

**Legislators Never Bowl Alone:  
Big Money, Mass Media, and the Polarization of Congress**

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**INET Conference**

**Bretton Woods**

**April, 2011**

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Should any political party attempt to abolish social security, unemployment insurance, and eliminate labor laws and farm programs, you would not hear of that party again in our political history. There is a tiny splinter group, of course, that believes you can do these things. Among them are H. L. Hunt (you possibly know his background), a few other Texas oil millionaires, and an occasional politician or business man from other areas. Their number is negligible and they are stupid.

President Eisenhower, 1954<sup>1</sup>

There are two things that are important in politics. The first is money and I can't remember what the other one is.

Mark Hanna<sup>2</sup>

This is a small paper on a big subject: the polarization of American politics since the mid-1970s. In its early stages this process bore more than a passing resemblance to the opening scenes of a Grade B disaster movie: With almost everyone's attention focused elsewhere, a series of tiny, seemingly insignificant departures from long standing routines took place. Just about all of these stayed well beneath the radar. Then, in the mid-1980s, came the shock of recognition: Everyone suddenly woke up and realized that the American political system had altered dramatically.

### **Polarizing Parties: The Problem Defined**

Some episode in the Nixon administrations usually prefigures just about everything that happens later in American politics. So it is with polarization. Today we know that the Burglar in Chief and his principal advisors loathed Democrats, foreign

policy “weakness,” and anyone who strayed too far from a “*Readers Digest*” view of American culture as much as any of their less reserved successors on the Republican right. But at the time, the bitter passions that animated Watergate’s fatal illegality were only occasionally glimpsed for what they were. Most records were restricted and only snippets of the tapes were available. Thus the break-in, the cover up, the “enemies list,” and the rest could be easily written off as isolated pathologies by those who were determined to do so.<sup>3</sup>

The Ford administration’s brief, fitful half life and the seventies economic crises further distracted anyone from focusing on what was happening at deeper levels of the political system. The distaste for Democrats and what might euphemistically be termed the unwavering commitment to “peace through strength” that consumed the former Nixon aides in the White House, such as Dick Cheney and Donald Rumsfeld, showed through only occasionally before they departed the scene – for a while (Mann, 2004).

By contrast the stormy early days of the “Reagan Revolution” created a bigger public stir. But the folksy image of a “Great Communicator” chatting one on one with Democratic House Speaker Tip O’Neill and all the propaganda about his being the most popular president of all time, though totally untrue (see below) once again distracted many. Although the Republicans were well into their giant naval buildup, had put through the “supply side” tax cuts, and were intent on “starving the beast,” studies of press content show that party polarization remained a distinctly subordinate theme almost into Reagan’s second term (Levendusky, 2009).

The first signs of the coming storm that attracted wide notice came in the mid-eighties. A group of insurgent Republicans, tired of being perpetually in the minority and

emboldened by the Reagan Revolution in presidential politics, broke with the long established norms governing how the U.S. House of Representatives transacted business. Led by Newt Gingrich, they derided older Republican House leaders as timid, unimaginative, and too inclined to compromise with Democrats.<sup>4</sup> The self-styled “revolutionaries” launched vigorous public attacks on Democrats as they trumpeted their own agenda of deregulation, budget cuts, lower taxes, and a baker’s dozen of social issues, from abortion to opposition to all forms of gun control. Their noise and energy reverberated in the mass media, triggering a cascade of institutional and cultural changes that sent the political system veering off in a startling new direction.

House debates swiftly turned increasingly bitter and highly personal. Gingrich and his colleagues began a frontal attack on Democratic Speaker Jim Wright of Texas for alleged corruption. Eventually, after a formal inquiry, Wright was forced to resign. Bringing down the Speaker created a sensation. It elevated Gingrich to the status of a demi-god on the right and catapulted him into a leadership position among House Republicans.

As he and his group redoubled their energies, the House boiled over. Party line voting jumped sharply (Figure 1).<sup>5</sup> Gingrich and his allies emphasized fundraising, not just through the usual publicly reported vehicles (election committees of individual Congressmen and women; the new “leadership” PACs many were opening; the National Republican Congressional Committee and, more equivocally, the Republican National Committee), but also GOPAC, a political action committee that Gingrich had controlled since 1986, but which operated mostly in secret.<sup>6</sup> In public, Gingrich and other Republican leaders talked incessantly about “small business.” But, as Table 1 shows,

large firms in many industries where regulation was a front burner political issue, including oil and gas, tobacco, trucking, pharmaceuticals, accounting, and insurance were overrepresented in Gingrich's own fundraising.<sup>7</sup>

In 1990, Congressional polarization scraped worldwide attention: Backed by major GOP financiers, Gingrich and other GOP conservatives revolted when George H.W. Bush reneged on his "read my lips: no new taxes" promise and signed a bill that raised revenues to close a budget deficit. Throughout the rest of his term, Gingrich and his supporters waged a running battle with the White House over whether to press for further cuts in the capital gains tax (Ferguson, 1995b).

In 1992, in the midst of a recession, the Republicans lost the White House. But their dreams of a sweeping political realignment did not die. In fact, by clearing centrist Republicans out of their perches in the White House, the loss probably helped Gingrich and his allies. Completely undaunted, Gingrich, Republican National Chair Haley Barbour, and National Republican Senatorial Committee Chair Phil Gramm orchestrated a vast national campaign to recapture Congress for the Republicans in the 1994 elections. With the economy stuck in a "jobless recovery" and Democratic fundraising sputtering after the White House passed a modest tax increase on the highest brackets and cratered in its attempt to pass sweeping national health care legislation, the Republicans won control of both houses of Congress. The House result was a true shocker: it marked the first time Republicans controlled that body since 1954.<sup>8</sup>

The improbable victory stamped Gingrich as the man of the hour, and he triumphantly ascended to the Speakership. Almost like Shakespeare's Julius Caesar, for a

brief period he bestrode the political world like a colossus, often conducting himself as though he considered himself to be co-President.

### **The New Polarized Congress Emerges**

Before a series of political reverses and another corruption investigation forced him from the scene, Gingrich and his leadership team, which included Dick Armey and Tom (“the Hammer”) DeLay, institutionalized sweeping rules changes in the House and the Republican caucus that vastly increased the leadership’s influence over House legislation. They also implemented a formal “pay to play” system that had both inside and outside components. On the outside, DeLay and other GOP leaders, including Grover Norquist, who headed Americans for Tax Reform, mounted a vast campaign (the so-called “K Street Project”) to defund the Democrats directly by pressuring businesses to cut off donations and avoid retaining Democrats as lobbyists. Inside the House, Gingrich made fundraising for the party a requirement for choice committee assignments.<sup>9</sup> The implications of auctioning off key positions within Congress mostly escaped attention, as did the subsequent evolution of the system into one of what amounted to posted prices.<sup>10</sup>

The GOP’s external effort to defund the Democrats drew wide criticism. Eventually it crashed. Senator John McCain and other GOP leaders supported an investigation into the business dealings and campaign finance activities of several aides of DeLay, who had become Majority Leader after Gingrich and Armey departed. The aides were eventually convicted. DeLay himself was forced to resign from the House after being indicted in another money laundering case.<sup>11</sup>

By contrast, the changes in House procedures and rules that the Republicans instituted proved durable: Democrats rapidly emulated the formal “pay to play” system

for House committee assignments, leading to a sharp rise in campaign contributions from members of Congress of both parties to their colleagues and the national fundraising committees. Soon leaders of the Democrats, too, were posting prices for plum committee assignments and chairmanships. They also centralized power in the leadership, which had wide discretion in how it treated bills and more leverage over individual members:

Under the new rules for the 2008 election cycle, the DCCC [Democratic Congressional Campaign Committee] asked rank and file members to contribute \$125,000 in dues and to raise an additional \$75,000 for the party. Subcommittee chairpersons must contribute \$150,000 in dues and raise an additional \$100,000. Members who sit on the most powerful committees...must contribute \$200,000 and raise an additional \$250,000. Subcommittee chairs on power committees and committee chairs of non-power committees must contribute \$250,000 and raise \$250,000. The five chairs of the power committees must contribute \$500,000 and raise an additional \$1 million. House Majority Leader Steny Hoyer, Majority Whip James Clyburn, and Democratic Caucus Chair Rahm Emmanuel must contribute \$800,000 and raise \$2.5 million. The four Democrats who serve as part of the extended leadership must contribute \$450,000 and raise \$500,000, and the nine Chief Deputy Whips must contribute \$300,000 and raise \$500,000. House Speaker Nancy Pelosi must contribute a staggering \$800,000 and raise an additional \$25 million.<sup>12</sup>

From 1991 to 1995, Texas Senator Phil Gramm headed the National Republican Senatorial Campaign Committee. The 1994 Republican triumph made him Chair of the Senate Banking Committee, where gale force political winds in favor of financial deregulation were already blowing. Under Gramm and like minded Senate Republicans, partisanship in the upper chamber grew at close to the same rate as in the House, if less flamboyantly (Figure 2). A radically different tone began to envelope a body long celebrated for comity: Constant threats of filibusters by defiant minorities meant that working control came to require not 51, but a 60 vote “super-majority,” while confirmations of presidential nominees slowed to a snail’s pace when different parties controlled the White House and the Senate (“divided government”). The spirit was

catching – not only new members, but older Senators and members of the House with previously moderate records joined the headlong rush to extremes.<sup>13</sup> In both the Senate and the House, leaders increasingly resorted to complex parliamentary procedures to make life difficult for the other party and sometimes minority factions within their own.<sup>14</sup>

Though existing data are fragmentary, the mass media appear to have polarized right along with Congress. Pushed by private broadcasters, the Reagan administration extensively deregulated broadcasting.<sup>15</sup> (The broadcasters included William J. Casey, a former top official of Capital Cities Communications which eventually purchased ABC, who continued to hold his stock in the concern outside a blind trust while serving as head of the CIA.) The President also eliminated the so-called “Fairness Doctrine” by Executive Order. Fairly soon, a dense network of ties emerged between conservative Republicans and parts of the media (Brock, 2004). In particular, talk radio became a conservative bastion (Barker, 2002).

Over time, television networks, led by Rupert Murdoch’s Fox News (headed by Roger Ailes, a former Nixon campaign consultant) increasingly abandoned even the appearance of objective reporting, in favor of evident partiality toward one or the other major party, but especially toward conservatives and the center-right members of both parties.<sup>16</sup> Subsequent statistical studies of media content reveal an important link between media deregulation and the evolution of polarization in Congress: The proportions of “buzzwords” used in news stories – that is, the “slant” of the news – closely tracks the mix used in Congressional debates and speeches; for reasons explained later, it is likely that this “echo effect” operated already in the mid-eighties (Gentzkow and Shapiro, 2010).

The feedback loop running from Congress to the mass media and back again amplified the process of polarization, though the exact degree is difficult to determine. How the system worked in outline is clear enough: Congressional leaders of both parties now focused intently on creating sharper party profiles (“brands”) that would mobilize potential outside supporters and contributors. So they spent enormous amounts of time and money honing messages that were clear and simple enough to attract attention as they ricocheted out through the media to the public.

As means to this end, leaders staged more and more votes not to move legislation, but to score points with some segment of the public or signal important outside constituencies. For the same reason, they sometimes made exemplary efforts to hold up bills by prolonging debate or, in the Senate, putting presidential nominations on hold. Meanwhile, they set formal or informal quotas for congressmen and women – here even conservative Republicans stoutly defended equal rights – for member contributions to the national congressional committees. The national fundraising committees, in turn, poured resources into elections to secure and hold majority control.<sup>17</sup> Contests for relatively rare “open seats” that had no incumbent running or races in which incumbents looked unsafe received particularly heavy attention, since those were most likely to sway the balance of forces inside each chamber.

