

Special Interest Groups

Special Interest Groups

(key questions)

- What are they?
- Why do they exist?
- What do they do?
- What types are effective?
- How does money effect the process?

What they are

Groups of people with a common passion who are organized and **mobilized** to affect political change.

A group of people sitting in a bar may have a common interest, but they are not really considered an interest group until they get off their butts to demand change. (cheaper beer? Later closing hours?).

Examples of special interest groups are: the Sierra Club (environment), National Right to Life (anti-abortion), the AMA (American Medical Association), Common Cause (campaign finance reform), the NAACP (rights for African Americans).

Why they Exist

Madison Fed #10.
An expression of freedom.
Product of the First Amendment
Anyone can do it.
The basis of civil society.

Madison in Fed #10 expressed that interests groups are inevitable, but in his eyes, troubling aspect of any free society. He mainly feared what he referred to as “tyranny of the majority”, whereby large groups would invade the rights of the minority. While his fear may have been that the poor would overpower the wealthy in a democracy, today we may have a situation where well entrenched minorities exert greater influence than the majority.

Types of Special Interest Groups: Private and Public

Private

Groups that act on behalf of just their own constituents.

Public

Groups that act in the public interest, for society at large rather than just their members interests.

Different types of interest groups are often given different labels, but be careful because these are often designed to confuse or mislead. If possible groups lie to label themselves as a “public interest groups rather than a special interest group.

Private interest groups fight for interests of their specific constituencies. Public interest groups have broader social aims that affect most everybody, not just their members. The label “public” makes them sound benign and groups like to use this title as it makes it sound like they are working for all of our benefit. However, if you look at the list, you will probably support some of the causes quite a bit more than others.

Types of Special Interest Groups: Private and Public

Private

Businesses
Professions
Labor

Public

ACLU
Common Cause

???????

Abortion Activists
Environmental Activists
Gun control lobby
NAACP
Gay Rights Organizations
Individual Cities and States

Is this a useful dichotomy?

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Types of Interest Groups

Narrowly based

Represents
A small
constituency.

Broad based

Represents
a large
constituency

Who is likely to be the most effective?

Another way to think about interest groups is to think about how many people they represent. The broader their base, the more democratic their aims. One might ask how many people support the aims of the NRA (Nation Rifle Association) for example compared to how many people support the aims of an environmental organization such as the Sierra Club.

While it may be intuitive to think that the broader the base of the group, the more successful it is likely to be, However, you will see that the broadness of support is only one factor that determines success. Many of the most powerful special interests are groups that organize and mobilize without a very broad base of support. Most of these groups represent powerful economic interests.

What Special Interest Groups Want

Special Interest Legislation

Special interest legislation refers to the myriad of laws that tend to be passed under the public radar screen. These include contracts for government jobs, tax breaks, subsidies, and exemptions from government regulation. Often it is legislation that benefits interests in one person's congressional district.

Special interest groups are groups with political motive the is they either want certain legislation to be passed or want to block legislation that goes against their interest.

Examples of Special Interest Legislation

Who: Lockeed
How Much: \$11,500
To: 5 members of the Armed Services Committee
For: Contract for the C-5B Cargo Plane

A few years ago a Time Magazine story highlighted this and the following pieces of special interest legislation (and the donations that may have helped them get through).

Examples of Special Interest Legislation

Who: United Auto Workers

How Much: \$35,000

To: 5 members of the Energy
and Commerce Committee

For: Requiring that foreign cars
use mainly American parts

Examples of Special Interest Legislation

Who: NRA
How Much: \$85,000
To: 5 members of the Judiciary Committee
For: The Mclure-Vockmer law making it easier to buy firearms.

What Special Interest Groups Want

Special Interest Legislation

15,877 “Earmarks” in 2006

Including 6,371 in the \$286 billion
Transportation Equity Act

which contained

Earmarks are a special form of special interest legislation that have gotten a lot of press lately. These are last minute amendments to funding bills that designate how part of the bill’s funding will be used. For example a highway bill may have hundreds of earmarks attached to it. The beauty of an earmark from a legislator’s point of view is that no name gets attached to it, so little bad press is likely to be generated from the political favor.

