portman's support of a tax structure that encourages investment would again benefit the financial industries rather than directly help the individuals in his district. Moreover, one would expect, if accusing Portman of representing his donors rather than his constituents, that Portman's list of contributors would include the financial firms who participate in the markets that he mentioned. And indeed that is the case, with his list of top contributors being filled to the brim with large financial corporations. Five out of his top ten donors (American Financial Group, Elliott Management, Ernst & Young, JPMorgan Chase, and FMR Corporation) are financial industry firms.

It is easy to say from this observation that Rob Portman is more than likely keeping his larger donators in mind rather than the average constituent's. One would assume that a Senator would have no business to do with industries that operate almost exclusively in areas outside of his or her own state, but companies like Elliott and JPMorgan do just that, being headquartered in New York City. Portman, then, could not possibly be operating on the interests of his own district, but rather be a voice for the groups that give him money so that he can stay in Washington. Rob Portman is certainly an example of a politician who is almost entirely captured by financial interests outside of his own district.

Both of these two Congressmen, Xavier Becerra and Rob Portman, definitely do not agree on much. Becerra, being a Democrat from California, is predictably quite liberal, and Portman, though not from a Republican stronghold is fairly conservative in his own right. These men alone can rule out the possibility that party or ideology determines the influence of money. Both have views that are in line with their donors, and are more than likely representing those interests over their own constituents.

These men also share another thing in common: they arrived in Congress at around the same time. Becerra and Portman both began service in the early 1990's, earning a 'middle-ground' designation of seniority in this paper. It may very well be that susceptibility to donators' interests varies over time, with Congressmen, after having served a number of years, become less concerned with ideology and more concerned with representing lobbyists' interests. For the sake of looking at the differences between newer and older Congressmen and –women, it would be beneficial to next compare a new Congressman with an older one, in this case Max Baucus and Chris Van Hollen.

Max Baucus was the longest-serving member of Congress on the Supercommittee, having been a national-level legislator since 1975. It was natural, then, for Baucus to assume the time-honored role of elder statesmen to the other members present. Noting a number of times that the work of the committee would be difficult, Baucus commonly reminded his colleagues that compromise would be necessary for the committee to reach a meaningful conclusion and took a rather moderate tone for most of the proceedings. However, it was also clear that Sen. Baucus wanted to ensure that the committee was not misled by any of its own members or the experts called to testify. In a question-and-answer session with Thomas A. Barthold, Chief of Staff of the Joint Committee on Taxation, Baucus pressed him concerning an assumption made by a number of Republican members present:

> It is true, as has been mentioned here already today, that the 50% of small business income is subject to the top two rates, but it is not true that 50% of small businesses, employers, are subject to the top two rates, in fact only three percent are. And it's also true, isn't it Mr. Barthold, that only 3% of business income are subject to the top two rates? [...] And in addition, isn't it true that about half of the 3% of tax-payers are bankers or celebrities that earn large salaries and don't employ really anybody but really invest a small portion of their income in publicly traded pass-throughs, is that correct?

It would seem that Baucus, rather than attempting to cater to any particular interest, was interested in getting accurate information from the testimonials. This indicates a technocratic approach on the part of the Montana Senator rather than an ideological one.

Max Baucus' recent campaign financial records as a Senator are particularly difficult to analyze, as he is a member of three Senatorial committees (Agriculture, Nutrition, and Forestry, Environment and Public Works, and Finance), and as such receives contributions from a large variety of donors, particularly those involved in the health industry. However, it is safe to say that Baucus relies little on donations from unions, relying instead on large businesses for contributions. Businesses such as Aetna and Goldman Sachs are crucial to Baucus' fundraising. It is surprising, then, to see Baucus essentially cheerlead an effort to increase tax rates for the top two tax brackets.

One could look at this and see a confident Baucus, who has been re-elected numerous times, simply not worried about his funding and his chances for re-election. However, there are scholars that would strongly contend that characterization, such as John Kingdon, who in his book *Candidates for Office* observes that:

> One of the dominant impressions of my travels is the terrific sense of *uncertainty* which animates these congressmen. They perceive electoral troubles where the most imaginative outside observer could not possibly perceive, conjure up or hallucinate them.[23]

Congressmen, according to Kingdon, are constantly paranoid about electoral chances, attempting to over-ensure reelection at every possible opportunity.

