

CLASS JOURNAL

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PSC 300

SYRACUSE UNIVERSITY

MONEY AND

POLITICS

**WHAT ARE THE CONSEQUENCES OF
MONEY IN POLITICS? PART 3**

CONSEQUENCES

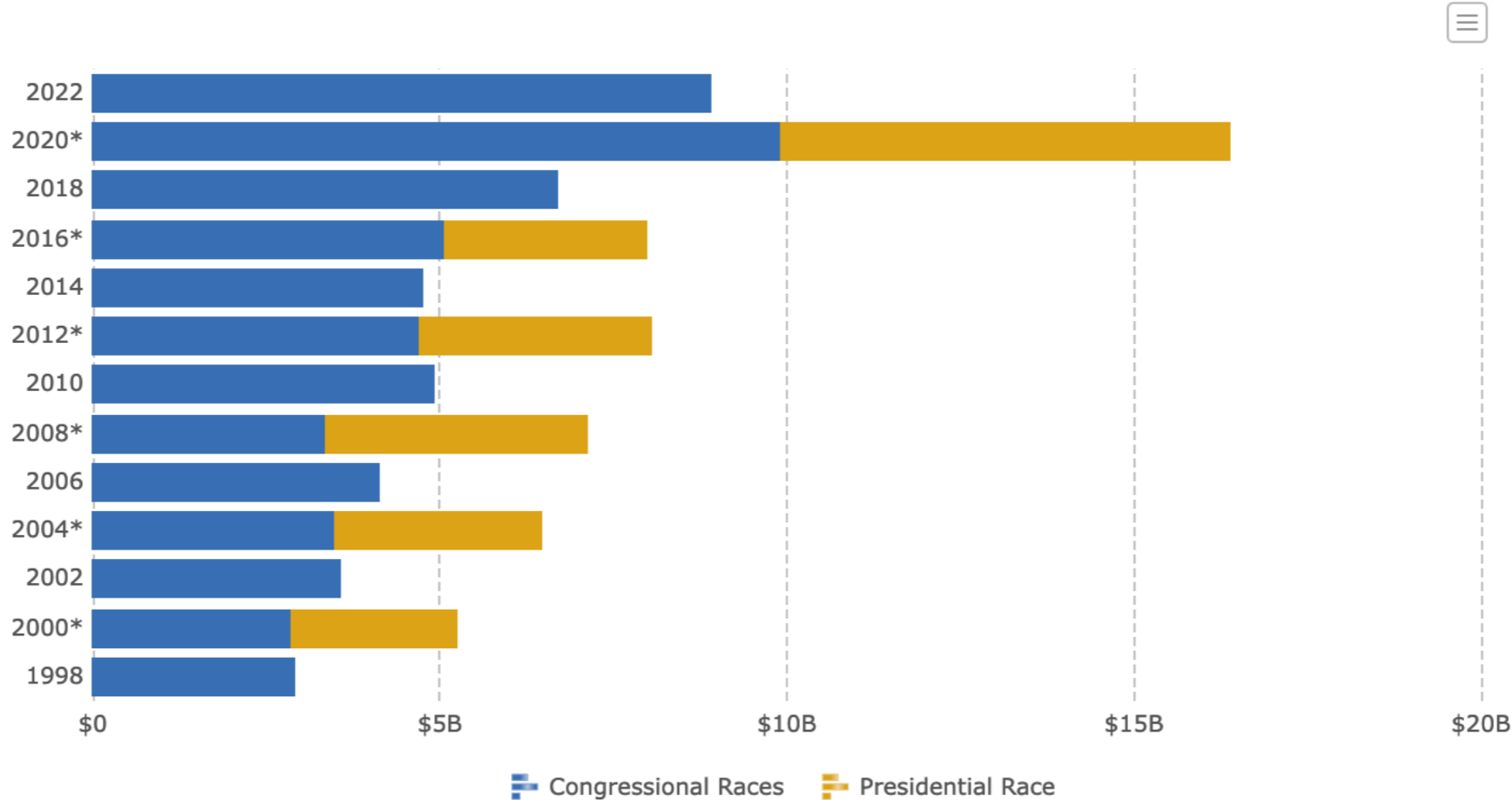
- **Consequences of money in politics**
 - **Consequences of bureaucratic corruption**
 - **Consequences of money in politics on policy**
 - **Consequences of money in politics on political competition**

CONSEQUENCES

Total Cost of Election (1990-2022)

View totals by type of race Adjust for Inflation?