Allusions to Congressional “Leviathans” had been flying around for some years; here, at last, the real thing was taking shape: centralized parties, presided over by leaders with far more power than in recent decades, running the equivalent of hog calls for resources, trying to secure the widest possible audiences for their slogans and projecting their claims through a mass media that was more than happy to play along with right

thinking spokespersons of both parties.<sup>18</sup> The members, in turn, scrambled to raise enough money to meet the quotas the leaders set as the price of securing influence in the House or the Senate.

### **A Familiar Story: See No Evil**

Not surprisingly, some observers worried about the long term effects of these practices on public life. In particular, a few drew attention to a tidal wave of political money flooding into both major parties (Ferguson, 1995b).

But such misgivings gained little traction during the decade-long Rose Bowl parade of weird and weirder that followed Gingrich's resignation as Speaker – the circus over impeachment and Monica Lewinsky; the GOP strong arm tactics and sudden, sharply partisan Supreme Court decision not to respect state courts after the 2000 election; the Swift Boats and “girlie men” rhetoric of 2004; the Schiavo case; the rush to war with Iraq; and the rest. Political commentators mostly affected not to take the high jinks at face value. More than few made light of them, asking what else was new. Reaching back to another age, they invoked H. L. Mencken's famous characterization of American politics as a “carnival of buncombe.”

Much work by social scientists reinforced these dismissals. Most studies of campaign finance by political scientists come out of a formal-legal tradition. There is no question that the work is valuable – this paper draws upon it, for example -- but inquiry tends to rest with the production of tables detailing total campaign spending across the maze of legally allowable categories. Or researchers simply track total spending (often just total spending by political action committees). Neither gambit sheds much light on what should be the decisive research question, which is what patterns of political

contributions reveal about bloc and coalition formation among major investors as they sort through candidates and policy alternatives. The handful of scholars on Congress who recognize that money influences leadership selection do not pursue their sometimes very interesting research results to their logical conclusion.<sup>19</sup>

Some economists and political scientists who embraced the fashion for applying neoclassical economics to politics provided uniquely disarming reassurance. In a move strikingly reminiscent of the appeals to free market “reputational” economics that Alan Greenspan and others regularly deployed against critics who worried that financial markets were running amok, these scholars tried to stand reality on its head by highlighting a few highly stylized facts interpreted through the lens of a starkly simple version of Neoclassical economic theory.<sup>20</sup>

They argued that most people who were donating those millions of dollars to politicians did not do this because they wanted or expected something in return. They were doing it because in some way it made them feel good – perhaps because they thought it was the right thing to do, or for the thrill of it all, or simply because it was fashionable – at any rate for some expressive, not instrumental reason. “Campaign contributions,” they asserted, “should be viewed primarily as a type of consumption good, rather than as a market for buying political benefits” (Ansolabehere et al., 2003).<sup>21</sup>

Somewhat inconsistently (since, after all, rates of return should be irrelevant to contributors animated by expressive values), they also suggested that the real mystery of American campaign finance was why there was “so little money in U.S. politics” since by their calculations, rates of return were impossibly high – a few million dollars, they argued for example, sufficed to deliver billions in defense or transportation spending

(Ansolabehere et al., 2003). As recorded campaign spending soared into the billions and deregulation of financial and other markets became manic, other analysts delivered still more good news. With straight faces, they reported a decline of “material motivation” among politically active citizens.<sup>22</sup>

### **No Longer So Funny**

As long as the economy boomed and deregulation and market fundamentalism remained the conventional wisdom of policymakers, minds in the Open Society mostly stayed closed, and reassuring story lines about polarization ruled the roost. 2008, however, brought a stunning end to the party. World financial markets melted down and the bottom fell out of the world economy. Henceforth the polarization of the American political system has increasingly come in for anguished reappraisal.

The first occasion for reconsideration came fast – during the fatal days of September, 2008. After allowing Lehman Brothers to go bankrupt, Federal Reserve Chair Ben Bernanke, New York Fed President Timothy Geithner, and Treasury Secretary Hank Paulson made their famous decision to rescue AIG (and through AIG, many large private banks). But with world markets freezing up (Ferguson and Johnson, 2010a) and giant runs threatening even the mightiest American financial institutions, Paulson and Bernanke approached Congress for a bailout. The stunning rejection by the House of their proposal for what became TARP, followed by that body’s breathtaking *volta face* days later amid a saturnalia of pork and campaign subventions, was widely viewed by world markets as the political equivalent of the Arizona Meteor Crater (Ferguson and Johnson, 2009b). It pried open many previously closed minds in a hurry, despite a wide diversity of views about the merits of the bailout itself.

The political system's response to a host of challenges since has only deepened concerns. Whatever responsibility one assigns to the administration's timid initial proposals, the Congressional compromises that resulted in the Dodd-Frank financial "reform" legislation plainly failed to fix the problems that caused the financial crash. Too Big To Fail has been institutionalized. Bank concentration is rapidly increasing. Many derivatives are clearly going to escape regulation. Consumer banking has not been fixed. Mortgage markets now depend entirely on the state, while both the administration and Republicans in Congress are seizing on the budget crisis as an excuse to de-fund the regulators who are supposed to implement the new rules.<sup>23</sup>

As one energy-related environmental disaster after another hits and the world price of oil shoots up again, Congress has done little besides talk about climate change or energy policy. Both friends and foes of the health care legislation that finally passed in 2010 express disgust at the process that produced it. Many acknowledge that the failure to permit the government to bargain with pharmaceutical firms will cost the public trillions of dollars in the next few years (Stiglitz, 2010), while event analysis of Senate committee voting confirms widespread suspicions that major features of the final bill mainly aided the bottom lines of insurers, not the populace as a whole.<sup>24</sup>

For many, though, the last straw is the way Congress has dealt with economic policy since the financial crisis. Since 2008, American elections have parodied so-called "retrospective voting" theories of voter choice. In a pattern reminiscent of many countries at the start of the Great Depression, the US electorate appears to be applying a simple rule: In – out; out – in. But with unemployment remaining high and millions of discouraged workers dropping out of the labor force, the number of citizens expressing

pessimism about “our system of government and how well it works” has risen to record levels.<sup>25</sup>

Yet nothing seems to deflect the parties from their now customary posture, especially the Republicans. The sudden, shocking bipartisan agreement after the November 2010 Congressional elections to extend the Bush tax cuts for two more years showed up all the talk about the urgency of cutting budget deficits as so much cant. In the meantime, many plans to cut the budget are being excitedly talked up in the press, but all of those garnering plaudits mostly decline to challenge politically entrenched interests in health care, defense, or the financial sector in favor of simply cutting benefits for ordinary Americans (Ferguson and Johnson, 2010c). Most recently, the spectacle of a superpower brought again and again to the brink of shutting down the government has unsettled many.

The contrast with China and other countries that are managing recovery from the Great Recession far better is glaring and is rapidly emerging as a concern in its own right. In the 1990s, Thomas Friedman and other American analysts talked excitedly about how television and the internet stimulated citizens of many Third World countries to invidiously compare their circumstances to life in the United States.<sup>26</sup> Now Friedman wistfully compares the gleaming new skyscrapers and long distance rail systems of China and other Asian countries with the dilapidated, ramshackle infrastructure of the United States, where even crossing bridges can be hazardous. As China forges ahead with its vast programs of state-led economic reconstruction while the US stagnates, the specter of the U.S. becoming, in Richard Nixon’s memorable phrase, a “pitiful, helpless giant” is concentrating minds even on the right.<sup>27</sup> Bismarck famously compared the process of

legislation to making sausage. Many Americans are now alive to the fact that in Washington, D.C., the process of sausage making has virtually ground to a halt. They want to know why this happened and what can be done about it.

### **Alternative Explanations**

Alas, neither the mass media nor existing scholarship has much to offer. The most popular theory about the origins of polarization is the “cultural wars” approach. In this view, American society has fractured into warring segments over a set of “hot button” issues. America’s highly polarized politics, runs the argument, just reflects the deep differences that now divide Americans – differences that some television commentators profess to believe run deeper than at any time since the Civil War.<sup>28</sup>

But while the theme is a staple of popular political discussions, there is virtually no truth to it. Quite like 1980s claims that American public opinion had shifted markedly to the right and that Ronald Reagan’s magic powers as a “Great Communicator” had established his position as the most popular American president of all time (Ferguson and Rogers, 1986) (Page and Shapiro, 1992), it is easily refuted by simply aligning data public opinion over time. As (Fiorina, 2009) shows, whether you rely on Gallup, General Social Survey, or National Election Survey data, sharp ideological shifts in American opinion are not to be found. Between 1972 and 2004, for example, even the much-touted shift in the percentage of the population styling themselves “liberal,” “conservative,” and “moderate” bounced very little. Between the 1970s and the 2000s, the “liberal” label declined slightly in popularity, but only by about 5 points. All through the period the largest category of people who expressed a preference self-identified as “moderates,” while the percentage of people thinking of themselves as extreme conservatives actually

fell. As Fiorina and Abrams comment: “The percentage of exact middle-of-the scale placements was 27% in 1972 and 26% in 2004” (Fiorina and Abrams, 2008).<sup>29</sup>

Time graphs of levels of these and related measurements typically look like near-straight lines (Fiorina, 2009). To the extent any ideological change at all shows, it is as often as not slightly leftward. On some issues, such as same sex marriage, public opinion has moved sharply in that direction.

Given the mass of contrary data, analysts intent on finding electoral explanations for polarization appeal to a variety of epicycles. Most of these involve some version of political “sorting.” The idea is that even if there is no basic change in the trend of opinion, perhaps the population is somehow shoehorning itself into more homogenous political units that then battle out their differences. The most obvious suggestion, again much touted in the media, involves the gerrymandering of legislative districts. This is a testable hypothesis. Many have tested it. The upshot is that while some stunning examples of gerrymandering for partisan advantage certainly exist, such as the lurid Texas case that led to DeLay’s conviction, many counter-cases can also be found. In general redistricting cannot possibly account for the observed degree of polarization.<sup>30</sup> This actually should have been obvious all along: U.S. Senate districts have not changed at all, but the Senate exhibits about as much polarization as the House over the same period.

Many other “sort” theories have been advanced. Everyone knows that Republican strength in the South has surged. But a substantial part of the population was more conservative there to begin with; they didn’t change much. It also turns out that some of the sharpest increases in polarization occurred in the north and east (Fiorina, 2009). Most

studies of geographic polarization thus end up concluding that geography has been at best a marginal factor.<sup>31</sup>

Complicating the story by adding references to migration – of African-Americans from South to North and whites to the South – does not help much. The changes in each party’s regional strongholds undoubtedly strengthen dominant viewpoints in each party by increasing the ranks of relative liberals in, for example, the Northeast, and conservatives in the south and west. Thus differences between the parties should grow more distinct. But Fiorina’s points about the lack of change in Southern opinion on policy and polarization above the Mason-Dixon line remain stumbling blocks. Pointing to all the intensely partisan Republicans who come from the Sunbelt is not an answer, but just reframes the question.<sup>32</sup>

The one form of “sort” theory with traction undermines the logic of explaining political change over time through it. (Fiorina, 2009) and (Levendusky, 2009) are persuasive that individuals who hold specific “hot button” attitudes that political parties choose to highlight, such as abortion, gay rights, or stem cell research, tend to migrate toward the party championing those issues. But this research also shows that the phenomenon is distinctly modest – usually only a few percentage points. Huge numbers of people holding hot button attitudes continue to affiliate with the “wrong” political party. Most also do not change their broader ideological label when they drift, so that the overall ability of labels like “liberal” or “moderate” or “conservative” to predict positions even in sensitive issue areas is still usually limited. The conclusion has to be that “sorting” was a minor part of all the sound and the fury that came with polarization; it cannot be the Archimedean lever that moved the American political world.