This leaves the option that Baucus actually believes that the road to re-election is not through the more corporate-friendly policies of ideological conservatism, but through presenting himself as a truly center-left politician who would rather raise taxes on the top

[23] Kingdon 1968, 6 - 7

two brackets than cut entitlements and lower taxes for businesses. This is fairly counterintuitive; there is a common conception in America that the eldest statesmen are typically the most corrupt, having lived in Washington for an extended period of time. However, it may be untrue. The two longest-serving members shown so far have been fairly indifferent to pleasing contributors, at least when compared to other members of the committee.

The last committee member to be closely looked at here is Chris Van Hollen. Van Hollen is a Democratic Representative from Maryland, having served since 2003. This makes him equal in time to Jeb Hensarling, the Republican co-chair highlighted earlier. This would make him the third of the three extremely new members of Congress on the committee, along with Hensarling and Pat Toomey. Van Hollen really only made one declarative statement over the course of the hearings; however, it was very indicative of his way of thinking. Van Hollen noted that "the biggest obstacle to economic growth right now is weak consumer demand. It's simple. Businesses are not going to hire employees unless they have consumers for their goods and services."

One certainly would not call Van Hollen a student of supply-side economics from this statement. Moreover it indicates that Van Hollen's way to renew economic growth is not through reducing tax rates for businesses, but increasing the amount of money available to the individual consumer, presumably through tax breaks for lower income brackets. If Van Hollen makes decisions based on moneyed interests, then, the primary donors would be non-business PACs and (presumably, since Van Hollen is a Democrat) law firms.

And indeed that is the case; large donations to Chris Van Hollen almost exclusively consist $10,000 donations from law firms such as Arnold & Porter and Arent Fox LLP, and unions such as the American Association for Justice and the National Education Association. Seeing as Van Hollen seemed to strongly push for a tax code that favors individuals over businesses in his statements, this is not surprising for one that hopes to see a financial connection.

Moreover, Van Hollen's constituency would favor such policies, being from a fairly liberal (Maryland's 8^{th}) district. While the majority of Van Hollen's money comes from liberal interests, Van Hollen sees little conflict coming from voters. This may enable him to fully align himself with the groups that donate to his campaign.

However, Van Hollen's constituency contains a number of large businesses which would probably rather see a far more business-friendly tax code. Bethesda, a city in Van Hollen's district, is a famously wealthy area, housing headquarters for such companies as Lockheed Martin and, until recently, Bethesda Softworks. Van Hollen, then, is catering to the more consumer-friendly interests inside of his district rather than businesses. He is, ironically, a liberal Democrat that opposes big business representing some of the biggest businesses in the country.

As has previously been mentioned, the majority of Van Hollen's large donations come from individuals subject to the $10,000 spending limit. These groups are divided between law firms and unions, though there are a few corporations (notably Lockheed Martin) that contribute.

Van Hollen may be the best example here of a Democrat driven by union donations. However, these interests are not in conflict with the interests of his general constituency. Surrounded by liberal donors as well as liberal voters, Van Hollen has a clear path to reelection, that is, by being as liberal and pro-consumer as possible.

All of this information, accumulated from the Supercommittee hearings and the Congressmen's own histories, paints a confusing picture. A rather counterintuitive correlation seems to exist between seniority and agreement with large donors. The elder statesmen such as John Kerry and Max Baucus (both Fred Upton and Jon Kyl seemed conspicuously silent during the hearings) have views that are less in line with the views held by their largest donors, or at least did not expressly cater to their interests. Both were fairly technocratic, asking testifiers such as Douglas Elmendorf questions that did not contain a partisan or ideological slant so much as betray an actual desire for accurate information. This is in contrast to the other questioners, who asked questions with the clear intent of forcing the testifiers into making a specific statement, such as that the military accounts for a very large portion of the budget or that current Medicare growth is unsustainable.