Special Interest Legislation



.....A Bridge to Nowhere

Alaska's Gravina Island (population less than 50) will soon be connected to the megalopolis of Ketchikan (pop. 8,000) by a bridge nearly as long as the Golden Gate and higher than the Brooklyn Bridge. Alaska residents can thank Rep. Don Young, who just brought home \$941 million worth of bacon. The 20-mile-long island, home to fewer than 50 people, has no stores, no restaurants and no paved roads. An airport on the island hosts fewer than 10 commercial flights a day. Sponsored by Rep. Don Young, Chairman for the House Committee on Transportation on Infrastructure.

Beyond what ever pubic benefit this bridge will provide, local businesses including the contractor who will build this thing will reap huge profits.

What Special Interest Groups Want

Special Interest Legislation

Democrats said if given power, they would reduce these and require all authors of earmarks be publicly identified.

(so far no change)

As a political tactic their use as exploded in recent years at the numbers below show.

Year	Earmarks
1990	200
1995	1,439
2005	13,997
2007	32,000 (requested)

(source Farkeed Zakaria_ New York Times)

What Special Interest Groups Want

Special Interest Legislation

11,145 Earmarks in 2007

in a 1,400 page appropriation bill.

Worth \$15.3 billion.

Bush, now a fiscal conservative, calls Congress "irresponsible" and says he will ignore earmarks that are legally non-binding.

While Republicans had a majority in Congress, president Bush did not veto any bills containing earmarks; however, now that the Democrats have power, he has vetoed a number of bills due to what he calls wasteful spending. On 11/13/07 Bush vetoed a Democratic spending bill with 2,000 earmarks including:

A prison museum

A sailing school taught aboard a catamaran

A Portuguese as a second language program

While still large, the Democrats have cut down the number of earmarks 25% since 2005's all time high.

What Organized Special Interest Groups Do.

The “Outside Game”

(interfacing with the public)

The “Inside Game”

(direct (and quiet) lobbying of public officials.)

The rest of this lecture will examine what special interest groups do to achieve their goals.

Special interest groups use both what is known as the inside game and what is known as the outside game.

What Organized Special Interest Groups Do.

(the outside game)

Publicize issues
Inform Constituencies
Raise and Donate Money
Endorse Candidates
Take “direct action”

This week’s activity will give you a first hand look at the outside game. Not only do special interest groups inform members and the public about issues, they also inform people how their election officials have voted on the issues they are interested in.

“Direct action” generally refers to protests, demonstrations, boycotts, and other public events.

Using the Outside Game

(and getting a Senate response)

“Quickly organized, small, bi-coastal protests on Friday, one at Nikes’ Oregon headquarters- one at the NFL’s New York office - were just the start of a multi-pronged campaign to increase public pressure on Vick’s corporate partners. An online e-mail campaign orchestrated by the 10 million-member Humane Society - has driven 200,000 messages to NFL headquarters. PETA (People for the Ethical Treatment of Animals) plan additional demonstrations. Meanwhile, outrage against Vick is getting support in unusual quarter - like the U.S. Senate. This week Sen.Robert Byrd condemned dog fighting on the floor of the Senate as “barbaric”.

SF Chron. 7/21/07

A direct action campaign helped influence legislation that was a reaction the Michael Vick dog fighting scandal.

What Organized Special Interest Groups Do.

(the inside game)

Lobby/Hire Lobbyists

Small, but well funded interest groups may focus most heavily on the inside game. Businesses who want a piece of legislation in their behalf are not likely to get much benefit publicizing their issue nor are they likely to have a bunch of people come out to the street to support them. However, meeting quietly with government officials can have a pay off.

What lobbyists do.

(The Inside Game.)

Meet with legislators
Testify at hearings on bills.
Write legislation.
Befriend Congressmen.
Inform constituents.
Raise money.

Lobbying

(the inside game)

Over 80,000 registered lobbyists in
Washington D.C.

GE = 120 lobbyists

Drug lobby = 625 lobbyists (in 2001)

While anyone can lobby Congress, the most effective lobbyists are paid professionals who work full time at it. They are hired by many clients and often lobby for multiple and diverse causes. The best are paid in 6 digit figures and their value often comes from their connections to members of Congress and the access they thus have.

What lobbyists may NOT do.