Persuaded by the lack of empirical evidence for mass polarization, many, perhaps most, political scientists now point to party “elites.” These are said to entertain sharply different opinions from the rest of Americans on a variety of issues, including their customary answers to survey questions about what America’s number one problem is. The result is a theory that looks persuasive at first glance. Unrepresentative party “elites” now control both parties; these party elites do not attempt to maximize votes. Instead they make appeals to their bases by cobbling together different sets of “special interest” voters. Refinements of the approach sometimes add claims about the organizational isolation of increasing numbers of Americans, who are described as “bowling alone.”<sup>33</sup>

Acknowledging the “base” strategy in contemporary elections has to be a major step forward for empirical social science. It is high time political science and history abandon simple median voter accounts in which parties try to maximize votes. But this step should be complemented by a frank avowal that throughout much of American history, including the last three decades of increasing polarization, both major parties have often declined to chase new voters and often made strenuous efforts to hold down voter turnout (Burnham, 1970) (Burnham, 2010a) (Burnham, 1984) (Burnham, 2010b) (Overton, 2006) (Ferguson and Chen, 2005).

In most discussions, however, the identity of these “elites” is strangely elusive.<sup>34</sup> Almost no names are ever used, save for pop celebrities or a handful of high profile political spokespersons. Many analysts point to data concerning “convention delegates.” Others invoke “activists” and, occasionally, “contributors.” The latter are nowhere investigated empirically. Instead most analysts gesture toward groups prominently

discussed in the mass media. More than a few such lists, including some of Fiorina's, read like faint caricatures from Karl Rove or the *Wall Street Journal*:

Although both parties continue to have support in broad social groupings like blue-collar workers and white-collar professionals, their bases now consist of much more specifically defined groups. Democrats rely on public sector unions, environmentalists, and pro-choice and other liberal cause groups. Republicans rely on evangelicals, small business organizations, and pro-life and other conservative cause groups.<sup>35</sup>

### **Polarization and Parties: An Empirical Account**

It has long been clear to a few close observers that accounts along these lines leave out something important. But the financial crisis reveals their hollowness for everyone to see. Current theorizing about party “elites” in political science and journalism is really a twenty-first reincarnation of the old “political amateurs” thesis that Banfield, Wilson, and the first generation of Neoconservatives used to hammer McGovern Democrats. It has been updated and stretched to cover the Republicans, but it does not begin to do justice to the facts of how political parties actually function.

Its basic defect is easily stated: Anonymous convention attendees or nameless group leaders did not organize the mighty effort by the GOP to capture control of Congress that eventually triumphed in 1994. That was put together by particular political leaders at a definite, historically specific point in time. The three politicians who led it – Newt Gingrich, Phil Gramm, and Haley Barbour – were not bowling alone.

Clearly forces of the religious right played a role in their calculations. But almost two decades later, no one should still be fooled. Evangelicals and conservative Catholics did not determine Republican grand strategy. It was mostly as elections approached that the GOP leaders pushed social issues to the fore. Christian Coalition leader Ralph Reed's stunning email unearthed during the Congressional investigation into DeLay's aides

memorably records that the most prominent of the religious leaders working closely with Gingrich, DeLay & Co., were not planning to lay up their treasure in heaven.<sup>36</sup> If only because all the major political preachers – Jerry Falwell, James Robison, Pat Robertson and the rest – had close relations with conservative Republican donors themselves, pressure from Amen Corner was never going to be intense enough to break the Republican leaders’ concentration on their real priorities.<sup>37</sup> Candidates who took the religious right’s claims at face value or swallowed the GOP’s own propaganda on this point, such as Pat Buchanan in 1992 or Mike Huckabee in 2008, could stir up the flock, but then always got sheared.

Once again, against the backdrop of the world shattering events of September, 2008, the values that Gingrich, Gramm, Barbour & Co. held sacred stand out in bold relief. It is probably unfair to characterize Phil Gramm in the nineties simply as the strongest champion of financial market deregulation in the United States. There might be some question whether that accolade belongs to his wife, Wendy Gramm, who helped block derivatives regulation as Chair of the Commodity Futures Trading Commission before heading off to the board of directors of Enron. But Gingrich and Barbour appear to have been every bit as committed to that cause as Gramm, not to mention the phalanx of Wall Street financiers who poured millions of dollars into the fund raising vehicles of all three for years.<sup>38</sup>

But financial deregulation scarcely amounted to half of what the three who made the 1994 revolution were aiming at, though in no small part thanks to their success, profits in the financial sector did almost reach fifty percent of all domestic corporate profits just before the crash.<sup>39</sup> Gingrich, Gramm, Barbour, and their allies were free

market fundamentalists. They were intent on targeting the entire legacy of the New Deal, not just financial deregulation. They wanted to deregulate not one market, but virtually every market, and cut back government's role across the board. They favored eliminating or cutting back the Environmental Protection Agency, spoke up for the tobacco industry (Barbour was a lobbyist for it), and tried to hamstring the Environmental Protection Agency, the Federal Communications Commission, the Federal Trade Commission, the Consumer Product Safety Commission, and the Federal Drug Administration. They all championed "American" energy (i.e., oil, nuclear power, and coal), pushed unceasingly for still more tax cuts weighted toward the super-rich, sweeping cutbacks in social spending, Social Security privatization, and, of course, higher spending in the one area of Big Government they approved of, defense spending. (Gingrich organized a special defense caucus early in his career and was famously close to Lockheed).<sup>40</sup> Generally, climate change was something they were trying to accomplish in the U.S., not arrest.

Speculations about whether their personal commitments to these views ran much deeper than Gingrich's to evangelical family values is unlikely to be fruitful in the present state of our knowledge. Certainly, on many occasions, Gramm and Gingrich talked like true believers in the religion of the free market.

What matters for this paper is what mattered in reality: That the leaders of the Republican surge lucidly understood that that in sharp contrast to the world of classical democratic theory, where the cost of political action barely registers, real life politics is now very expensive. Despite occasional appearances to the contrary, political money is not available in perfectly elastic supply just for the asking. Money, in other words, does not grow on trees. Whatever else they are – "networks" of campaign consultants and

specialists, party leaders, allied interest groups – political parties are first of all bank accounts that have to be filled.<sup>41</sup>

Gingrich and his allies were painfully aware that transforming the GOP's gains at the presidential level into a true “critical realignment” of the political system as a whole required breaking the Democratic lock on Congress. So they shattered all records for Congressional fundraising in their drive to get control of the House. Their success in this is what polarized the system. The tidal wave of political money they conjured allowed Gingrich, Gramm, Barbour and their allies to brush aside the older, less combative center-right Republican leadership and then persist in their efforts to roll back the New Deal and remake American society in the image of free market fundamentalism.

In power, the Republicans restructured their national political committees and the Congress into giant ATMs capable of financing broad national campaigns to protect and extend their newly won position in Congress. The Republican success left the Democrats facing the same dilemma they had in the late seventies, as the Golden Horde first formed up behind Ronald Reagan: they could respond by mobilizing their older mass constituencies or emulate the Republicans. That battle had been settled in favor of so-called “New Democrats” (Ferguson and Rogers, 1986). Dependent for many years on campaign money from leading sectors of big business where regulation kept recreating divisions – notably finance and telecommunications (Ferguson, 1995b) – the Democrats reconfirmed their earlier decision to go for the gold. They followed the Republicans and transformed both the national party committees and their Congressional delegations into cash machines, with the leaders in each chamber, but especially the House, wielding substantially more power than at any time since the famous revolt that overthrew Speaker

Cannon in 1910-11. As the Republicans moved further and further to the right, the Democrats did, too, constrained only by the need to preserve something of their mass base.<sup>42</sup>

### **The Spectrum of Political Money**

The mighty wave of political money that carried Gingrich, Gramm, and company to the heights of power is plain in the broad statistics on campaign finance collected by the Federal Election Commission and the Treasury (where so-called “527s” and some other special vehicles report). But assessing it properly requires waving a series of yellow flags first.

Political money is complex; it strikingly resembles the electromagnetic spectrum. Vast stretches of it are normally invisible to humans, including newspaper reporters and scholars, because campaign spending as tabulated and released to the public by government agencies in many countries amounts to but a fraction of it.

Table 2 is an effort to represent the spectrum today and in the recent past, with a few estimates drawn from various sources of some parts of it. It goes without saying that the numbers are approximations and that it makes little sense to try to pin any on some stretches. For example, George Stigler was surely right in arguing that the reason so many lawyers flock to politics is not extraordinary zeal for the public welfare, but because they can be so easily paid off legally by throwing legitimate business their way (Stigler, 1975). But while IRS investigations confirm his point, they have been too few and far between for anyone to say with confidence what percentage of all legal receipts really represents payments for political services. The heavy representation of lobbyists –

who are often lawyers – and attorneys on most lists of campaign contributions is clear, however, and is surely no accident.

Another big slice of the spectrum reflects consulting fees and payments flowing to essentially political figures by investment houses and other outside groups with clear interests in public policy. In recent years, studies using event analysis methods to analyze political influence on firm profitability have proliferated. These indicate that some directors carry significant political weight; at least part of the fees received by such directors should count as payments for political services.<sup>43</sup> Many such payments, however, go to complete outsiders. Payments to academics or think tank-based researchers who derive substantial parts of their living from giving over-priced speeches, academic studies, and “advice” to business groups and individual firms also belong here.<sup>44</sup>

This is an old practice that appears to have risen in importance in the years in which polarization has been increasing. Though detailed quantitative assessments are lacking, it seems clear that the party “networks” that are now the focus of so much work in political science are heavily salted with such “designated hitters.” Far overrepresented among the talking heads that dominate television talk shows and network news “analysis,” their ties are virtually never disclosed, unless they face Senate confirmation. Not long ago, for example, it came out that a top White House advisor had been paid almost a million dollars for advising a major investment house on “philanthropy.” Those are not market rates; and like financial tips, they nowhere appear in records of campaign contributions. But they should be reckoned as political money, though they appear as ordinary business expenses. The meager disclosures that are currently on the record

suggest that the totals must be fairly large, running at least into hundreds of millions, with some filtered through organizations, but many others coming directly from individual large firms.

Two similar forms of political money that never show in anyone's official campaign finance statistics also elude precise specification. One reflects the value of tips and inside financial advice on legislators (and perhaps other officials – for now, existing statistical studies cover only them). Some excellent work on the investment portfolios of U.S. Senators has been published; a similar study on the U.S. House is in the pipeline, but has yet to appear. Both show that in the latest stages of party polarization such assistance reached disturbing levels, until perhaps the press began to pay attention. The knowledge that someone was watching may have encouraged better behavior – an illustration, perhaps that real reform is not impossible at all, if the press pays more than fleeting attention.<sup>45</sup>

Imprecision also attends estimates of the degree to which charitable contributions by businesses involve political considerations. Here caution must be the watchword. Many donations are doubtless pure philanthropy – this always needs to be frankly acknowledged. But industries vary substantially in the rate at which they contribute to charity. In some cases, as in the pharmaceutical industry for example, some large gifts probably represent a form of investment in scientific research that can reasonably be expected to produce results of interest to the firm or donors. That may be self-interested, but it is not politics.

But where image is a concern, politics cannot be far away. So-called “deep public relations” that aims at preparing the public's mind and defusing criticism over the long

run is a fact of life, as a spokesperson for one of the world's largest chemical companies forcibly explained to me some years before he made a splash as an adviser to George W. Bush's White House. I would not take seriously denials by oil companies and other large firms that contributions to PBS, public radio, and some internet sites (such as Politico.com) are not fraught with political implications. A good part of what appears as "public relations" in the national income accounts is really politics, even if no lobbying is involved – enough, I think, that jibes about how advertising expenses tower over actual campaign expenditures are really jokes on the skeptics who find the comparison so amusing. The legal meaning of "lobbying" is also quite narrow, so that the common sense application of the term applies to far more than the admittedly gigantic sums nowadays on record.