The other two categories of experience were more of a mixed bag and not nearly as clear in their results. There was a strong divide between more ideological Congressmen such as Hensarling or Becerra and members interested in large financial contributors such Portman. One may gleam a small relationship in that the youngest members tended toward the ideological side and the older members were interested in donations, but this is minor, with exceptions to the rule found on both sides.

Importantly, age did not function as a decider of ideology or decision-making, but rather a facilitator to the influence of money on decision-making. Members of the same age group like John Kerry and Max Baucus were certainly not in agreement with each other, much less with the elder Republican colleagues. Rather their <u>relationship</u> with donors was strikingly similar, that is, there was a marked disregard to large donors found commonly between them. There was no such correlation to be found in the other two age groups.

Why is this the case? I believe the answer lies in the simple fact that these veterans have won more consecutive elections than their comrades. These men may be more confident in their abilities to win re-election than others, giving them more freedom to behave in a way that seems comfortable to them rather than their constituents. This seems to run counter to Kingdon's observation that Congressmen are perpetually uncertain about their own election and re-election chances and seek to win every possible piece of leverage that would help them win. There are, of course, exceptions to every rule, but it may simply be the case that more senior members have established connections with guaranteed sources of money, regardless of a few comments at a committee hearing.

One alternative explanation is that these members care less about their electoral chances than newer and younger members. Baucus is now 71 years old and a Senator (therefore seeking re-election only every 6 years); Kerry is now 69 and will almost certainly not run in an election for the foreseeable future, having been chosen as President Obama's Secretary of State. Members that are this elderly are most likely already considering retirement and would not be particularly distraught if they lost their next election. This explanation can peaceably coexist with Kingdon's writings and David Mayhew's, who argued in his book *Congress: The Electoral Connection* that Congress in modern times is "an assembly of professional politicians spinning out political careers" and that in order to achieve a lifetime career politicians seek to ensure continual re-election.[24]

Another important observation to make is that the majority of those influenced by donations are primarily interested in money from corporate sources rather than union ones. This is no surprise when looking at the overall numbers of Congress; the Center for Responsive Politics notes that businesses are larger donors than labor interests by a 15:1 margin.[25] Likewise, the only members who had significant and influential donations on this committee were Reps. Xavier Becerra and Chris Van Hollen. All other members' most important donators were of related to business interests.

That is not to say that these labor interests are not effective in the money that they do put out; Becerra and Van Hollen are two of the Supercommittee members that are most noticeably in line with the interests of their largest donors. However, business interests still dominate; no one in the hearings quoted labor leaders or even leaders of ideological interests; on the other hand, as has been noted previously, the interests of CEOs (such as Bernie Marcus) and other business leaders, small businesses or otherwise, were prominently in focus.

The Supercommittee is an important moment in the culture of American politics, and is a significant subject of this paper because it is a microcosm of the attitudes of

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[24] Mayhew 15.
[25] http://www.opensecrets.org/bigpicture/blio.php?cycle=2010

individual members of Congress as well as the relationships between themselves and outside interests. However, these are only twelve people. In order to gleam more of a perspective on how Congress operates and treats moneyed interests, one must look at Congress as a whole, looking at broader strokes of data and history. Only then can one decisively deduct whether or not money is an important factor in the operations of Congress and its individual members.

Chapter 4: The Behavior of Congress

Looking at individual members of Congress is all well and good, but it is still important to look at Congress as a whole, especially in the light of the information provided by the Supercommittee's hearings. As has been mentioned previously, in order to understand how the Supercommittee fits in with how Congress operates overall one needs to look at the inflow and outflow of money and votes and compare that with the ways that the Supercommittee members operated individually.

The most obvious dynamic at play when considering the sources of money donated to members is that of business vs. labor. In American politics the usual story is that businesses give donations primarily to Republicans and labor groups donate to Democrats. The evidence, generally, bears this out, with Republicans receiving 59% of contributions from businesses and Democrats receiving 91% of contributions from labor groups.[26] This is not the only discrepancy in the numbers: in 2012 business contributions totaled around fifteen times the amount of contributions from labor. In order for the hypothesis that contributions affect politicians' decision-making to hold true, it would mean that the Republican Party taken as a whole would support business interests nearly 100% of the time and the Democratic Party would also support business interests most of the time, but on issues particularly salient to labor would take stances in their support.

