

Money in California Politics -- a CFI Model

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The *Campaign Finance Institute* is a think tank dedicated to tracking and modeling the influence of money in campaign financing of state and federal elections. CFI has a distinguished board of trustees with representation from a variety of American institutes.

Please go to their website <http://www.cfinst.org/State/CitizenPolicyTool/CA.aspx> for a particularly revealing interactive model of how campaign financing works in the California legislature, and how it might work instead with a few simple tweaks to the campaign financing rules.

As it Now Is

Scroll down to “What if you could make a few simple changes?”.

Then select:

- Legislature
- 2008
- No change (3 times)

Then notice the relative influence (in terms of campaign funds) for:

- contributors of \$1000 or more (29%), and
- Non-Party organizations (46%)

The latter (Non-party organizations) are essentially lobby organizations. They are some mix of corporate interests, labor union interests and various other special groups, too many to list and classify. Some represent very special corporate interests, while others represent citizen’s action groups, such as the Sierra Club, Save the Bay, etc.

The large contributors are mostly wealthy individuals, and you can guess what they expect in return for their contributions.

If you believe that these two groups (75% of the campaign contributors) are lobbying on behalf of the general public, you haven’t been following recent events. Out of the 75%, my guess is that most of this comes from narrow corporate interests, and they will not be supporting the general public welfare.

Notice that only 1% of campaign expenses comes from donors of \$100 or less. Of the general voting public, the number who contribute *anything* to a political campaign is very small -- how many of your friends kick in \$100 for anyone’s political campaign?

Let’s not assume that campaign contributions buy votes for or against particular measures, *directly* -- that’s corrupt and will get a politician into jail.

But let’s assume that prof. Lawrence Lessig (*Republic, Lost*) is correct in that the major donors toward someone’s campaign will, over time, be rewarded through a kind of “gift economy” by votes that favor the donors. Then campaign contributions, and their relative sizes, matter a great deal.

As it Could Be

You can play with various combinations of limitations on campaign contributions, matching public funds (now non-existent) and getting more of the public to make small contributions.

The combination that I like is the following (try it):

- \$2,000 individual, \$10,000 organization
- 5-to-1 matching funds (public matching) for the first \$50. (This is only for the first \$50 of any gift, not a match for a \$10,000 contribution).
- Increase the number of \$50 donors to 4% of the total.

This combination predicts a dramatic shift in the relative source of funds:

- 56% from small donors,
- 9% from large donors,
- 19% from non-party organizations.

Want to guess which group a politician would pay attention to under these circumstances?

Why Not 3-to-1?

Select 3-to-1 instead of 5-to-1. The model shows only a small change in the “small donors” category, from 56% to 47%, with a concomitant rise in the large donor and non-party organizations category. This is still much better than the current situation, and means less public campaign funding should be necessary.

How to Achieve This

It’s hard to see legislation approving such changes passing in California -- or any state, for that matter. Keeping the status quo would look easier and safer to the incumbents. Party interests tend to favor a few large donors to a large (and inchoate) group of small donors.

There are obviously three hurdles, the first two of these likely requiring a change in the state’s constitution.

- Setting a contribution limit is now unlikely through the *Citizen’s United* decision, in which “free speech” is now protected even for a corporation, with unlimited power of speech, vs. some citizen’s action group with limited funds and limited attention span.
- Matching funds requires a state budget for campaign expenses. This will be difficult to pass through either party, especially the GOP. But note that the “5 to 1” matching fund only applies to the first \$50 of any donor. It effectively amplifies the dollar impact of a small donor. Given that such a donor would receive a bit more recognition from his/her candidate, this may also provide a lot of incentive to make such a regular donation.
- Increasing the number of small donors could be done through a state budget for an ad campaign to promote this as a form of civic action, using reminders (but no deductions) in income tax and other state literature. Getting 4% of the public to make a single \$50 campaign donation each year seems achievable, but will require a media push.

Side Effects

Raising the number of voters who contribute to a campaign should also have the salutary effect of increasing their engagement in the political process, and their interest in law-making.