On the other hand, a quarter century after (Saloma, 1984) and (Ferguson and Rogers, 1986) analyzed the role right wing foundations and think tanks played in the Reagan Revolution, these and related topics now attract notice (Rich, 2004, Weidenbaum, 2009) (McGann, 1995).<sup>46</sup> So the numbers, at least in regard to think tanks, if not foundations, are tolerably good: They are very large indeed. How to set a value on media coverage, though, is a problem. Conceptually, the question is relatively clear: how much would it cost to gain exposure of the same quality through paid time? This answer, though, is unhelpful. It is obvious that attention and exposure on Fox News and other networks are priceless, which just repeats the problem. Setting a figure on its value in the economy as a whole is a mug's game. The best one can do is to remind analysts who keep reporting impossibly high rates of return on firm political investments is that such rates of return are indeed impossibly high.

A final aspect of political money that no campaign finance statistics ever catch, but which has clearly played a key role all through the process of polarization is shown in Figure 3. Taken from (Ferguson and Johnson, 2010b), it plots incomes on Wall Street vs. financial regulator salaries over a long period of time. The implication for naïve views about campaign finance as the root cause of the breakdown of electoral accountability is extremely important. Put simply, there is a point beyond which economic inequality in its own right complicates electoral control. The appropriate comparison is perhaps with a powerful magnetic field. When The Force is with them – when, that is, Congressmen and women, their staffs, presidential aides, and federal regulators can be sure of walking out of their offices to become multimillionaires when they retire or step down – expecting them to act consistently in the public interest is idle, even if all representatives were elected on 100% public funding.<sup>47</sup>

### **Campaign Finance and Polarization**

The invisible stretches of the spectrum of political money include myriads of smaller players, whose spending aggregates to non-negligible sums. But a plenary share of funds with national political objective surely comes from big players – major firms, investors, foundations, etc. In the mid-1970s, as the process of polarization got underway, the evidence is overwhelming that many of these, especially foundations, think tanks, and lobbyists representing major businesses and investor groups, streamed more and more of their resources toward right and right-center groups and politicians.<sup>48</sup> None of this shows in official campaign statistics.

But formal campaign finance also played a vital part in shaping polarization and its role since the mid-seventies is now much easier to document, thanks to the official

statistics. Several twists to the story, however, are all but unknown. They require a word if we are properly to understand how the surge in big money interacted with internal changes in Congress to produce the fiery, fabulously expensive stalemate machine we have now.

Ironically, Democratic liberals were the ones who opened Pandora's Box. In the early seventies, House Democrats, who had controlled the institution for decades, implemented sweeping rules changes. The reforms were multifaceted and accomplished in several stages. Their thrust was to decentralize the House and put more power in the hands of the caucus to determine committee decisions and allocate resources.<sup>49</sup> Though the norm of seniority remained a factor for a considerable time, the changes made it less important as a guide to selecting committee chairs and assignments; indeed, the rules changes marked the beginning of the end for that hoary system, which expired in the subsequent decade as the Republicans also jettisoned it.

Up to that point, Congressional changes in rules had been mostly glacial, though the sixties had witnessed significant developments. As a result, the seventies rules changes have attracted extensive discussion. The usual story portrays the switch as a kind of Indian Summer of the expiring New Deal Party System, in which Democratic liberals, chafing under the hegemony of Southern Democratic barons with ultra-safe seats (and thus immense seniority), succeeded after years of agitation in taking back a measure of control.

But (Wright, 2000), in a uniquely penetrating analysis, shows that the fundamental problem was a growing squeeze on Democratic campaign finance. Though by later standards, Congressional campaign costs in the nineteen sixties look almost

risible, that decade nonetheless saw sharp rises in the costs of Congressional campaigning – more than 50% between 1964 and 1968, for example. Not only were expenditures for broadcasting rising, but the boom of the sixties led to a surge of new money. For a while organized labor, the traditional mainstay of House Democrats, tried to keep up. Presidential politics was somewhat different (Ferguson and Rogers, 1986) (Alexander, 1976), but the handwriting was on the wall.

Aware that substantial numbers of businesses were willing to contribute to Democrats who sat on Congressional committees with authority over them and perhaps sensing that business based political action committees (PACs) could provide a convenient vehicle for such contributions, anxious Democrats decided to follow the money. They inserted provisions into legislation on campaign finance reform that facilitated business spending via PACs around the publicly stated intent of the law.<sup>50</sup>

In the early seventies, this did not strike many liberals as particularly dangerous, as they successfully pushed through bills establishing the now celebrated “third wave” of regulatory institutions, including the Environmental Protection Agency, the Occupational Health and Safety Administration, and the Consumer Product Safety Commission. The same liberal Democrats, with some important liberal Republican support, also passed landmark legislation authorizing tighter regulation of tobacco, water purity, nuclear power, and many other potentially hazardous activities, while the Labor Department and Health, Education, and Welfare established offices to enforce compliance with legal standards.

By the end of the decade, liberals felt rather different. Campaign costs – or at least spending totals, which jumped 120% between 1976 and 1980 while the price level rose

only 35% -- continued to skyrocket. Organized labor's position in American life started to slide, at first slowly, and then with a rush. At the end of the decade, as income inequality started taking off while wages of ordinary Americans stagnated, campaign contributions flowed readily and steadily into Republican coffers via both direct mail and more conventional face to face, small group solicitations of major investors and businesses.

The Democrats, by contrast, struggled. They played catch up. In contrast to the GOP, direct mail was not an attractive option, both because of its high unit cost and the simple facts that Democratic mass constituencies were hard hit by the economic downturn and less affluent in the first place. But the party did have success with PACs, as did some interest groups friendly to Democrats. It was in this period, for example, that trial lawyers emerged as major Democratic funders, though in the aggregate, members of the corporate bar command far larger purses. Like the Republicans, Democrats also learned to work around post-Watergate restrictions on individual contributions. Donors allied to the party did also; some organized their own issue PACs, and pressed suppliers, key employees, and family members to contribute. But the restrictions were annoying and probably did constrain both major parties – for a while.

Political scandals in the United States customarily exhibit half lives rivaling those of sub-atomic particles. As Watergate faded from public memory and campaign costs continued spiraling upward, both parties found it in their interest to quietly let big money back into the system via the rear door. Most Republicans were hostile to campaign finance restrictions on principle. In addition they could readily calculate that they were likely to gain the lion's share of new money. But many Democratic leaders were intent on

reorienting the party away from labor and its dwindling legions, to business (Ferguson and Rogers, 1986) (Wright, 2000). As usual, the parties and the increasingly conservative courts, which were also players, were backstopped by political scientists, lawyers, and journalists who, without pausing to ask why anyone might want to pour millions of news dollars into the political system, celebrated the democratic potential of more “competition” through more lavishly financed parties and candidates.

So the dikes were breached. The post-Watergate reforms putting relatively strict limits on campaign spending did not last through even two presidential elections. A 1979 legal change and rulings by the compliant FEC (which is uniquely and totally subservient to Congress in a way unlike any other government agency (Urofsky, 2005)) opened up the wonderful world of “soft money.” This could be raised in any amount by the national parties and spent for so-called “party building” purposes.<sup>51</sup>

Table 3 represents a rough and ready effort track the flood over time. It subtracts out narrowly defined presidential and congressional expenditures (which include a plenary share of large – that is: over \$250 -- contributors, but which came also with nettlesome ceilings on their size) from total contributions to all federal candidates.<sup>52</sup> What’s left over (“Other” in Table 2) is not entirely, but mostly big money, including individual contributions to parties, which have a higher ceiling. Because of the way the rules channel “soft money” and its later avatars (various forms of “independent” expenditures, so-called “527” spending, etc.) these expenditures show up in a bewildering variety of guises. Sometimes they appear as party-related funding; other times as “independent” expenditures. The method of subtracting out from total federal contributions is an approximation, but it is not a bad one.<sup>53</sup>

Because the Watergate era reform legislation set higher contribution and spending limits for parties than for individual candidates, it secured a significant place for parties in federal elections. Soft money, however, carried this process to a whole new level, at the same time as it cemented the parties' dependence on large contributors, while further regulatory changes weakened remaining legal restrictions on party expenditures.

Eventually, the law distinguished between direct transfers from parties to candidates, which had legal limits; coordinated expenditures, which had limits, albeit high ones; and "independent" expenditures by parties, which had no limits at all.

The same pressures that made soft money attractive to parties also made PACs appealing. Greater public scrutiny made many presidential candidates, especially Democrats, reluctant to take PAC money, which was easy for journalists and political scientists to analyze, since the FEC made lists of PAC contributors readily available. But press coverage of Congress is more sporadic and careful statistical studies suggest that it is also often biased. Congressmen and women, especially in the House, were less reserved than presidential candidates; they craved the money and were happy to open for business in many senses.

More and more individual Congressmen and women began setting up new PACs of their own, so-called "leadership PACs." At first they were mostly limited to real leaders, representatives and Senators who held formal leadership positions. Tracking them is harder than one might suppose, since official statistics collect them in other, larger categories of PACs. By a very conservative reckoning, as late as 1994, there may have been as few as 38. But then they multiplied like a deadly virus. By 1998, there were 120; by 2000, 167. By 2002, 291 had formed. By 2008, 298 were in business.<sup>54</sup>

Leadership PACs operated alongside the representative's own election committees. In effect they were a completely legal second pocket that friendly interest groups and supporters could stuff with cash if they wanted to. Funds from them could not be directly use for reelection purposes, but they could be used for all kinds of other useful purposes – staff, infrastructure, even, it appears, what unsympathetic observers might characterize as slush funds. Most importantly of all, however, they could be used to make campaign contributions to *other* representatives.<sup>55</sup> Contributions from them to other Congressional candidates rose sharply through time: From \$11 million in 1998 to \$21 million in 2008.<sup>56</sup> But total contributions from members of Congress for election campaigns increased much more, because their donations to national congressional campaign committees went up from both their leadership PACs and their election committees.<sup>57</sup> By 2006 direct and indirect (through the national campaign committees) donations topped \$60 million (Currinder, 2009).

Leadership PACs accelerated the emergence of the new, comprehensively money-driven Congress. As seniority withered in the seventies, several California Democrats shocked many of their colleagues by openly using campaign contributions to enlist support from their colleagues for committee chairmanships they desired. Here was pay to play with a vengeance. The practice became widespread in both parties. In the nineties, the movement to place term limits on the number of years representatives could chair committees took hold, first among Republicans, but later to the Democrats, too. The effect was to throw open more positions, at least potentially, and get aspirants thinking ahead to how to amass the requisite resources. The decline of seniority, term limits, the

surge in campaign cash, and leadership PACs were transforming Congress into an Hobbesian jungle, with money as the weapon of choice in the war of all against all.

As their desires for resources surged, however, Congressmen and women quickly found themselves in a position uncomfortably reminiscent of the hunting bands that killed off the mammoths. In the early nineteen eighties, donations from individuals to Congressional campaigns hit a ceiling. Small donations, in particular, stagnated (Conlon, 1986). The gap was filled by more and more money from PACs, mostly from business; more aid from large contributors, and help from the national parties and affluent groups and businesses that spent “independently.”

Not surprisingly, Gingrich pioneered other ways of garnering political money as he stepped forward to challenge the older Republican leadership in the mid-eighties. In 1986, he took over GOPAC, a political action committee founded to promote Republicans by Pete DuPont, whose family had been mostly Republican stalwarts for generations. Claiming to have spotted a loophole in the law, Gingrich began cultivating rich businessmen and major concerns. Incomplete press accounts mention a circle of 172 donors who committed to providing him with at least \$10,000 a year for “party building.” Over the next eight years, he appears to have raised perhaps \$13 million dollars, at a time when the average cost of winning a House seat was about half a million dollars. He also established a foundation that paid him for teaching a history course; the foundation, in turn, had links to a center that promoted telecommunications deregulation.<sup>58</sup>

One thing became clear very fast: As the “Right Turn” of so many businesses and investor groups picked up speed in the late seventies, polarization paid.<sup>59</sup> Virtually from the start, on the record contributions to Gingrich and his “revolutionaries” leaped past

those to the older Republican leaders that they eventually brushed aside, such as Robert Michel. The attacks on Wright and the Democrats, the epic clashes with the White House over taxes, and the other battles sent Gingrich's fundraising soaring, along with those of his allies, such as Armev and DeLay (Table 3).<sup>60</sup> They far outpaced Michel's war chest, even though he served as the Republican leader in the House for years.