Give legislators money in exchange
for votes.

Abramhoff--->\$75,000 ----> Delay
-----> Indictment

Powerful Republican representative Tom Delay was just one of a number of Congressmen indicted last year for taking large sums of money from lobbyists - in this case the powerful and well connected Jack Abramhoff who was also indicted. Representative Cunningham of California now sits in prison after being convicted last year of taking money from a defense contractor in return for his support in getting that them lucrative deal.

Randy Cunningham (8-term Republican) pled guilty to a \$2.4 million bribe -- Defense contractor Bret Wilkes convicted later of providing Cunningham with nearly \$90 million in cash and gifts.

The Art of Lobbying

“Legislators aren’t dumb enough to trade a favor that could come back and haunt them for a day of golfing. This is more about developing cordial relationships, and what better place to do that but in a comfortable, even lavish setting.”

(Sheila Krumholz Center of Responsive Politics, Wash. D.C.)

As this article shows, good lobbying involves establishing good friendships rather than quid pro quo. Of course, the firms or groups that lobbyists represent are likely to donate generously to elected officials that support their causes, and there is nothing illegal about that.

The Art of Lobbying

(A lobbyist Describes His Work)

PPsychological pressures are far sounder than financial or political threats, I spend by far the largest part of my time on personal attention. Say for example that I'm talking to a senator and I notice that he's coming down with a cold. Well. After I leave I stop off at the nearest drugstore and send a messenger with a bottle of cold tablets to him. Who could accuse me trying to buddy anyone with a dollars worth of cold tablets. But it's remembered. It's thoughtful.

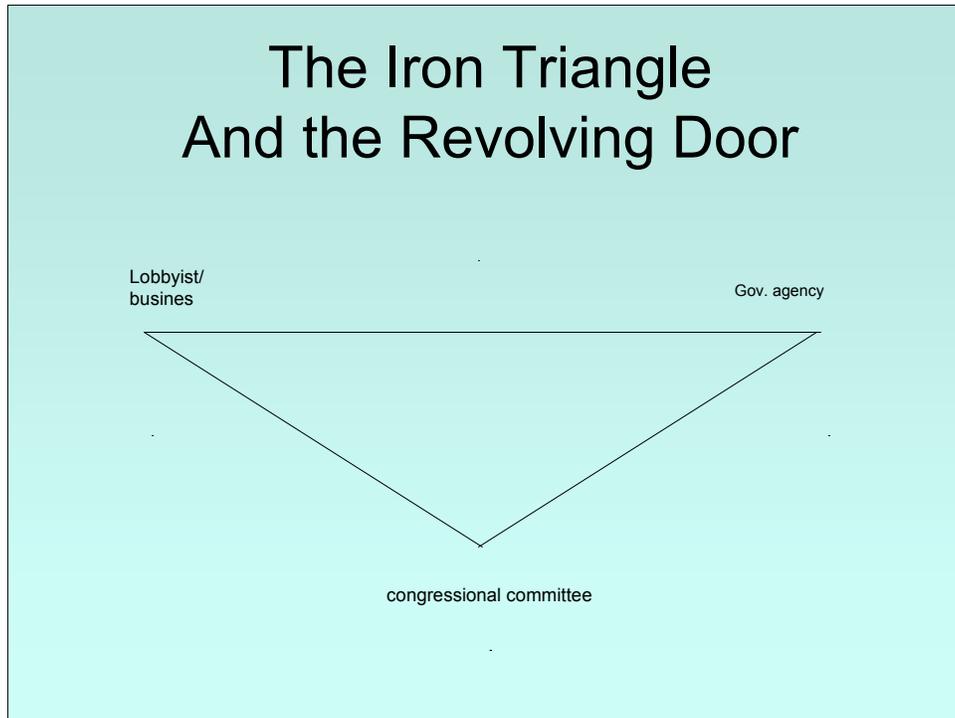
From Richard Harris "A Sacred Trust".

Ethics Reform: 2006

- Lobbyists may not take legislators to a sit down lunch or diner (stand up parties with fancy appetizers now all the rage)

Despite talks of reform - not much has happened.

The Iron Triangle And the Revolving Door



Groups of lobbyists, elected official and bureaucrats, often form tight groups that are hard to penetrate and are thus referred to as Iron Triangles. More on these when we study Congress.

