Monkey Cage

Why we still need to worry about money in politics

By Lee Drutman December 15 at 11:00 AM

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Over at the New York Times, Binyamin Appelbaum is the latest columnist to downplay the role of money in politics. His new column, "Who Wants to Buy a Politician?" has the same basic conclusion as David Brooks's October column "Money Matters Less": Money in politics isn't buying much of anything. But this conclusion isn't warranted. We *do* still need to worry about money in politics. Here's what Appelbaum gets wrong, and why it matters.

Part of Appelbaum's argument rests on the idea that money doesn't decide elections. As does Brooks, he cites a 1994 article by economist Steven Levitt, which found a modest effect of money by studying House elections between 1972 and 1990. Levitt estimated that spending an extra $100,000 in a House race increased a candidate's vote total by 0.33 percentage points, though this finding was not statistically significant.

But Levitt's study is also something of an outlier. The political scientist Alan Gerber, in a 2004 article titled "Does Campaign Spending Work?: Field Experiments Provide Evidence and Suggest New Theory," provides the following table, extrapolating the cost of each additional vote from several major studies prior to 2004.

TABLE 2: Approximate Cost of Adding One Vote to Candidate Vote Margin

	Incumbent	*Challenger*
Jacobson (1985)	$188/vote	$12/vote
Green & Krasno (1988)	$15/vote	$13/vote
Levitt (1994)	$367/vote	$110/vote
Erikson & Palfrey (2000)	$46/vote	$24/vote

NOTE: 1998 dollars. Calculations are based on 190,000 votes cast in a typical House district. For House elections, this implies that a 1% boost in the incumbent's share of the vote increases the incumbent's vote margin by 3,800 votes.

Here, a lower cost per vote means a greater effect of money. In contrast to Levitt's study, the other studies find a sizable effect on campaign spending for either challengers or incumbents (or both). Moreover, this table does not include Gerber's own 1998 article. Gerber found that in the average Senate race, incumbents' spending advantages gave them an estimated 6 percent increase in vote share — a significant improvement. In the 2004 article that the table comes from, Gerber discusses the results of five different field experiments in which challenger spending increased vote share (although incumbent campaign spending mattered much less).

Now, one can certainly argue about methodology. Because candidates anticipate the outcome and adjust their spending accordingly, it is not easy to estimate the effect of money on election outcomes. Levitt focuses only on House races with repeat challengers so as to control for factors specific to individual candidates. That's a useful strategy, but it doesn't make his article the one true analysis of campaign spending's effects.

Interestingly, despite the somewhat marginal effect that Levitt finds, he still argues for controls on campaign spending, writing that "Campaign spending limits appear socially desirable." He elaborates:

> Excess fund-raising appears to be a socially wasteful activity that distracts representatives from their legislative duties, grants excessive power to political action committees (PACs), and discourages potential high-quality challengers who do not have ready access to campaign funding and find fund-raising distasteful.

Appelbaum also pushes back against two other pieces of conventional wisdom. The first is the idea that there is too much money in politics. He notes that we spent more on almonds in the past year than we did in the 2014 election ($3.7 billion). Appelbaum also suggests that if politics were such a good investment, companies would be spending even more money. Appelbaum interviews political scientist Timothy Groseclose, who tells him: "If companies thought they could just buy politicians, we should see much more money being spent there." Stephen Ansolabehere and colleagues reach a similar conclusion in another article that Appelbaum cites.

The second is the idea that money "buys" a politician. Appelbaum argues that there are few examples of true quid pro quo corruption.

Both arguments miss the point. For one, they misunderstand how corporations make decisions about politics. As I show my forthcoming book, "The Business of America is Lobbying," no corporate executive actually expects to "buy" a politician. Corporations are investing in relationships, and campaign contributions are signals of friendship. As one lobbyist for a large corporation told me, contributions are a way of showing "respect for the process." Corporate actors have almost always tried to be bipartisan in their campaign contributions, and, although some industries favor one party more than another, the goal is generally to have more friends than enemies.

If large corporations made large independent expenditures in specific races — like a super-PAC might do — two things would happen. First, it would get a lot of media scrutiny, which would actually undermine its ability to get things done and possibly alienate its customers. Second, if a corporation made a big independent expenditure in one race, other politicians would ask for help as well. The corporations would be on the hook to spend even more.

This is why focusing on corporate campaign contributions misses the real story. The bigger, and more important money, is in lobbying. Appelbaum and I actually agree on this point. By my calculations, the ratio of corporate lobbying spending to campaign spending is 13-to-1.

The other problem is that it's less important how much elections cost than who is giving the money. My research found that in the 2012 election, just 0.01 percent of all Americans (31,385 donors) contributed more than 28 percent of the money spent in the election.

These donors collectively play the role of political gate-keepers. It's not so much that these donors are asking for any specific favors. But they do have different views than most voters. Mostly, they are economically conservative and want less government spending and lower taxes, especially on their financial assets. And, as Martin Gilens has shown, when rich people and poor people disagree, policy almost always aligns with the views of the rich.

The problem with our campaign finance system is not that elections cost too much money. The problem is that we have a campaign system dominated by a tiny sliver of the population. The overall cost is less important than who participates.

Fortunately, though, almonds are still accessible to just about everyone.

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