Note: Numbers have been adjusted for inflation.



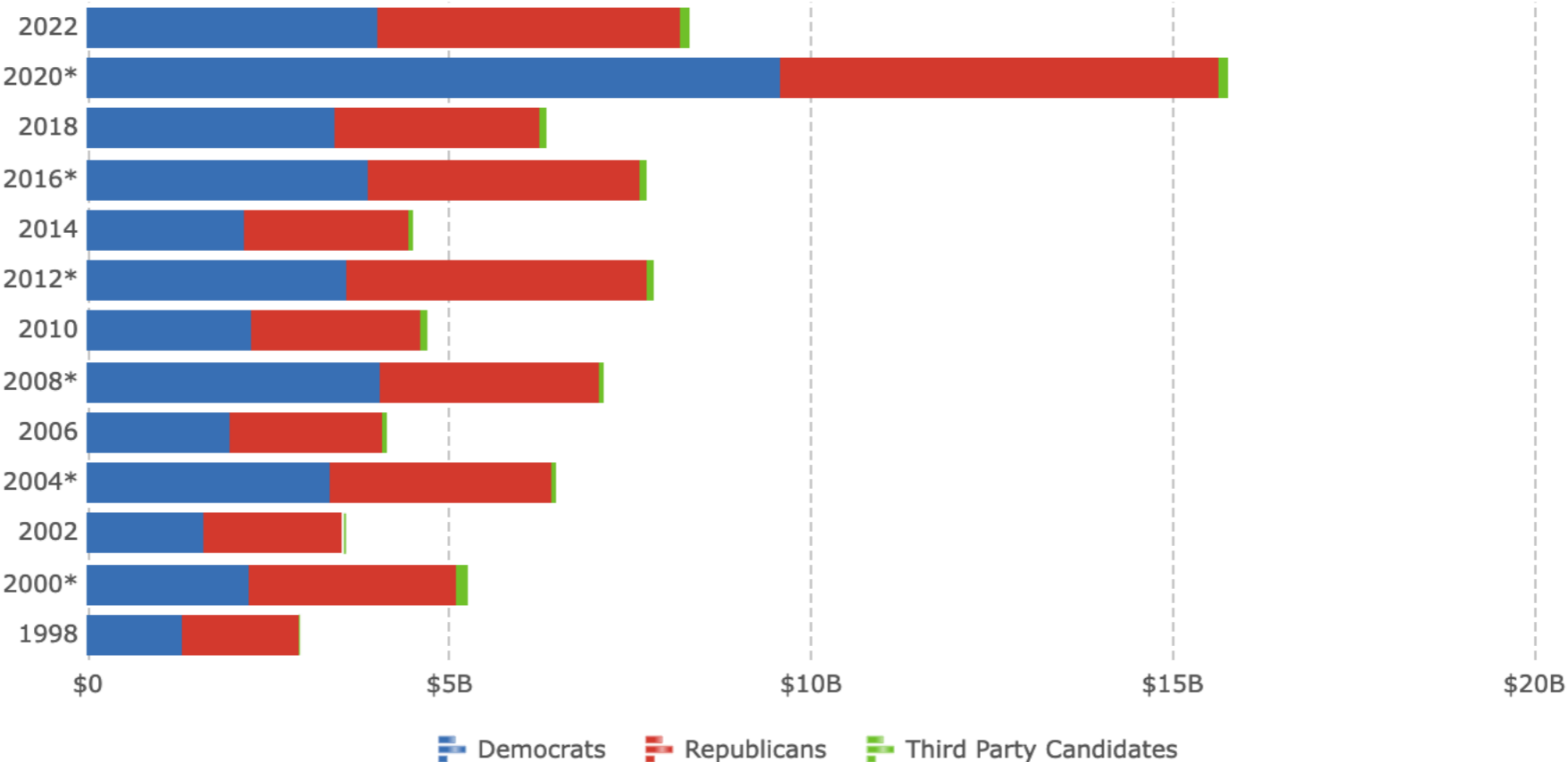
CONSEQUENCES

Total Cost of Election (1990-2022)

View totals by party ▼

Adjust for Inflation?