After the Republican revolutionaries took power, polarization and the search for funds spiraled upward. When a very special party line vote from the Supreme Court awarded the White House to George W. Bush after the 2000 election, the process took another mighty qualitative leap upward. As this paper's tables and figures show, fundraising kept climbing, as did party unity votes in Congress. Though not shown here, so did member contributions to their colleagues, demonstration votes, holds on presidential nominations, and the rest.

By then, the role of large contributors were playing was almost mind-numbing. In the mid-1990s, Bill Clinton and the Democrats found another loophole that the Federal Election Commission quickly blessed, allowing parties to spend unlimited sums on expenditures made supposedly independently of the campaigns they were in fact intended to benefit. In 2002, Senators McCain and Feingold promoted what became the Bipartisan Campaign Finance Reform of 2002. This abolished "soft money," but created a new category of so-called "527" spending that could be raised and spent in any amount by organizations allegedly independent of the national parties. It also raised the limits on individual contributions to levels high enough to make chasing them eminently rewarding in its own right.<sup>61</sup>

Not surprisingly, the legislation changed the ways parties and candidates chased funds, but did not alter big money's evolving role in the system. Various entities close to the parties reorganized as 527s and opened for business. New 527s with obvious partisan tilts also emerged. Meanwhile, encouraged by the Bipartisan Campaign Finance Reform Act and various court rulings, outside interest groups and affluent investors began setting up "501(c)" groups that claimed the right to spend unlimited amounts of money on their own.

Researchers analyzing press coverage discovered a striking pattern: That the languages newspaper used to describe politics varied systematically depending on whether Republicans or Democrats predominated in the regional media market. The economists who wrote the paper celebrated the apparent triumph of the market; they claimed that their research showed that "bias" in newspapers represented an accommodation to market demands (Gentzkow and Shapiro, 2010). But their write up was less precise than their econometric specification. Though they talked about voters, in fact the scholars had no measure of voter behavior in their equation. What they did have was a term that reflected the local mix of campaign contributions in national politics. Their work was consistent with – and their specific measure actually supported – the proposition that contributors rather than the general population drive local media markets.<sup>62</sup> This was top-down polarization with a vengeance.

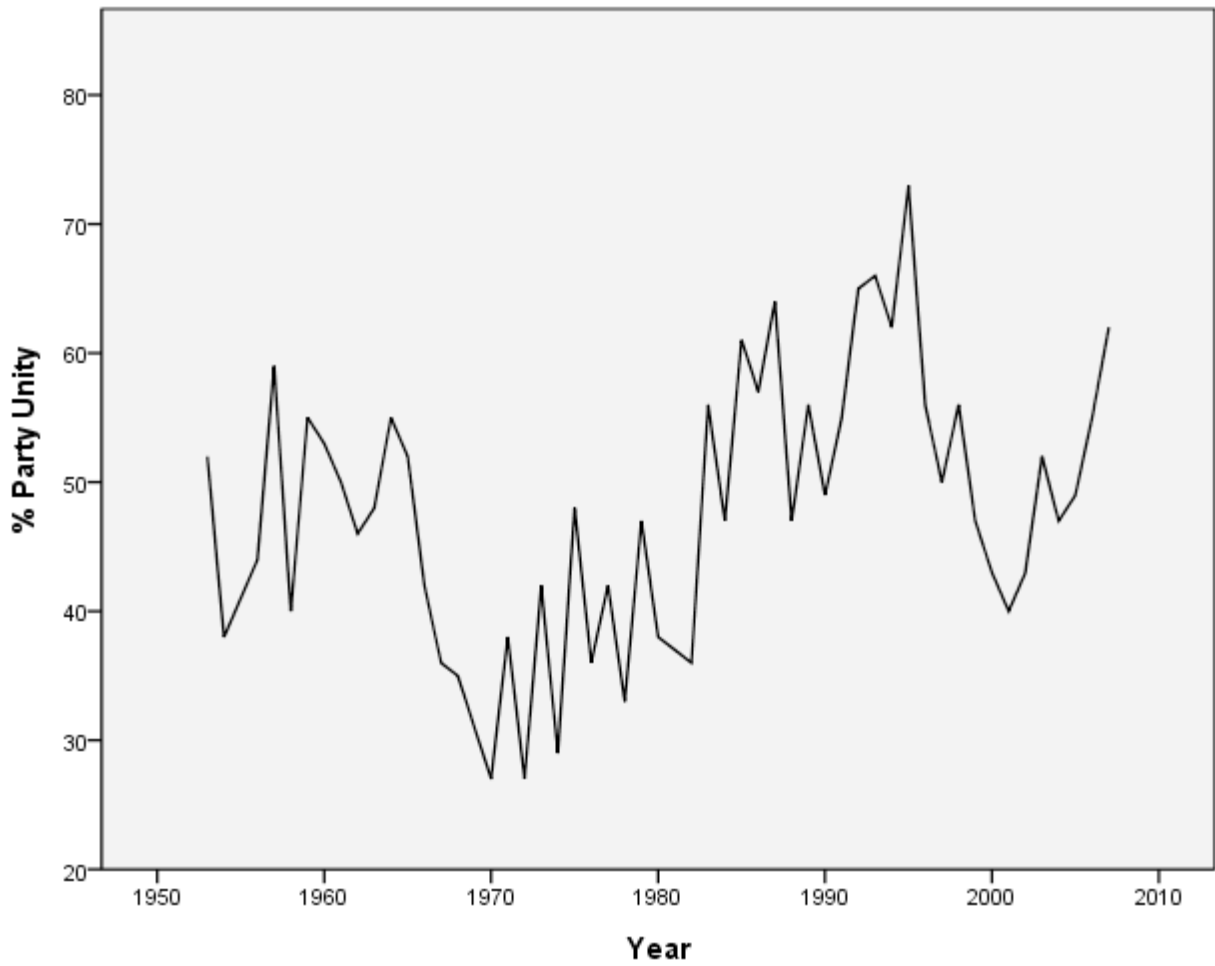
In 2010, a Supreme Court whose apparent partiality to the political right had drawn wide comment finally threw open just about all remaining doors to political money. In *Citizens United vs. Federal Election Commission*, it ruled that corporations (and any labor unions that still had money) were free to spend funds directly from their

corporate treasuries in any amount, as long as they did so independently of campaigns mounted by federal candidates or parties.

As a flood of new, anonymous money begins washing over the landscape of American politics and observers get set for yet another record in presidential campaign fundraising, it is hard to think of many reasons why polarization should abate. As the Eisenhower quotation from 1954 that opens this paper suggests, the conservative and center-right investor blocs that are the final cause of the polarization of American politics have come a long way. They are closer than ever before to rolling back the legacy of the New Deal. Accordingly, they have little incentive to compromise. We are *not* watching a rerun of *Cabaret*, but plenty of people out in the heartland who know little of the subtleties of political money appear to believe that bringing back laissez faire will somehow snatch back the broad based prosperity that the regulated, interventionist New Deal state once secured them. Big money playing on aroused minorities, amid low voter turnout (with often strenuous efforts to keep it that way), has been a potent political formula for a generation. A few faint signs suggest that that formula is wearing through. But that is a topic for another day.<sup>63</sup>

**Figure 1**

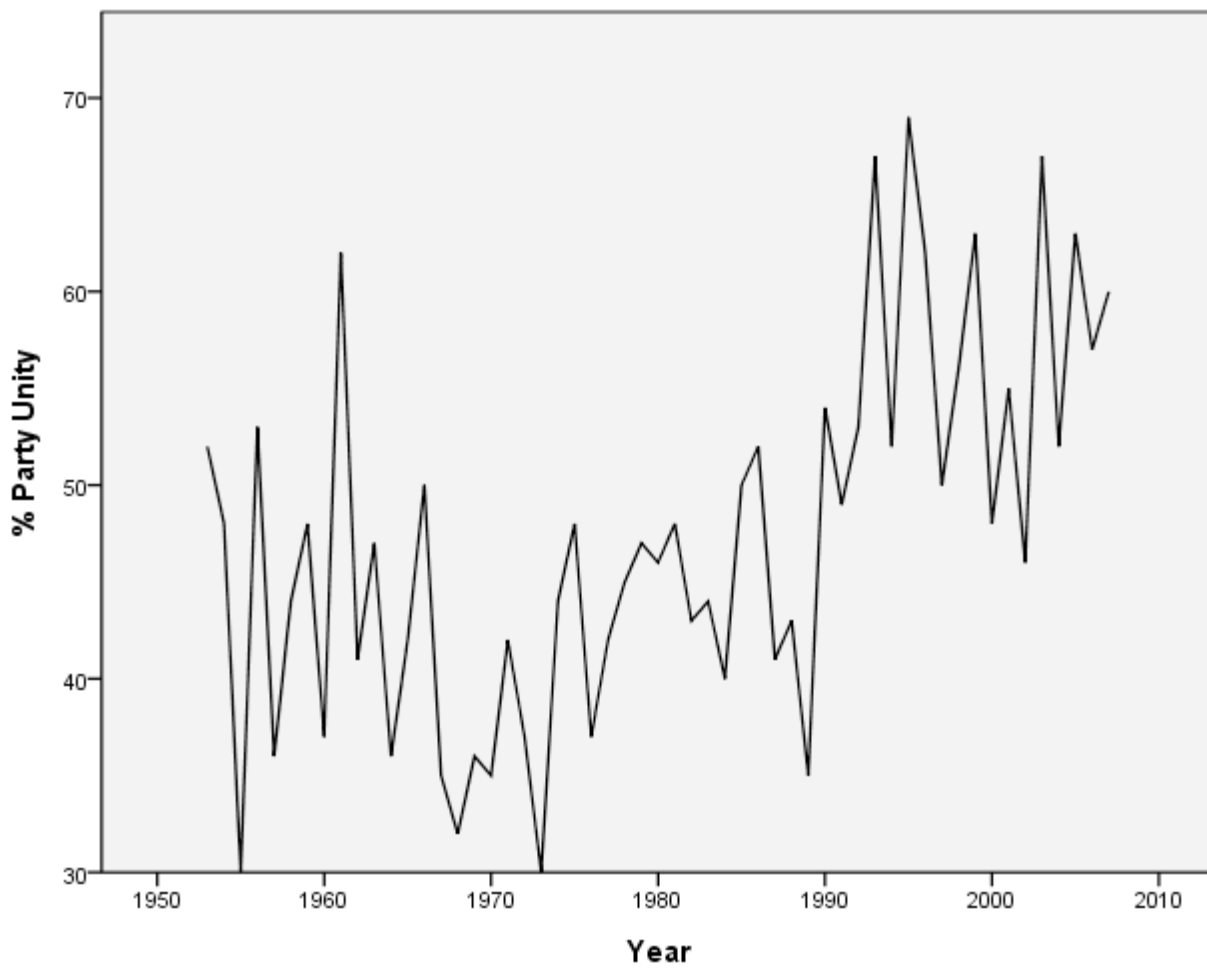
**Percent Party Unity Votes in House 1953 -- 2008**



Source: (Ornstein et al., 2008)