[26] http://www.opensecrets.org/overview/blio.php

Overall this implies that Congress (particularly in divided sessions) should favor business interests rather than labor interests on economic issues. Both parties receive the majority of their contributions from corporations and the voting history of Congress should reflect that.

Take, for instance, the issue of raising the minimum wage, proposed by President Obama in his 2013 State of the Union address as a way to increase the income of some of America's lowest-earning workers. Politically speaking, this move has been criticized by prominent members of the Republican Party. According to some, including Tom Curry, a writer for NBC News, Republicans are typically against increases in the minimum wage, arguing that minimum wage increases would cause a large number of layoffs in order to pay for increased salaries.[27] Perhaps more importantly, this is also the argument used by a large number of business owners and corporate interests. The same article mentioned previously quotes a David Rutigliano, a partner in a chain of Connecticut restaurants and members of the Connecticut Restaurant Association, arguing that minimum wage increases would "only hurt those employees which this proposal [Tom Harken's proposal to raise the minimum wage to $10.10] seeks to help."

This runs counter to the desires of the general public, who overwhelmingly support an increase of the minimum wage. A recent Gallup poll shows that an overwhelming 71% of American adults favor raising the minimum wage to at least $9.00 an hour; even self-declared Republicans and Conservatives are narrowly in support of a wage hike.[28] In addition there is a strong history of the public supporting minimum wage

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[27] Curry 2013.

[28] http://www.gallup.com/poll/160913/back-raising-minimum-wage.aspx

increases over time, and Congress has generally acceded to these numbers. So then we can see from the unlikelihood of a minimum wage increase a tendency from the current Congress to oppose a policy in favor of businesses even if this policy is seen as desirable by the vast majority of the American public.

What this also shows, besides a general lack in the current Congress' ability to do something amenable to the public, is an actual change in the dynamics of Congress over time. Previous wage increases have been fairly popular and have passed with little controversy, with the last wage increase as of March 2013 being signed by none other than George W. Bush in 2007.[29] This may have something to do with the *Citizens United* decision, as the timeline would seem to indicate that a minimum wage increase has only become controversial since between 2007 and now (increases in the minimum wage were fairly uncontroversial until after the Supreme Court decision). It seems logical to conclude from this that *Citizens United* and the subsequent increase in donation funding has at least in part increased the willingness of Congressional Republicans to oppose measures hurting businesses. However, it may also simply be that the recession, coupled with the rise of a more conservative House membership (i.e. the members of the so-called Tea Party caucus), has caused House and Senate Republicans to sour on the idea of any 'anti-business' policy. Nevertheless, Republicans have been firm on the issue, voting unanimously in the House to reject any increase in the minimum wage.[30]

On the other side of the aisle, Congressional Democrats have been lukewarm on the idea of raising the minimum wage. While the Senate has not had the opportunity to

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[29] Curry.
[30] Kapur 2013.

vote on a bill, the House has, and the Democrats did not find the same firm unanimity as the other party did. Six[31] House Democrats voted with Republicans to strike down the measure increasing wages to $10.10, voting in opposition to the 184 Democrats who supported the amendment.

These Democratic voting numbers show a marked difference to the more pro-business attitude of the House Republicans. As has been previously mentioned, the institutions donating to the Democratic Party imply that, for an amendment such as this, one would expect the majority of Democrats to oppose this measure due to most of their support coming from business leaders. However, this is not at all what happened; rather the vast majority of Democrats supported this amendment. Assuming the hypothesis held true, Democrats would have opposed the amendment roughly in proportion to the amount of money that is from corporate and business sources.

There are, of course, other explanations that allow for this hypothesis to coexist with this voting record. For instance, it is entirely possible that the Democratic leadership, knowing that the amendment raising the minimum wage would fail regardless of their own votes, chose instead to signal a pro-consumer stance while privately assuring business donors that, had their votes actually mattered, they would oppose the measure. However, this narrative, while plausible, is not provable without private information, and thus cannot be taken as fact here.