Note: Numbers have been adjusted for inflation.



CONSEQUENCES

Haley has far outspent Trump on ads in South Carolina

Most of Haley's ads attack Trump, and others tout her time as governor.



MADISON FERNANDEZ
02/24/2024, 5:01PM ET



Nikki Haley faces tough odds in her home state today. She's dumped millions of dollars into advertising anyway.

Since the beginning of the year, the former U.N. ambassador and her allies have spent more than \$15 million on TV, radio and digital advertisements in the Palmetto State, according to ad tracker AdImpact. Haley's campaign and SFA Fund Inc., the super PAC supporting her, each put in about \$6 million, and Americans for Prosperity Action spent about \$3.2 million.

That eclipses former President Donald Trump's investment of just over \$900,000 in that time frame. MAGA Inc., the pro-Trump super PAC, has stayed out of South Carolina.

How Much Cash Did Ron DeSantis Burn Through Against Trump?

The Florida governor's well-stocked super PAC and campaign spent a stunning amount on a primary race he departed after just one contest.

It cost more than \$160 million for Gov. Ron DeSantis of Florida to come in second place in a single nominating contest.

That astounding sum makes Mr. DeSantis's failed presidential bid among the most expensive in modern Republican primary elections. But the details of where the money went, laid out in filings to the Federal Election Commission on Wednesday, show just how free-spending Mr. DeSantis and his allied super PACs were.

They directed at least \$53 million through firms controlled or owned by Jeff Roe, the powerful Republican strategist who served as the top adviser to Never Back Down, Mr. DeSantis's main super PAC.

They spent \$31.3 million on television advertising time.

They spent at least \$3.3 million on private airfare, between the campaign and Never Back Down.

And they donated roughly \$110,000 to the campaigns of state and federal elected officials who had endorsed Mr. DeSantis.

All for [23,420 votes](#) in Iowa.