**Figure 2**

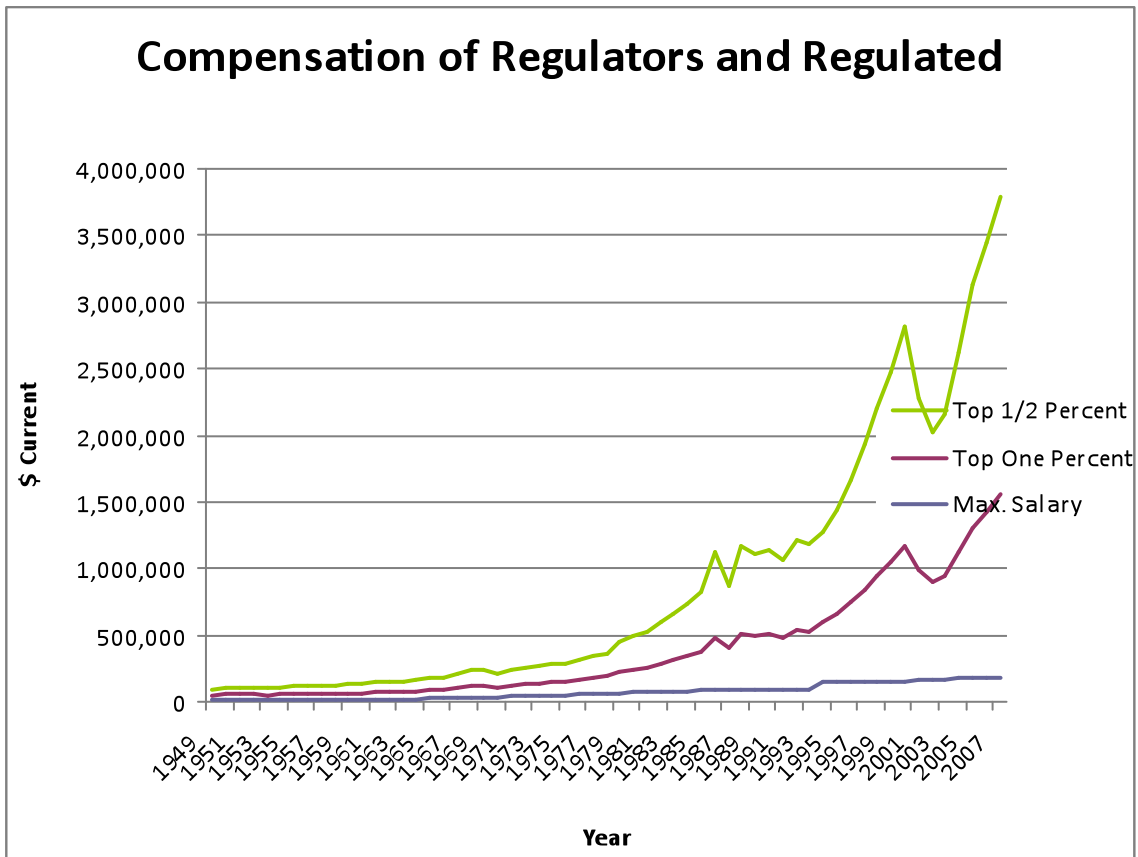
**Percent Party Unity Votes in the Senate 1953-2008**



Source: *Vital Statistics on Congress*

Figure 3

**The Opportunity Cost of Doing Good:  
Salaries of Regulators Compared with Incomes of the Regulated Over Time**



Source: (Ferguson and Johnson, 2010b)

**Table 1**

**Industries Within Big Business Above Average In Support For Newt Gingrich:**

**(Mean = 21%, N = 875)**

**Pharmaceuticals 47% (.02\*)**

**N = 17**

**Insurance 37% (.01)**

**N = 43**

**Oil & Gas 28% (.21)**

**N = 53**

**Aircraft 36% (.19\*)**

**N = 14**

**Chemicals 32% (.17)**

**N = 28**

**Trucking/Ground Transport 41% (.07\*)**

**N = 17**

**Accounting 50% (.11\*)**

**N = 6**

**Tobacco 50% (.20\*)**

**N = 4**

**Glass 60% (.07\*)**

**N = 5**

**Source: (Ferguson, 2001) Based on FEC data as described there.**

**Note: Numbers in parentheses are significance levels.**

**\* Expected value of cell in chi-square less than 5; is warning of low power.**

**Significance levels reported in such cases are results of Fisher's Exact Test.**

**Period covered is "early money" for 1995-96.**

**Table 2**

**The Spectrum of Political Money**

**1. Payments to Political Figures – Many Hundreds of Millions of Dollars  
Includes Certain Directors Fees, Speaking Fees,  
Some “Research” and Philanthropic “Advice” From Consultants**

**2. Lobbying – Legal Definition Is Very Narrow  
2010 On the Record Totals Approx. \$3.5 Billion.  
\$ Refers to Washington, D.C.  
Lobbying in States and Cities Also Large**

**3. Think Tanks  
Rapid Growth Especially Since 1970s  
In 2005 Major D.C. Based Think Tanks Spent Approx \$411 Million  
Many More Now Outside Washington, D.C.  
Not Included in Estimate**

**4. Foundations and Charitable Grants  
Many Not Political; Some That Do Go Through Think Tanks  
\$296 Billion in Total Giving in 2006; Perhaps 3 to 5% Might  
Count as Broadly Political**

**6. Payments to Lawyers for Services  
(After Stigler, See Text)  
Substantial, But Unknown**

**7. Value of Stock Tips, IPOs To Political Figures  
“Event Analysis” Studies Suggest Very Large in Certain Periods  
See Text**

**9. Formal Campaign Spending  
Total Expenditures on Federal Campaigns Only  
\$5.2 Billion in 2008; State and Local Spending Heavy, Too**

**10. Public Relations Spending  
Some Certainly Affects Politics**

**Sources: See Text**

**Table 3**  
**Campaign Spending Growth Through Time – Various Categories**  
**(Millions of Current Dollars)**

<b>Year</b>	<b>Total Fed</b>	<b>Total Pres</b>	<b>Tot Cong Green CFI</b>	<b>Other</b>	<b>Union PAC spend</b>
1970					
1972	236	138		77	
1974					
1976	300	160		88	
1978					19
1980	698	275		239	184
1982					35
1984	1245	325		374	546
1986					58
1988	1598	500		458	640
1990					85
1992	2188	550		678	960
1994					88
1996	2877	700		765	1339
1998	1619			646	970
2000	3849	645		900	2304
2002	2182			807	1375
2004	4575	958		949	2668
2006	2,853			1,265	1,588
2008	5980	1829		1197	2954

Sources: See Text

**Table 4**

**How Polarization Paid in the House GOP**

**Gingrich, DeLay, and Armev vs. Michels**

**Gingrich Career Totals**

**Receipts and Expenditures**

<b>1997-1998</b>	<b>\$6,831,829</b>	<b>\$7,578,716</b>
<b>1995-1996</b>	<b>\$6,252,069</b>	<b>\$5,577,715</b>
<b>1993-1994</b>	<b>\$2,012,572</b>	<b>\$1,817,792</b>
<b>1991-1992</b>	<b>\$1,963,435</b>	<b>\$1,962,810</b>
<b>1989-1990</b>	<b>\$1,558,934</b>	<b>\$1,559,052</b>
<b>1987-1988</b>	<b>\$851,786</b>	<b>\$838,708</b>
<b>1985-1986</b>	<b>\$738,258</b>	<b>\$736,607</b>
<b>1983-1984</b>	<b>\$356,626</b>	<b>\$336,065</b>
<b>1981-1982</b>	<b>\$367,636</b>	<b>\$365,750</b>
<b>1979-1980</b>	<b>\$278,317</b>	<b>\$277,585</b>

**(Note Text Caution About GOPAC Secret Funding)**

**DeLay Career Totals  
Receipts and Expenditures**

<b>2005-2006</b>	<b>\$3,780,923</b>	<b>\$3,836,376</b>
<b>2003-2004</b>	<b>\$2,909,844</b>	<b>\$3,143,559</b>
<b>2001-2002</b>	<b>\$1,350,115</b>	<b>\$1,274,921</b>
<b>1999-2000</b>	<b>\$1,342,920</b>	<b>\$1,298,995</b>
<b>1997-1998</b>	<b>\$1,340,997</b>	<b>\$1,170,867</b>
<b>1995-1996</b>	<b>\$1,620,227</b>	<b>\$1,621,708</b>
<b>1993-1994</b>	<b>\$669,010</b>	<b>\$701,245</b>
<b>1991-1992</b>	<b>\$341,516</b>	<b>\$371,362</b>
<b>1989-1990</b>	<b>\$324,134</b>	<b>\$297,153</b>
<b>1987-1988</b>	<b>\$364,837</b>	<b>\$361,255</b>
<b>1985-1986</b>	<b>\$316,191</b>	<b>\$294,850</b>
<b>1983-1984</b>	<b>\$555,459</b>	<b>\$530,147</b>

**Arme y Career Totals  
Receipts and Expenditures**

<b>2001-2002</b>	<b>\$588,818</b>	<b>\$476,913</b>
<b>1999-2000</b>	<b>\$1,373,930</b>	<b>\$1,323,416</b>
<b>1997-1998</b>	<b>\$2,061,340</b>	<b>\$2,125,437</b>
<b>1995-1996</b>	<b>\$1,248,706</b>	<b>\$1,673,388</b>
<b>1993-1994</b>	<b>\$1,177,630</b>	<b>\$900,871</b>
<b>1991-1992</b>	<b>\$483,928</b>	<b>\$495,128</b>
<b>1989-1990</b>	<b>\$440,375</b>	<b>\$198,555</b>
<b>1987-1988</b>	<b>\$419,632</b>	<b>\$314,903</b>
<b>1985-1986</b>	<b>\$557,096</b>	<b>\$567,923</b>
<b>1983-1984</b>	<b>\$392,963</b>	<b>\$368,869</b>

**Michels Career Totals  
Receipts and Expenditures**

<b>1993-1994</b>	<b>\$64,121</b>	<b>\$313,513</b>
<b>1991-1992</b>	<b>\$646,637</b>	<b>\$636,430</b>
<b>1989-1990</b>	<b>\$705,878</b>	<b>\$579,258</b>
<b>1987-1988</b>	<b>\$877,026</b>	<b>\$861,969</b>
<b>1985-1986</b>	<b>\$689,849</b>	<b>\$639,765</b>
<b>1983-1984</b>	<b>\$681,434</b>	<b>\$707,734</b>
<b>1981-1982</b>	<b>\$697,084</b>	<b>\$687,875</b>
<b>1979-1980</b>	<b>\$168,667</b>	<b>\$134,540</b>

**Sources: FEC Data, Organized by CQ Money Line**

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## Notes

I am grateful to Walter Dean Burnham, Jerome Grossman, Robert Johnson, and Peter Temin for many discussions of points at issue in this paper. I am particularly grateful to Paul Jorgensen, Ben Page, and Lynn Parramore for reading drafts under considerable time pressure and to Robert Wade for some comments on part of the argument. Obviously, neither any of them nor any institution I am associated with bears responsibility for the final product.

To keep documentation to manageable length, footnotes are often collected and placed at the end of paragraphs. Some figures and tables that were desirable, but not necessary, could not be included here; there was simply not enough time to prepare them in suitable form. They will hopefully be included in a later version.

Unless otherwise indicated, newspaper and magazine citations are normally to the internet versions. Note that many papers publish stories on the internet late in the day before they appear in hard copy.

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<sup>1</sup> Presidential Papers of Dwight David Eisenhower, Document #1147, November 8, 1954. Letter to Edgar Newton Eisenhower. Available on the web at <http://www.eisenhowermemorial.org/presidential-papers/first-term/documents/1147.cfm>

<sup>2</sup> Hanna was the political boss who organized William McKinley's campaign for the presidency. The quotation appears in UROFSKY, M. I. 2005. *Money and Free Speech: Campaign Finance Reform and the Courts*, Lawrence, University Press of Kansas.

<sup>3</sup> The discussions have never stopped, but see, e.g., HERSH, S. 1983. *The Price of Power: Kissinger in the Nixon White House*, New York, Summit Books.