From the minimum wage debate one can see that it is certainly difficult to prove a relationship between donors and votes. Moreover, this example further shows that while

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[31] *Ibid.*

money may explain some votes, it cannot explain others. It would seem that House Republicans in this case 'followed the money' by unanimously opposing measures that (it is believed) would hurt the business community. Whether donations were the sole reason for this is indecipherable, but it can certainly be seen from the donor history that this at least contributed to the Republicans' steadfastness on the issue. Democrats, on the other hand, were more malleable in this regard. Their pro-consumer vote record here stands in contrast to the Democratic Party's donor history, which shows the vast majority of their donations coming from businesses. It may be that, here, one party was influenced by money and the other, whether intentionally or incidentally, was not.

Another important debate that has taken place over the past few years was the fight over the Patient Protection and Affordable Care Act, more commonly known as Obamacare. This is an incredibly complex and notoriously long bill, and so every piece cannot be thoroughly examined here. However, there are a few key parts of the bill that were debated, including whether or not to allow for a public option, an individual mandate, or an institution of tort reform.

Each of these has different relationships to sources of campaign funding in America. A public option is by its very nature controversial to American businesses, particularly health insurance companies. The public option is, essentially, a health insurance company that is owned and operated by the government The idea was that, as President Obama put it in his Sept. 9, 2009 speech on health care reform:

> the public insurance option would have to be self-sufficient and rely on the premiums it collects. But by avoiding some of the overhead that gets eaten up at

> private companies by profits and excessive administrative costs and executive salaries, it could provide a good deal for consumers, and would also keep pressure on private insurers to keep their policies affordable and treat their customers better, the same way public colleges and universities provide additional choice and competition to students without in any way inhibiting a vibrant system of private colleges and universities.[32]

In other words, the benefits that the government-run company has from being run without a concern for profit would be used to force private companies to compete. The merits and problems of such legislation are irrelevant here. No matter how effective this move would be, as President Obama pointed out the cost-cutting measures that insurance companies would need to implement would drastically affect profits, particularly for those at the top of the corporate ladder. These same people, obviously, are the ones that would decide how funds, including donations to electoral candidates, are allocated. Moreover, a government-run business with no need for a profit margin could potentially run its competitors out of business, something that insurance companies would want to avoid at all costs for obvious reasons.

There was an extensive push in 2009 on the lobbying end for what was seen as more corporate-friendly legislation. Even at the time there were reports of a lobbying "bonanza" in Washington D.C., with a historically high amount of money being spent on lobbying efforts for Senators and Representatives.[33] However, on the electoral side, the

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[32] Weiner 2013.
[33] Eaton 2010.

politicians that were the target of this lobbying would have already had their electoral help provided in 2008, at that time the most recent federal elections.

In an examination of the funding numbers one can clearly see a spike in the amount of money donated to candidates and parties. In 2006 health-related interests reported a total of $106,437,002 in campaign contributions; by 2008 this number skyrocketed to $176,986,713, later lowering to $145,112,311 in 2010.[34] It is likely that these businesses, anticipating a discussion of healthcare reform, saw fit to increase their donations to candidates.

While it has been previously mentioned that businesses find it worthwhile to fund candidates, it bears repeating that this alone in no way proves that donations influence votes. However, looking at a number of key votes can certainly enhance the picture. One of the most important Senators on the public option debate was Ben Nelson. Nelson famously threatened to stand alongside the Republican Party's veto of the bill, even after the public option was removed, and was eventually appeased through an exemption related to Nebraska's Medicaid costs; at the time this was derisively known at the time as the "Cornhusker Kickback."[35] Nelson's last election was in 2006, but between 2007 and 2011 he raised almost 4.5 million dollars in contributions, money which presumably is being or has been transferred to the DSCC.

Quite a significant amount of this money came from sources related to the health industry: his two biggest donors between the years of 2007 and 2011 were Amgen and Express Scripts, both very large companies specializing in pharmaceutical services.

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[34] http://www.opensecrets.org/industries/totals.php?cycle=2012&ind=H
[35] Dunham 2010.

Further down the list the types of donors become more diversified, however there is still a prominent showing from the health industries. What this means is that, if it is true that Nelson supported efforts to craft a bill more amenable to business interests, it is highly possible that he was influenced by donations from those same companies.