Many lobbyists are former government officials who make top money after they “retire” from public life. The frequency of members of these three corners of the triangle has led to the idea of the revolving door.

The Revolving Door

From Government to Lobbyist

Of the top 100 officials in the the
Clinton Administration, 51 now
work as lobbyists.

Center for Public Integrity

(Must wait one year before lobbying former agency. Former members
of Congress must also wait a year.)

Do you think a years wait time makes much of a difference?

The Revolving Door

Former Senator
George Mitchell

After retiring:

- Earned \$10 million from tobacco companies.
- Was hired by GE to stop the EPA from forcing them cleanup PCB's spewed into the Hudson River.
- Was hired by the chocolate industry to stop Congress from requiring that labeling of candy that used child or slave labor.

Mitchell is most famous most recently for his government commissioned report on the use of steroids in professional baseball (which some have criticized for letting ownership for the most part off the hook.)

Special Interest Groups and the Money Game

Campaign Finance Reform and the Difficulties
of Implementing It.

While lobbyists themselves can not give large sums of money to politicians, the special interests, the special interests they represent do, despite complex laws that attempt to regulate this.

Special Interest Groups and the Money Game

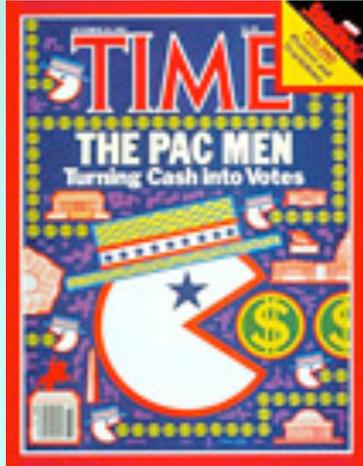
- Pre 1970's - virtually no regulation
- Watergate and Campaign Finance Reform of 1974:
 - **Disclosure**
 - Creation of the FEC.
 - Limits on individual contributions to candidates(stop the “fat cats”). (**\$,2000** max donation)
 - Parties can give up \$10,000 - \$35,000 per candidate*
 - People can give as much as they want to a party.
 - No direct corporate donations.
 - Allowed Corps. and Non-profits to form **PAC's** (Political Action Committees)

The FEC - Federal Election Commission - oversees the laws.

* The amount depends on the office.

The main thrust of the post Watergate reform was disclosure - this is the idea that if people knew where politicians got their money from, the public could and would hold them accountable. The reality is that it takes a lot of effort to trace this, and most of the public does not pay attention.

Special Interest Groups and the Money Game - PAC's



Time Magazine
Cover 10/25/1982

Because the law put limits on individual and direct corporate donations PAC's (political action committees) became all the rage in the early 1980's and remain key players up to the present.

There were only 113 Pac's in 1972, by 1982 there were 3149. Today there are tens of thousands.

Special Interest Groups and the Money Game

PAC's - the 1974 legislation

- Raise and Donate Money.
- Can be created by Corporations and non-profit groups.
- No limits on how much one may give to a PAC, but PAC's must have at least 50 members and give to multiple candidates.
- PAC's may give up to **\$5,000** to individual candidates and \$15,000 to parties per election.
- No limit on overall contributions to candidates.
- Can make unlimited contributions to "advocacy groups" and other PAC's.

Pac's are organizations connected to corporations, industries, and other types of special interest organizations (such as right to lifers, environmental groups and so forth) that raise and donate money.

The advocacy loophole is huge and remains today - an advocacy group is a group that advocates for an issue and even a candidate, but is not connected to the official campaign and thus is not affected by the limits on what one may give to a candidate.

Advocacy groups are often referred as "527 groups" due to their IRS tax status designation as non-profit organizations. An example for the last presidential election the the Swift Boat Veterans group that was very effective in defaming John Kerry.

Special Interest Groups and the Money Game

- Pre 1970's - virtually no regulation
- Watergate and Campaign Finance Reform 1974
 - **Disclosure**
 - Creation of the FEC.
 - Limits on individual contributions (stop the "fat cats").
 - No direct corporate donations.
 - Allowed Corps. and Non-profits to form PAC's (Political Action Committees)
 - Created the "hard" vs. "soft" money distinction (the soft money loop hole)
 - "Soft Money": money given to parties for general activities --- was not limited.