<sup>4</sup> The literature is vast. On Gingrich, a study with much useful detail is SABATO, L. J. & SIMPSON, G. 1996. *Dirty Little Secrets -- The Persistence of Corruption in American Politics*, New York, Random House Times Books.

<sup>5</sup> The figure shows the percentage of roll call votes in which a majority of voting Democrats opposed a majority of voting Republicans. Many indices of polarization have been computed. A lot are good; in this period they all give more or less the same results. Compare, for example, the well known Poole-Rosenthal scores. Those do suggest the connection with Reagan is important.

<sup>6</sup> SABATO, L. J. & SIMPSON, G. 1996. *Dirty Little Secrets -- The Persistence of Corruption in American Politics*, New York, Random House Times Books. Note that the GOP National Committee was not clearly controllable by Gingrich then.

<sup>7</sup> The table comes from FERGUSON, T. 2001. *Blowing Smoke: Impeachment, the Clinton Presidency, and the Political Economy*. In: CROTTY, W. (ed.) *The State of Democracy in America*. Washington, D.C.: Georgetown University Press. The comparison is to large firms and major investors as a whole, not firms of any size. See the discussion there.

<sup>8</sup> STIGLITZ, J. 2004. *The Roaring Nineties*, New York, W.W. Norton; FERGUSON, T. 1995a. *Golden Rule: The Investment Theory Of Party Competition And The Logic Of Money-Driven Political Systems*, Chicago, University of Chicago Press; FERGUSON, T. 2001. *Blowing Smoke: Impeachment, the Clinton Presidency, and the Political Economy*. In: CROTTY, W. (ed.) *The State of Democracy in America*. Washington, D.C.: Georgetown University Press.

<sup>9</sup> See CURRINDER, M. 2009. *Money in the House*, Philadelphia, Perseus (Westview), HEBERLIG, E., HETHERINGTON, M. & LARSON, B. 2006. The Price of Leadership: Campaign Money and the Polarization of Congressional Parties. *Journal of Politics*, 68, 992-1005.

<sup>10</sup> CURRINDER, M. 2009. *Money in the House*, Philadelphia, Perseus (Westview), offers some stunning examples; see the discussion below.

<sup>11</sup> See among many sources, CONTINETTI, M. 2006. *The K Street Gang*, New York, Doubleday.

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<sup>12</sup> CURRINDER, M. 2009. *Money in the House*, Philadelphia, Perseus (Westview), p. 38. She adds that the Republicans do not have a formal dues requirement; instead the inventors of the Contract with America have tended to rely on separate sets of contracts between members and the leadership. The target numbers on the GOP side, of course, are also huge. The means vary, but not the end. Both procedures are tantamount to posting prices. Incidentally, on the Democratic side the House Financial Services Committee counts as one of the power committees, with the colossal requirements for contributions. Probably those are waived for some very junior members, but it is easy to understand why in 2010, as Dodd Frank went through, more than 70 members of the House served on the committee. Banks, as everyone who has passed Economics 101 knows, can create money. So, now, can members of Congress.

On the Democrats and Pelosi, see CHADDOCK, G., Nancy Pelosi Puts Her Stamp on the House. *Christian Science Monitor*, July 13, 2010, on the web at <http://www.csmonitor.com/USA/Politics/2010/0713/Nancy-Pelosi-puts-her-stamp-on-the-House>

<sup>13</sup> THERIAULT, S. 2006. Party Polarization in the US Congress. *Party Politics*, 12, 483-503. See also his *Party Polarization in Congress*, New York, Cambridge University Press.

<sup>14</sup> See the discussion in, e.g., THERIAULT, S. 2008. *Party Polarization in Congress*, New York, Cambridge University Press.

<sup>15</sup> MAZZOCCO, D. 1994. *Networks of Power*, Boston, South End Press.

<sup>16</sup> During parts of 2010, Fox had as many as five individuals mentioned as potential GOP presidential candidates in 2012 on its payroll; two that formed formal exploratory committees then withdrew. For the media concentration on the right and center right, see, e.g., the surveys of network appearances over the years by FAIR, available at its website.

<sup>17</sup> ABRAMOVITZ, A., ALEXANDER, B. & GUNNING, M. 2006. Incumbency, Redistricting, and the Decline of Competition in U.S. House Elections. *Journal of Politics*, 68, 75-88 suggests that in recent House elections money rather than incumbency per se has played an increasingly important role in making most House seats relatively safe. I would not follow this paper on a number of key points, but the result is interesting.

<sup>18</sup> Much of the literature on party finance sees contemporary national parties as “service” organizations. There is a clear point to this characterization, but it shorts the ways those who control the party can grant or withhold these “services” to coerce would be candidates for open seats. I am confident that this happens in both parties, but cannot consider the point in more detail here.

<sup>19</sup> See the discussion below.

<sup>20</sup> For Greenspan and especially the still little discussed decision to close down the New York Fed’s primary dealer regulatory unit, see FERGUSON, T. & JOHNSON, R. 2009a. Too Big To Bail: The ‘Paulson Put,’ Presidential Politics, and the Global Financial Meltdown, Part I: From Shadow Banking System To Shadow Bailout. *International Journal of Political Economy*, 38, 3-34. For the Neoclassical arguments on campaign finance, see especially ANSOLABEHERE, S., DE FIGUEIREDO, J. & SNYDER, J. 2003. Why Is There So Little Money in U.S. Politics? *Journal of Economic Perspectives*, 17, 105-130.

<sup>21</sup> Their essay has the merit of posing several important questions very clearly. But its discussion of contributions over time in American political life and other key factual questions is seriously flawed. In certain cases, judgments about the theoretical issues depend on the exact nature of the facts. Parts of the paper’s reasoning are also inconsistent with well known facts. If, for example, playing the game or aiding someone with certain values is really the thing, then the probability of winning should not influence the players. That is, if “participation” truly were the motivation for most contributions, then money should not abruptly stop flowing to losers after reverses; nor should lucre rain on winners. But both often happen. See the discussion in the longer internet version of FERGUSON, T. 2005. Holy Owned Subsidiary: Globalization, Religion, and Politics in the 2004 Election. In: CROTTY, W. (ed.) *A Defining Election: The Presidential Race of 2004*. Armonk, N.Y.: M.E. Sharpe. The internet version is available on the website of the University of Texas Inequality Project at [http://utip.gov.utexas.edu/papers/utip\\_32.pdf](http://utip.gov.utexas.edu/papers/utip_32.pdf) I hope to revisit this discussion in the near future.

<sup>22</sup> See the references to other works discussed in FIORINA, M. 2009. *Disconnect*, Norman, University of Oklahoma Press.; it does not seem to have occurred to anyone that such claims were inconsistent with the massive pressures for market deregulation in the political system. By contrast, some excellent work showed up earlier claims that most blue collar workers were not still concerned principally with bread and butter issues. See especially BARTELS, L. 2008. *Unequal Democracy*, Princeton, Princeton University Pres.

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GELMAN, A., PARK, D., SHOR, B. & CORTINA, J. 2010. *Red State, Blue State, Rich State, Poor State*, Princeton University Press.

<sup>23</sup> The literature is large; but see especially JOHNSON, S. & KWAK, J. 2010. *13 Bankers: The Wall Street Takeover and the Next Financial Meltdown*, New York, Pantheon. And the further discussion at their website, *The Baseline Scenario*.

<sup>24</sup> See in particular DUBE, A. 2009. The Value of (Not Having) the Public Plan. *The Base Line Scenario*, July 31.

<sup>25</sup> See the poll released by ABC News and the *Washington Post*, March 11, 2011, *ABC News/Politics*, March 15, 2011, "Economy, Gas, Partisanship, and War Gang Up on Confidence in Government," on the web at <http://abcnews.go.com/Politics/abc-news-washington-post-poll-confidence-government-falls/story?id=13134173&page=1>

<sup>26</sup> FRIEDMAN, T. 2000. *The Lexus and the Olive Tree*, New York, Anchor.

<sup>27</sup> The Nixon quotation comes from his "Address to the Nation on Southeast Asia," April 30, 1970; text on the web at <http://www.mekong.net/cambodia/nixon430.htm>

<sup>28</sup> See the discussion in FIORINA, M. 2009. *Disconnect*, Norman, University of Oklahoma Press.

<sup>29</sup> The long discussion of multi-dimensionality in these studies is not, alas, something this paper can take up.

<sup>30</sup> THERIAULT, S. 2008. *Party Polarization in Congress*, New York, Cambridge University Press.

<sup>31</sup> See the review in FIORINA, M. 2009. *Disconnect*, Norman, University of Oklahoma Press.

<sup>32</sup> One can respond that voter turnout is heavily skewed in these many of these districts. This is an argument to which I am very sympathetic. But it begs the question of who or what is responsible for the low turnouts. That question, of course, is easily answered from the perspective of the investment approach to Congressional evolution that this paper adopts. But without such a framework the response is arch in the extreme, verging on incoherency.

There is a simpler way to make the point: There are Republicans and Republicans. As the Eisenhower quote that opens this paper suggests, what the label stands has evolved through time. Whether this shows according to one or another standard of measurement adopted in the Congressional literature is a secondary question; it is a fact. The current argument over Social Security is unthinkable in, say, the 1950s.

<sup>33</sup> A good general sketch of various views is FIORINA, M. 2009. *Disconnect*, Norman, University of Oklahoma Press.

<sup>34</sup> The relatively few papers on leadership selection and fundraising in Congress constitute an exception. This literature is discussed in more detail below.

<sup>35</sup> FIORINA, M. 2009. *Disconnect*, Norman, University of Oklahoma Press.

<sup>36</sup> "I need to start humping in corporate accounts!" Cf. The Rise and Fall of Ralph Reed. *Time*, July 23, 2006. This from someone who had loudly denounced the "insiders" game in Washington and had been hailed in public as the "right hand of God." Later, it also came out that this public opponent of gambling was lobbying on gambling related issues.

<sup>37</sup> See the discussion of Falwell and Bunker Hunt in FERGUSON, T. & ROGERS, J. 1981. *The Reagan Victory: Corporate Coalitions in the 1980 Campaign. The Hidden Election*. New York: Pantheon; and the others in FERGUSON, T. & ROGERS, J. 1986. *Right Turn: The Decline Of The Democrats And The Future of American Politics*, New York, Hill & Wang.

<sup>38</sup> FERGUSON, T. & JOHNSON, R. 2009a. Too Big To Bail: The 'Paulson Put,' Presidential Politics, and the Global Financial Meltdown, Part I: From Shadow Banking System To Shadow Bailout. *International Journal of Political Economy*, 38, 3-34; FERGUSON, T. 2001. Blowing Smoke: Impeachment, the Clinton Presidency, and the Political Economy. In: CROTTY, W. (ed.) *The State of Democracy in America*. Washington, D.C.: Georgetown University Press.

<sup>39</sup> Specifically, 47% in 2007. See KIRSCHNER, J. 2011. Business As Usual. *Boston Review*. January/February.

<sup>40</sup> Table 1's list of industries that were heavy contributors is instructive in pointing to regulation; but see also the discussion in SABATO, L. J. & SIMPSON, G. 1996. *Dirty Little Secrets -- The Persistence of Corruption in American Politics*, New York, Random House Times Books, on Gingrich's many efforts to intervene for GOPAC and other contributors.

The long list of very concrete aims should be a warning to the care free way much of the literature on Congress and campaign finance throws around the term "ideological." It is fine to say that the backers of the Republican surge had ideological goals. So they did. But wrecking the government agencies, for

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example, implied very concrete increases in profits for many firms and investors. If one loses sight of the vast sums of money involved, the point of the whole business rapidly disappears.

<sup>41</sup> FERGUSON, T. 1995b. *Golden Rule: The Investment Theory Of Party Competition And The Logic Of Money-Driven Political Systems*, Chicago, University of Chicago Press.