CONSEQUENCES

- **How does having more/less money in politics affect political competition?**

CONSEQUENCES

Citizen



Candidate



Political office

CONSEQUENCES

Citizen

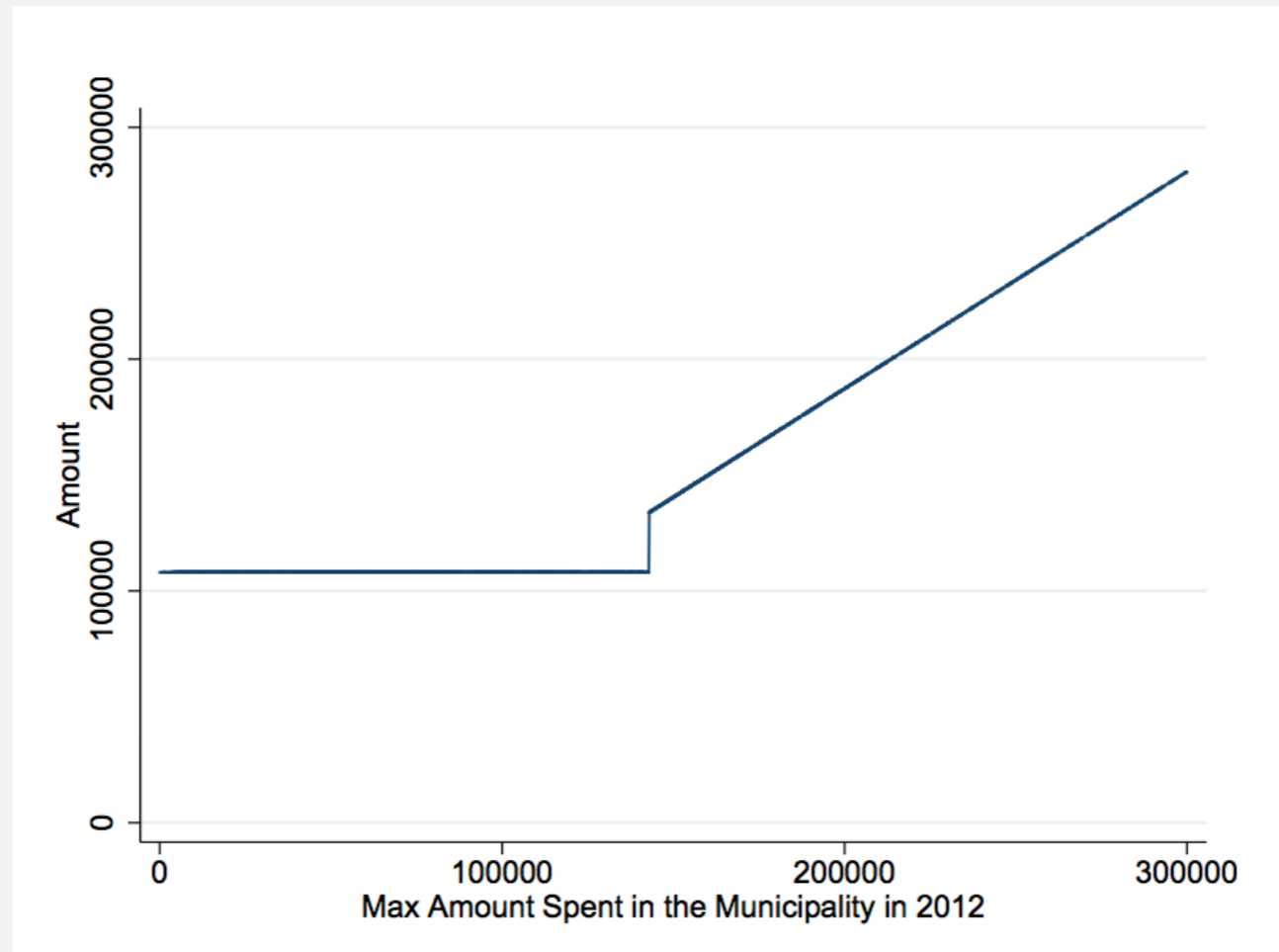


Candidate



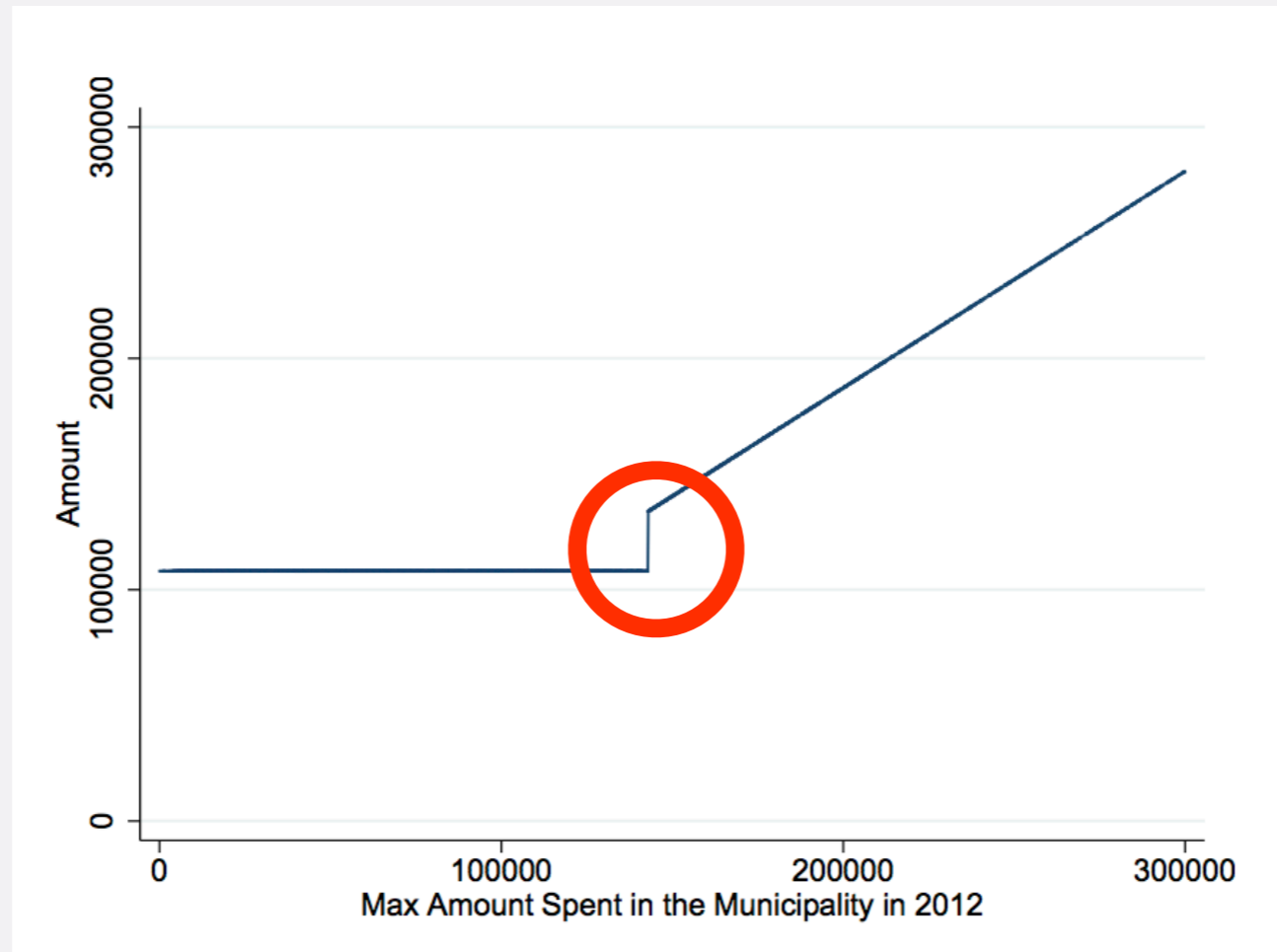
Political office