A final key part the 1974 law was the distinction between "hard" and "soft" money.

Campaign Finance

(Pre McCain/ Feingold Reform)

Hard Money

Money given directly to campaigns.

regulated/limited

Soft Money

Money given to the parties, or independent advocacy groups.

unregulated /unlimited

Campaign Finance

Hard Money

If ad says:

“Vote for Clinton”

funding regulated

Soft Money

If ad says:

“Clinton gets it done.”

or

“Vote Democratic.”

funding unregulated /unlimited

Money received by the parties as soft money could not be used to directly endorse a particular candidate. However, it could be used for what the courts called “general party building activities”.

The falseness of this distinction led widespread calls to reform the system.

Special Interest Groups and the Money Game

Why the loop hole?

“Money Talks”
Buckley v. Valeo 1976

However reform became constitutionally difficult.

The right of advocacy groups and the parties to raise and spend as much money as they wanted was affirmed by the Supreme Court which said in the famous 1976 Buckley case that giving and spending money was an expression of free speech.

However, the court did uphold limits on direct donations to candidates saying this was needed to insure the integrity of elections.

Does it help to limit donations to campaigns if spending by parties and advocacy groups is unlimited?

Special Interest Groups and the Money Game

The First Amendment was written to protect political speech. PAC's are simply one manifestation of your personal First Amendment right to express your political beliefs. They are the best way for the average citizen to participate in the political process of self-government because they enable each of us to "put our money where our mouth is."

Phyllis Schlafly

Schlafly argues against campaign funding limits and in defense of money as free speech.

What do you think of this?

Campaign Finance Reform Round II

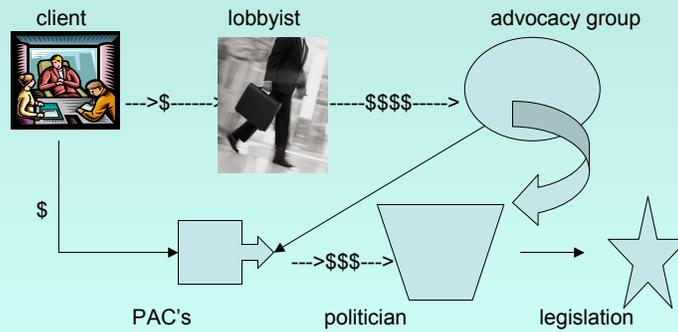
McCain-Feingold Bill 2002

- Eliminated the soft money loophole. (Parties can longer spend unlimited amount on faux campaigns.)
- Doubled size of legal contributions to parties and candidates.
- No limit on donations to “527 groups”: These are tax exempt “advocacy” groups that can lobby for issues but not for candidates directly.
 - *But prevents advocacy groups from running “issue ads” that endorse a candidate 60 days prior to an election.*

After decades of tireless work McCain got a major campaign finance bill through Congress. It ended unlimited “soft money” donations to the parties, However, because the Republicans Party had been out-raising the Democratic Party, this earned McCain the ire of his own party leadership, which has continued to dog him throughout the 2008 campaign.

Others criticize the bill for leaving the advocacy group loop hole in place (which supporters say was necessary to avoid having the courts overturn the bill.) The one part of the bill that was meant to put some limit on advocacy groups (see red above) was indeed overturned in June of 2007 when the Court said suspension of ads by Wisconsin Right to Life, an anti-abortion group, was unconstitutional.

The Current Situation



It is pretty hard to trace money these days. Politicians often control and receive money from dozens of PAC's. In real life money flows in a much more complicated pattern than this. Dozens of PAC's, politicians and advocacy groups may be intertwined. Donations are often "bundled" from multiple donors and then funneled through various individuals and groups making the actual origins of funds almost impossible to trace.

Hedging One's Bets

(the old system of giving to both parties)

Brokerage UBS gave \$10,000 to Pelosi's **committees** in 2003-4 and doubled the donation to \$20,000 this year. Of the \$1.5 million it has contributed thus far, 48% has gone to Democrats and 49% to Republicans.