<sup>42</sup> So that everyone is clear about the analysis here, it may help to spell it out. In the final analysis, it was the “Right Turn” of so much political money that pulled and pushed the Republicans to the right. The Democrats, also intent on following the money, trailed along at a pace constrained by what remains of their mass constituency (which does still retain some resources that the party needs; witness the battle over the status of organized labor and community groups). The gap between the parties at any point in time will, accordingly, vary with both the financial incentives and pressures from the mass base. The policy preferences of the median voter do not drive the system’s dynamics, the investor blocs do. See FERGUSON, T. 1995a. *Deduced and Abandoned: Rational Expectations, the Investment Theory of Political Parties, and the Myth of the Median Voter*. In: FERGUSON, T. (ed.) *Golden Rule*. Chicago: University of Chicago Press.

<sup>43</sup> FERGUSON, T. & VOTH, J. 2008. Betting On Hitler -- The Value of Political Connections in Nazi Germany. *Quarterly Journal of Economics*, 123, 101-37

<sup>44</sup> Appointees with business backgrounds, obviously, have been serving in federal posts since the beginning of the republic. And, obviously, many politicians have always had external ties. What is distinctive about recent developments is the extent to which such ties appear to be extending down even to mid-level party operatives. This really illustrates the problems attendant to sharply rising inequality.

<sup>45</sup> ZIOBROWSKI, A. J., CHENG, P., BOYD, J. W. & ZIOBROWSKI, B. J. 2004. Abnormal Returns From the Common Stock Investments of the United States Senate. *Journal of Financial and Quantitative Analysis*, 39, 661-76. Mostly negative results for later periods have been reported by EGGERS, A. & HAINMUELLER, J. 2011. Political Capital: The (Mostly) Mediocre Performance of Congressional Stock Portfolios, 2004-2008. The differences may relate to the period covered. Procedures for accessing data on Congressional portfolios, while intensely supervised, did get simplified around the time the Ziobrowski, et. al. essay appeared. That, in turn, received substantial press coverage, though only modest attention within political science. But the press coverage raises the possibility that the dynamics discussed in a recent paper on publicity and Congressional behavior took hold. Cf. DYCK, A., MOSS, D. & ZINGALES, L. 2008. *Media vs. Special Interests*. Cambridge: National Bureau of Economic Research.

<sup>46</sup> The estimates on think tanks in the table come from WEIDENBAUM, M. 2009. *The Competition of Ideas -- The World of Washington Think Tanks*, New Brunswick, Transaction Books. The lobbying and campaign contribution totals come from the Center for Responsive Politics.

<sup>47</sup> Effective civil service bureaucracies with real career ladders and appropriately high salaries are as important as campaign finance reform itself in preserving popular control of the state.

<sup>48</sup> FERGUSON, T. & ROGERS, J. 1986. *Right Turn: The Decline Of The Democrats And The Future of American Politics*, New York, Hill & Wang; SALOMA, J. S. 1984. *Ominous Politics*, New York, Hill & Wang; BROCK, D. 2004. *The Republican Noise Machine*, New York

The phenomenon cut across state lines of course. This point is obvious, but bears some reflection. Some political scientists have recently begun backhandedly acknowledging the breakdown of median voter models by running regressions on state data to see which income groups get the most out of state policy. This procedure is well intentioned, but not wise. Money crosses state lines. There is no reason to assume that representatives who take it are acting only for their legal constituents, however wealthy.

<sup>49</sup> As Wright summarizes: “By the mid- 1970s, the selection of committee chairs was made subject to caucus approval; subcommittees were established for most committees and then provided with staff, funding, fixed jurisdictions, and referral of appropriate legislation; the Ways and Means Committee was expanded and Democratic members striped of their authority to make committee assignments; bills could be referred to multiple committees; committee hearings and markups were opened to the public; teller votes were introduced; and the Speaker was allowed to nominate Democratic members of the Rules Committee. Generally, then, power over legislation was dispersed more widely within the House, the powers of the Speaker were enhanced, and the entire legislative process became more accessible to the public. WRIGHT, J. R. 2000. Interest Groups, Congressional Reform, and Party Government in the United States. *Legislative Studies Quarterly*, 25, 217-35.

<sup>50</sup> Wright asserts that the Democrats had their eyes explicitly on PACs at the time. There is no question that many Democrats wanted to chase money from business. Cf., for example, FERGUSON, T. & ROGERS, J.

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1986. *Right Turn: The Decline Of The Democrats And The Future of American Politics*, New York, Hill & Wang. But there were comparatively few PACs aside from those run by labor then. Various accounts of the legislation are not easily reconciled. Compare, for example, UROFSKY, M. I. 2005. *Money and Free Speech: Campaign Finance Reform and the Courts*, Lawrence, University Press of Kansas; LA RAJA, R. J. 2008. *Small Change*, Ann Arbor, University of Michigan; and EPSTEIN, E. M. 1979. The Emergence of Political Action Committees. In: ALEXANDER, H. (ed.) *Political Finance, Sage Electoral Studies Handbook 5*. Beverly Hills: Sage. The whole episode could benefit from a close, archival based study.

<sup>51</sup> With conditions, some of the money could be shared with state parties. But this level of detail is unnecessary in this paper.

<sup>52</sup> Reliable information on total campaign spending is harder to come by than one might imagine. Alas, the redesign of the usually very useful Center for Responsive Politics makes it far less helpful for serious research purposes. Many of its data series have been shortened to the point that they impair inquiries. Their series on total costs of federal elections, for example, goes back only to 1998, even though they plainly have the data. I began with those numbers (at <http://www.opensecrets.org/bigpicture/index.php>). I then combed back through the series of volumes started by Herbert Alexander and continued by John Green and David Magleby and his colleagues on the financing of individual presidential elections, to produce similar numbers for past elections. (The major pitfall here is the effort involved in separating out money spent on state and local elections; for reasons only those who work with these numbers are likely to appreciate, that is complex. There are also problems with internal inconsistencies among sources. I sorted these out as carefully as possible. There is no question all the estimates here are rough.) The rationale for subtracting the narrow presidential totals (which do contain modest amounts of public funds; these are too small, especially in recent years, to make it worth while refining them further) and the narrow Congressional contributions is that both of these are fairly easy to partition between large and small individual contributions on the basis of available statistics. The “Other” category does contain some small contributions, but soft money, 527 spending, and the several varieties of independent expenditures included in “Other” come mostly from large contributors and major corporate interests.

In recent presidential elections, the roll of small contributors has been less than the noise about them would suggest. Some tendency to overstate their significance stems from data processing problems. The name matching programs in common use do not pick up all the contributions from apparently different individuals that are in fact coming from the same person. This happens for many reasons – different addresses, initials, occupations, zip codes, etc. In 2008, the Obama campaign also famously encouraged donors to write several smaller checks, instead of one large one, making special problems in that election. There is some tendency, therefore, to underestimate the weight large donors actually play in such efforts. The Campaign Finance Institute estimates, which I consider the best available, suggest that in 2008, donations less than \$250 made up about 24% of all individual contributions. By contrast, donors contributing more than a thousand dollars were responsible for 48% of all individually contributed funds. That’s about as good as it ever gets; past elections, in general, show lower, often substantially lower proportions of money arriving from small donations. Setting the smaller contributions against the \$1000 and up contributions and “Other” spending (party, independent expenditures, etc.) for that year is a rough way of indicating their relative place in campaign expenditures as a whole.

By contrast, as the text indicates, congressional campaigns rely less on individual donations and more on PACs to begin with. Campaign Finance Institute tabulations for recent elections suggest that individual contributions of less than \$200 usually provide less than 10% of House candidate receipts and 14% to 17% of all Senate candidate receipts. Contributions over \$1000 make up about a third of House candidates receipts and somewhat over 40% of Senate campaign contributions. PACs provide about a third of receipts in the House and a sixth or so of Senate receipts. Both Senate and House campaigns get help from the parties and are affected by independent expenditures. As members of Congress don’t bowl alone, neither do they campaign alone.

I am least satisfied with the union numbers shown in the final column. I found an error in the usually reliable Center for Responsive Politics tabulations, which they corrected. But I believe their totals are still too low; they do not in fact catch all the 527 funds. The numbers in my table come from Stanley and Niemi, *Vital Statistics on American Politics 2009-10*. They are for all PACs.

<sup>53</sup> Scale economies in campaigns are fairly large; there is also a good deal of joint production, as state and even local campaigns piggyback on federal race expenditures and vice versa. There are some rules regulating these practices, but they are of doubtful effectiveness and enforcement is normally exiguous.

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<sup>54</sup> Many tabulations of leadership PACs exist. A close look suggests that many often include other PACs besides those of members of Congress. Some leadership PACs also try to hide their sponsors. I rely on the conservative reckoning by Gill at [http://uspolitics.about.com/od/finance/tp/leadership\\_pac\\_data.htm](http://uspolitics.about.com/od/finance/tp/leadership_pac_data.htm) Her's is lower than many others, but I prefer to err on the side of caution.

<sup>55</sup> This was also possible from the electoral committees, but that represented a dollar for dollar loss to the representative donating the funds. Leadership PACs reduced the element of competition; indeed, to the extent that investors maxed out in both (by no means always the case) it meant there was no competition at all.

<sup>56</sup> Total contributions from leadership PACs come again from Gill at [http://uspolitics.about.com/od/finance/tp/leadership\\_pac\\_data.htm](http://uspolitics.about.com/od/finance/tp/leadership_pac_data.htm)

<sup>57</sup> See also BEDLINGTON, A. H. & MALBIN, M. 2003. *The Party As An Extended Network: Members Giving To Each Other and Their Parties. Life After Reform.* Lanham: Rowman & Littlefield.

<sup>58</sup> For the foundation, see SABATO, L. J. & SIMPSON, G. 1996. *Dirty Little Secrets -- The Persistence of Corruption in American Politics*, New York, Random House Times Books. For the 172 donors, see Michael Kranish, The House That Gingrich's PAC Rebuilt. *Seattle Times*, November 23, 1994. For the link between the foundation and the telecom institute see WARD, R. C. 1997. *The Chaos of Convergence: A Study of Decay, Change, and Transformation Within the Telephone Policy Subsystem of the United States.* Dissertation submitted to Virginia Polytech Institute and State University.

<sup>59</sup> See the discussion in FERGUSON, T. & ROGERS, J. 1986. *Right Turn: The Decline Of The Democrats And The Future of American Politics*, New York, Hill & Wang.

<sup>60</sup> Gingrich's effort to win control of the House was widely viewed as a long shot during most of the period he waged it. This rules out various "reverse causality" hypotheses such as that attributed to Robert van Houweling in HEBERLIG, E., HETHERINGTON, M. & LARSON, B. 2006. *The Price of Leadership: Campaign Money and the Polarization of Congressional Parties. Journal of Politics*, 68, 992-1005. In this view, money flowed to the rightwing Republicans because donors expected them to win.

<sup>61</sup> Especially when the presidential contribution could be combined with another, larger contribution to a political party. Such "joint" fundraising events have become very popular; they amount to a one stop shop for big money.

<sup>62</sup> Gentzkow and Shapiro's finding, I think, is historically conditioned; it reflects the spiraling polarization of Congress and the political culture. For that reason, studies of media coverage for slightly earlier periods probably would find similar results. Note, however, that presidential endorsements by the media may well not follow the proposed pattern; unpublished research indicates it does not. To the extent that media manipulation is subtle, it also may escape detection by such methods. Even studies of Fox News that report finding effects on voters do not suggest that they are that large.

<sup>63</sup> See Lynn Parramore, "Money and the Midterms: Are the Parties Over?" *New Deal 2.0*, November 12, 2010, on the web at <http://www.newdeal20.org/2010/11/12/money-and-the-midterms-are-the-parties-over-interview-with-thomas-ferguson-26869/>