What separates Nelson from other Senators and Representatives acting the same way is twofold: one is that he was the most prominent Senator at the time to oppose passage of a public option, as none of the Republicans showed a willingness to bend on the issue. Second and more importantly is that Nelson did not run for re-election in 2012 and therefore had no reason to need campaign contributions after 2006. This makes any hypothesis that politicians make decisions in order to court future donations impossible by definition. Nelson had no interest in further elections, and therefore there are only the possibilities that he was influenced by donations regardless of future elections, or that he was not influenced by donations at all.

There is more than enough evidence to suggest that Nelson was influenced by the donations given to him. He made statements and choices that by and large were highly favorable to the very interests that were given his campaign money. Ezra Klein wrote for the Washington Post that "a handful of conservative Democrats, led by Sen. Ben Nelson of Nebraska, made clear that if there was a public option, they would filibuster the final bill. And so it died" despite polls indicating that the majority of Americans were in support of one.[36] The public option, of course, would be detrimental to pharmaceutical industries that would then have to negotiate with publicly-owned business, just like with Medicare today.

[36] Klein 2013.

In my mind the most likely explanation is this: Nelson, pressured by both the businesses still giving him contributions and the Democratic leadership, who wanted Nelson to continue accruing contributions for (ultimately) the DSCC, 'took the bullet,' so to speak and made himself a martyr for the sake of his contributors and his fellow Congressmen. Whether or not this pressure came from Democratic leadership or from donors, nevertheless, is irrelevant. What matters is that Nelson's vote was influenced by the flow of money that was coming into his campaign committee, and this ultimately led to the Senate choosing to abandon the public option as a part of the final healthcare bill.

The one controversial measure of the bill that was actually worked into the final version was the individual mandate. The individual mandate essentially establishes a legal obligation for citizens to have significant health insurance coverage whether it be through employment or direct payment. Citizens and businesses face a considerable tax penalty for not conforming to this obligation; however there are government subsidies available for those that are unable to pay for private insurance. The interesting part about the individual mandate is that it was a fairly noncontroversial part of President Clinton's proposed healthcare bill in 1993, actually originating from conservative think-tanks and Republican politics.

One would expect, then, that Republicans would by-and-large support the measure, but nothing could be further from the truth. Republican politicians derided Obama's proposal as unconstitutional, but this reversal of Republican policy is difficult to explain, other than by arguing that the GOP felt a need to oppose every part of Obama's proposal by any means. Taking the perspective that money influenced the Republican Party's behavior on this issue is difficult in light of the direction of the switch; that is, dropping support for the individual mandate seems to be a move that risks alienating Republican Party donors.

That leaves the Democratic Party and whether or not their embrace of the individual mandate was triggered by campaign contributions. However, this question cannot be answered because the Democratic Party as a whole actually supported an individual mandate since the introduction of Clinton's bill. It seems odd that the Republican Party would switch positions and the other party would not, but the reasons for this are beyond the scope of this paper.

The final major part of health care reform to be debated was tort reform, which was to be constructed in a way as to establish limits on punitive damages. Generally speaking, the intent of such legislation would be to reduce the amount of money that the healthcare industry would have to raise for legal disputes, presumably lowering the cost to the consumer. Moreover, it would reduce the healthcare industry's incentive to practice defensive medicine, that is, practices that are focused on reducing liability rather than serving patients.

The question of whether healthcare companies would favor tort reform is fairly self-evident, however it should be noted that any form of healthcare-related tort reform would help all industries in the field. More money that hospitals are able to save means more money that hospitals are able to spend on things like pharmaceutical products and medical equipment. This would clearly be something that the entirety of healthcare business lobbyists would want, and presumably one of the things that they would want in exchange for contributions is significant tort reform. However, no tort reform managed to make its way into the final bill.

Unlike the defeat of the public option, this was an issue in which the healthcare industry did not see its interests met. While there was something of a debate in that this was a cornerstone of the Republican alternative to President Obama's policy, it was never incorporated into any version of the Democratic bill. This is odd considering that members of the Democratic Party receive large donations from industries that would benefit from such a measure. However, it is interesting to note that lawyers and law firms are traditionally bastions of Democratic support, the vast majority of which would lose a significant amount of income from passage of tort reform.