S.F. Chronicle 10/11/06

As Speaker of the House, Nancy Pelosi is deep into the money game. Notice that she has numerous PAC's she is connect to. Some of this money would go to her campaign, other funds could be used by her to support Democrats who are loyal to her.

But notice UBS gives to Republicans too. This common practice is to insure access no matter which party wins.

\$\$ = Access

If you give to both sides - it doesn't matter
who wins.

But it is always good to give to the
frontrunner; thus the incumbent advantage.

The K Street Project

Coordinated by Jack Abramhoff, Grover Norquist, and Tom Delay

"The goal of the **K Street Project** was and is quite simple. We advise companies and trade associations to hire men and women who understand free-market economics, who support their principled positions for free trade, against tort law abuse, and for lower and more transparent taxation."

from the KSP website.

Pressure Special Interests to give only to Republicans

"If you want to join our revolution you have to play by our rules."

Tom Delay

K-Street is the street in Washington D.C. where most lobbyist have their offices. The K-Street project was started Republican supporters shortly after the Republicans gained a majority in Congress 2004. Its goal was to prod lobbyists to work only for clients who gave ONLY to the Republican Party. Those who worked for clients who gave to the Democrats would be cut out of the system.

This apparently had great success as in 1990's contributions from leading corporate donors were split roughly even. By 2006, GOP had a 2 to 1 edge.

Of course the Democrats complained bitterly - it remains to be seen if they will use the same tactic now that they are in the majority. First, they may have to show some staying power by winning big in 2008.

The K-Street Project's website describes itself as a "is non-partisan research group of political affiliation, employment background, and political donations of members in Washington DC's premier lobbying firms, trade associations, and industries."

Campaign Finance Reform

Cracking the Nut

Address the costs of campaigning, not the source of funding.

Free air time?

Public Financing?

Good ideas worth considering perhaps: But you must ask who will get the free air time (anyone who wants to be president?), and who will pay for it - the networks might be forced to do it for free as the air waves remain in the public domain and are only licensed to the networks, but then again these same networks dominate the FCC which regulates this.

Campaign Finance Reform

A Couple of Other Ideas

Encourage the giving of small contributions

Provide Matching Funds for small donations.

Provide Tax Deductions for small donations.

Obama as of 7/07: 258,000 donors, 90% under \$100, 50% under \$25.

How democratic is the Special Interest process?

Who can work the system?

Group size (the AARP)

Group financial resources

Group sense of empowerment

Group understanding of the system

Group commitment to the cause

(producers vs. consumers)

Producers (businesses) tend to win over consumers not only because they have more financial resources, but because they also tend to be more committed. A subsidy or special tax exemption for a corporation may mean many millions of dollars of additional profit, but only cost each of us consumers a few dollars a piece. It is pretty obvious who is going put the most effort in getting the legislation that will benefit them.

A Couple of Notes on '08

The Sweet Flow of Cash



Obama donations to super delegates: \$890,000

Clinton donations to super delegates: \$195,500

(by Feb. 14 '08)

It wasn't just valentines that super delegates were receiving in February of 2008. Despite both candidates talk of reforming the money game, they big tie players of it. Money donated to the Clinton and Obama campaigns were in turn donated and Clinton have the same right as anyone to donate to candidates, it does seem seem a little unseemly to have the nomination influenced in this way.

The McCain Quandary

- Clean McCain
 - Much of McCain career has been based on his long fight to get money out of politics, but a recent NY Times story suggested his had deep ties to lobbyists.
 - Public Funding: McCain accepted public funding for the primaries b/c he had little money. He has now spent to the limit of that money, and cannot spend more until after the party convention in August. In the meantime Obama is likely to outspend him 10 to 1.

Presidential candidates can receive public financing if they agree to strict limits on how much they spend. Those with lots of money tend to reject public financing so that they can outspend their opponents.

McCain now want to give back the public financing he received and try to raise money to not get buried by Obama (or Clinton - but her campaign is running short too). However, the courts are telling McCain that once he accepted the money, he can not back out of the limits even if he gives it back. He's appealing.

The Obama Quandary

- Many month's ago when Obama was not the frontrunner and did not have gobs of cash, he pledged if nominated to accept public financing and thus abide by its strict limits. Now that he has a huge cash advantage over McCain will he give up that advantage? Should he?