POLITICAL COMPETITION



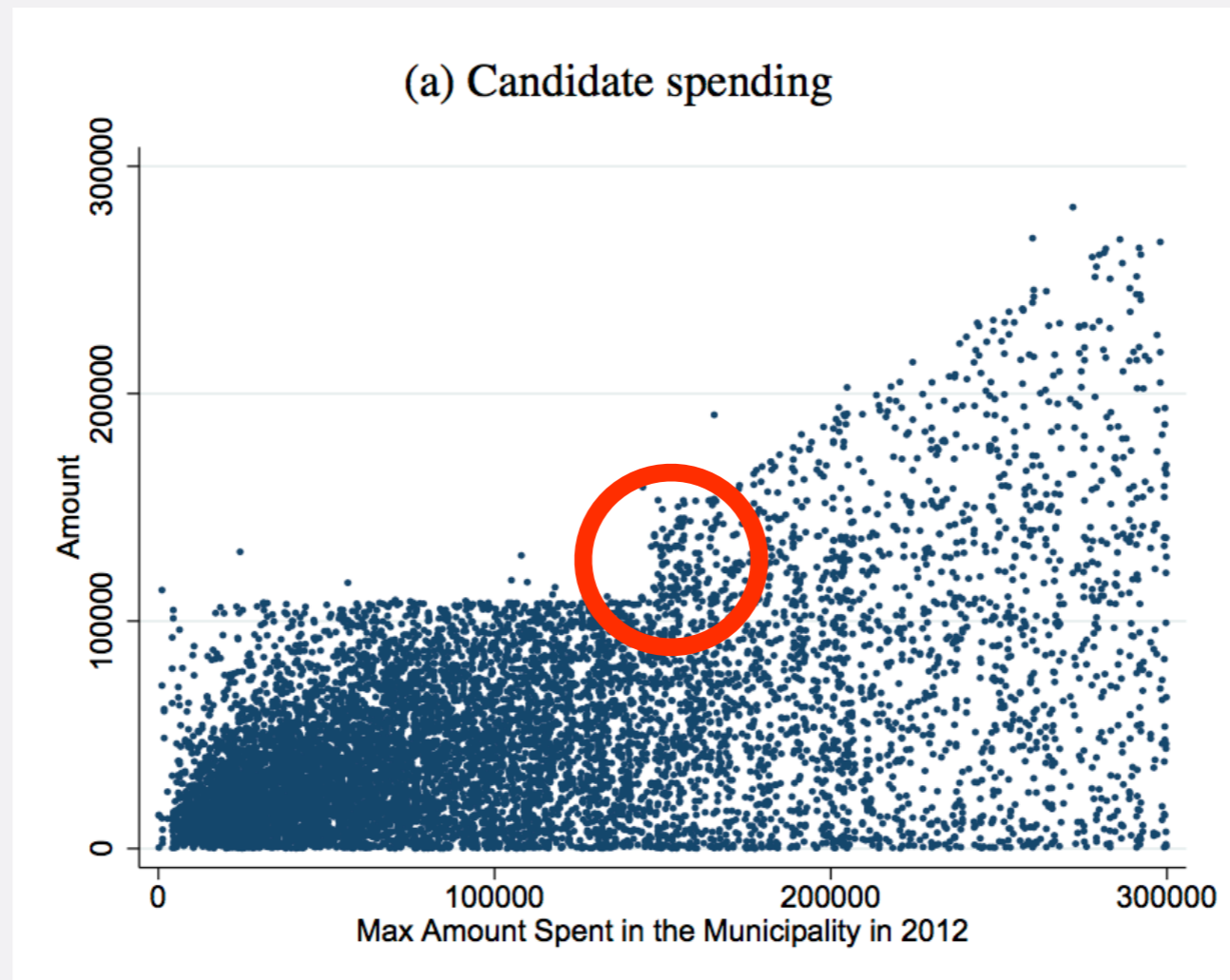
- **Brazil, 2016 municipal elections (mayors)**
- **New campaign spending limits**