I believe that this may also be explained by a strategy by the Democratic Party to strategically choose to deny funding to medical businesses, the majority of which use their money to fund Republican candidates. The corporations that are hurt by current tort law in the medical field donate primarily to Republican candidates, and if the Democratic Party chooses to not support tort reform it may lead to a decrease in the amount of money that Republican candidates receive from medical interests.

Assuming politicians are most prominently concerned with re-election, this theory fits perfectly with the numerous discrepancies of behavior found in both individual officials and Congress as a whole: perhaps a politician, in addition to courting donations his or her self, may choose to (on the behest of the party or on individual initiative) vote on a bill based on the ultimate benefit that this bill would have to an opponent's coffers. This may make some narratives somewhat more understandable in light of their effects on campaign funding. For instance, the minimum wage debate incorporates not just a 'defensive' view of funding, but an 'offensive' one on the part of the Democrats: Republicans wanted to see the status quo because the status quo hurts Democrats (Democrats generally being recipients of more individual donations than Republicans), not just because the status quo benefits them more. Perhaps study should not just be limited to parties courting donations themselves, but actively denying measures for groups that donate to the other party. At this point, however, there is little work done in the way of showing how parties deny resources to one another.

Chapter 5: Conclusion

There is a popular consensus in America that the link between moneyed interests is bound so tightly that politicians regularly forsake their geographic constituents' interests for lobbyists and donors. There is certainly evidence to support this claim. The men and women of the Supercommittee all had different relationships to donors that were elucidated in their statements and lines of questioning. Members like Jeb Hensarling certainly had ideological interests to push during the hearings, but these views were more or less in line with the expression of his donors' interests. The older members, such as John Kerry, were more technocratic in their approach, relying on more of a factual analysis rather than ideological or self-interested stances. The youngest members were well divided between those that seemed to defend their donors and those who seemed to disregard them.

What this may show is that a member's seniority may be the strongest variable to consider when analyzing his or her willingness to form stances based on campaign funding. Older members, typically safer in their seats and, in the case of the Senate, having fewer

elections, feel confident enough to disregard the interests of those who finance their campaigns. Younger members, on the other hand, are the complete opposite. They tend to seek shelter in the ideology of their most powerful donors, either because they feel as if they require funding or have simply not had the time to yet develop an ideology of their own.

When discussing matters that reach the floors of Congress themselves, matters become far more complex. Senators and Representatives become far more open to negotiating with other members, influencing their decision-making greatly. Members like Ben Nelson in the healthcare debate may make decisions that are deeply tied to financial considerations, though this may be due to pressure from party leadership rather than the prospect of receiving the money itself. However, on the issue of raising the minimum wage the differences in party become stark: the Republican Party, being somewhat more dependent on donations from business sources than the Democrats, steadfastly refused to even consider any raise in the minimum wage, while the Democratic Party, while still largely reliant on businesses for funding, have tinkered with the idea as a way to appeal to the moneyed labor interests.

While one may be unable to ascertain exactly how, or even if, money influences members' votes, it can certainly be said that one can use the flow of money to predict the general outcome of a particular issue. Moneyed interests being in favor of a particular bill, it seems, is a good indicator for whether or not that bill will become law. For instance, donors were on the whole against raising the minimum wage, and so a wage hike (at least up to the time of this paper) has largely left the political discourse since Obama's State of the Union mention. In another case insurance interests and lobbyists were instrumental in ensuring that the individual mandate was included in the healthcare bill, while any form of public option was strongly rejected.

In writing this paper I hoped to analyze the relationship between Congress and special interests in a way that is both accessible and informative by examining the individual members of the Supercommittee as a sort of microcosm for the behavior of Congress as a whole, and then taking a step back and looking at a few other recent debates and how they were impacted by the influence of donors and lobbyists. Though we are a long way from understanding the way that public and private interests intersect, I hope that this paper may inspire some to work further towards that objective. I believe that further study would be greatly aided by adapting a more qualitative approach to explain what is ultimately a larger quantitative phenomenon. Only by looking at and closely examining public officials one-by-one can we hope to understand how their decisions play a role in the greater mechanisms of Congress.

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