POLITICAL COMPETITION



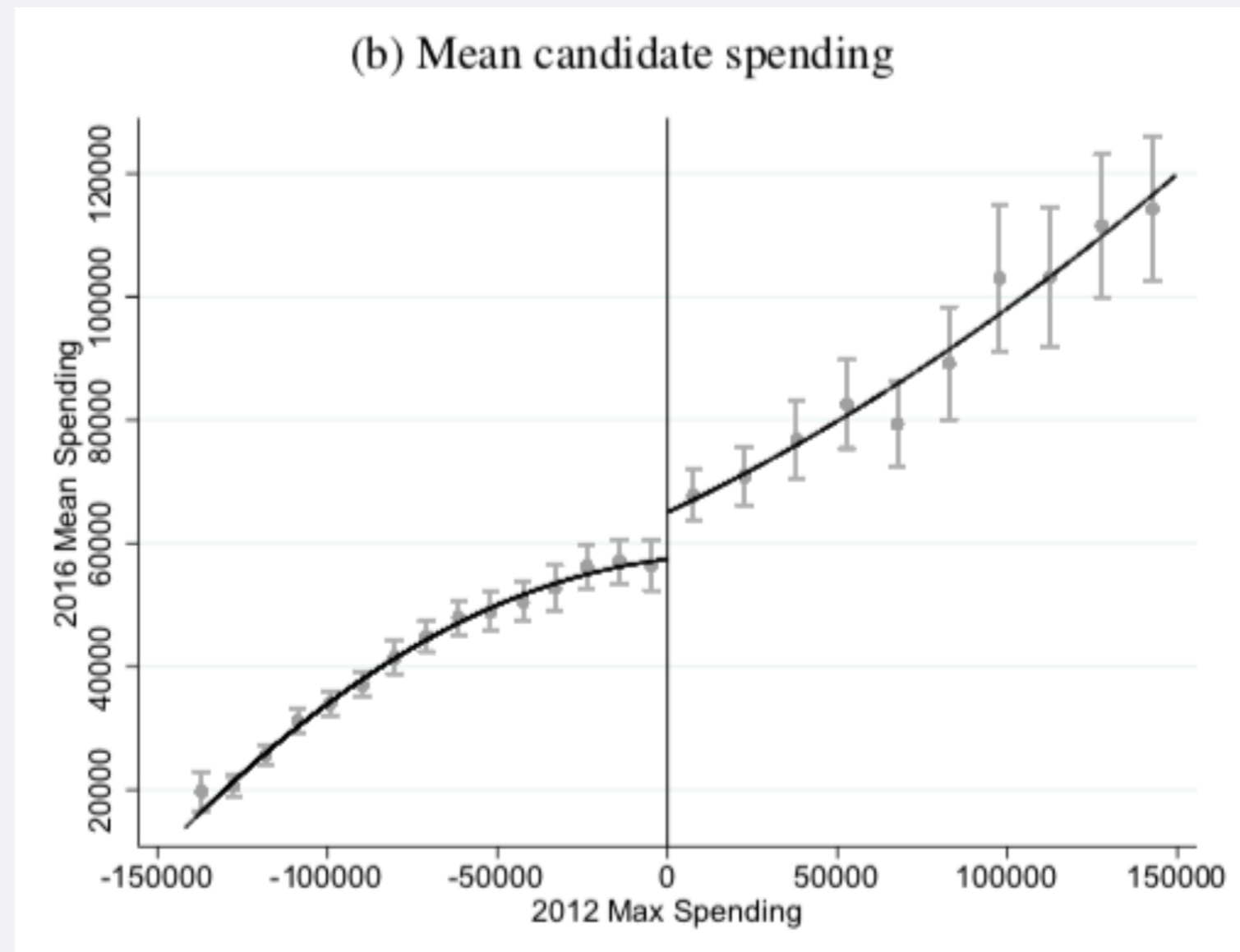
- **Jump in spending limit by ~25%**

POLITICAL COMPETITION



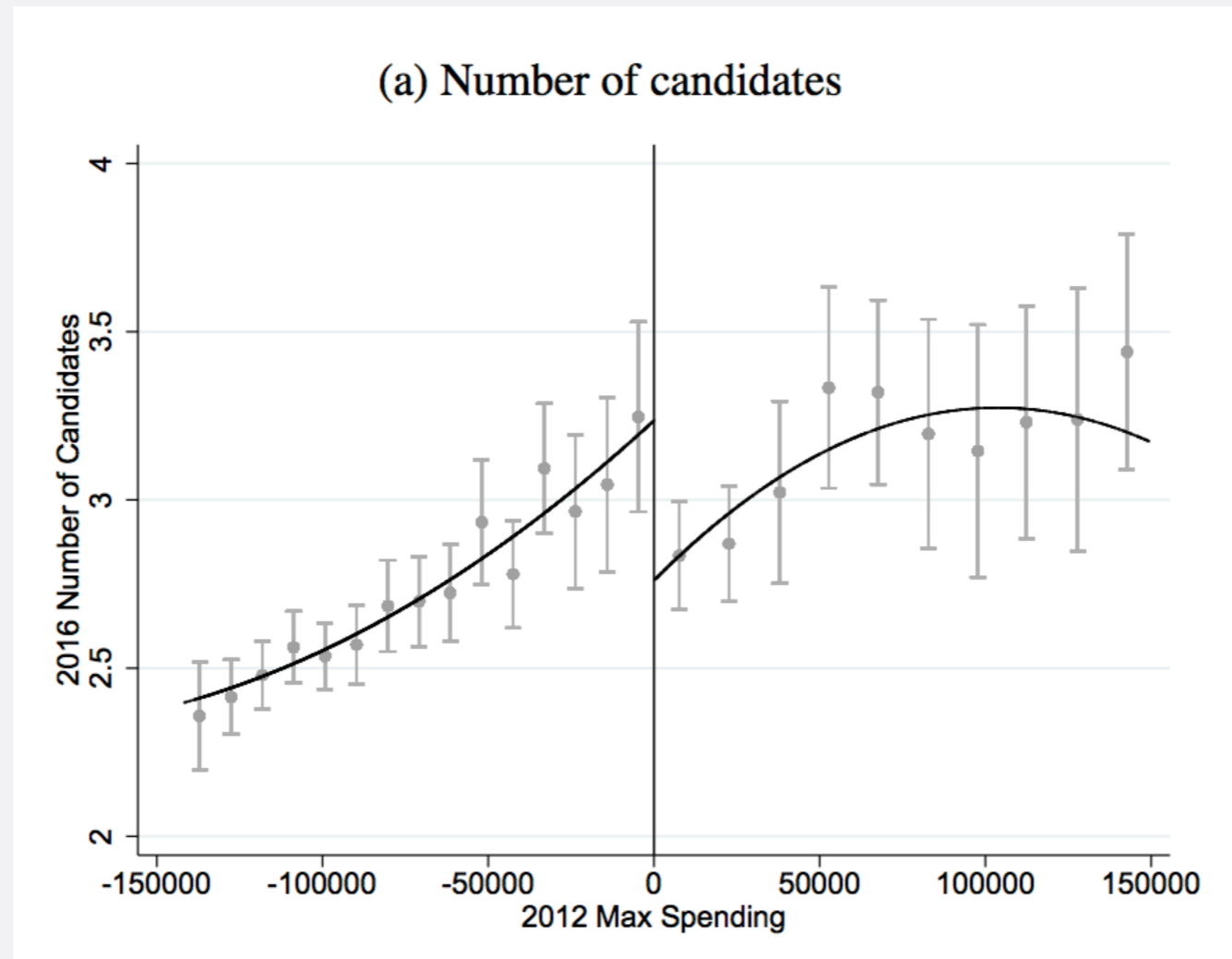
- **Candidates in some municipalities can spend 25% more than incumbents in other municipalities that are otherwise very similar**

POLITICAL COMPETITION



- **Candidates in municipalities that have a higher spending limit do spend more on campaigning**

ENTRY



- More candidates run for office when campaign spending limits are lower

ENTRY

- **So: How much campaign spending there is affects who runs for office**

NOT JUST CAMPAIGN SPENDING

- **Other forms of money in politics also shape who runs for office**
 - **e.g. potential for self-enrichment**

WEALTH DISCLOSURE

भारतीय धैर न्यायिक

दस रुपये **TEN RUPEES**

रु.10 **Rs**

INDIA NON JUDICIAL

हरियाणा HARYANA

KATLAH

APPOINTED BY GOVT. OF INDIA

FORM 26
(See rule 4A)

BEFORE THE RETURNING OFFICER FOR ELECTION TO HARYANA LEGISLATIVE GENERAL ELECTION 2014 FROM 87-BADHKAL CONSTITUENCY.

I, SEEMA TRIKHA wife of Shri. Ashwani Trikha aged about 47 years, resident of house no. 3F/163, NIT Faridabad, District Faridabad a candidate at the above election, do hereby solemnly affirm/state on oath as under:-

(1) I am a candidate set up by BHARATIYA JANTA PARTY.

(2) My name is enrolled in 87-Badhkal Vidhaan Sabha of Haryana State at Serial No 1091 in Part No. 32

(3) My contact telephone number(s) is 9891051557 and my e-mail id is seematrikha.bjp@gmail.com And my social media accounts is on Facebook by Name SeemaTrikha and maintaining a facebook page by the name : bjpseematrikhabadhkal-87 and

Seema

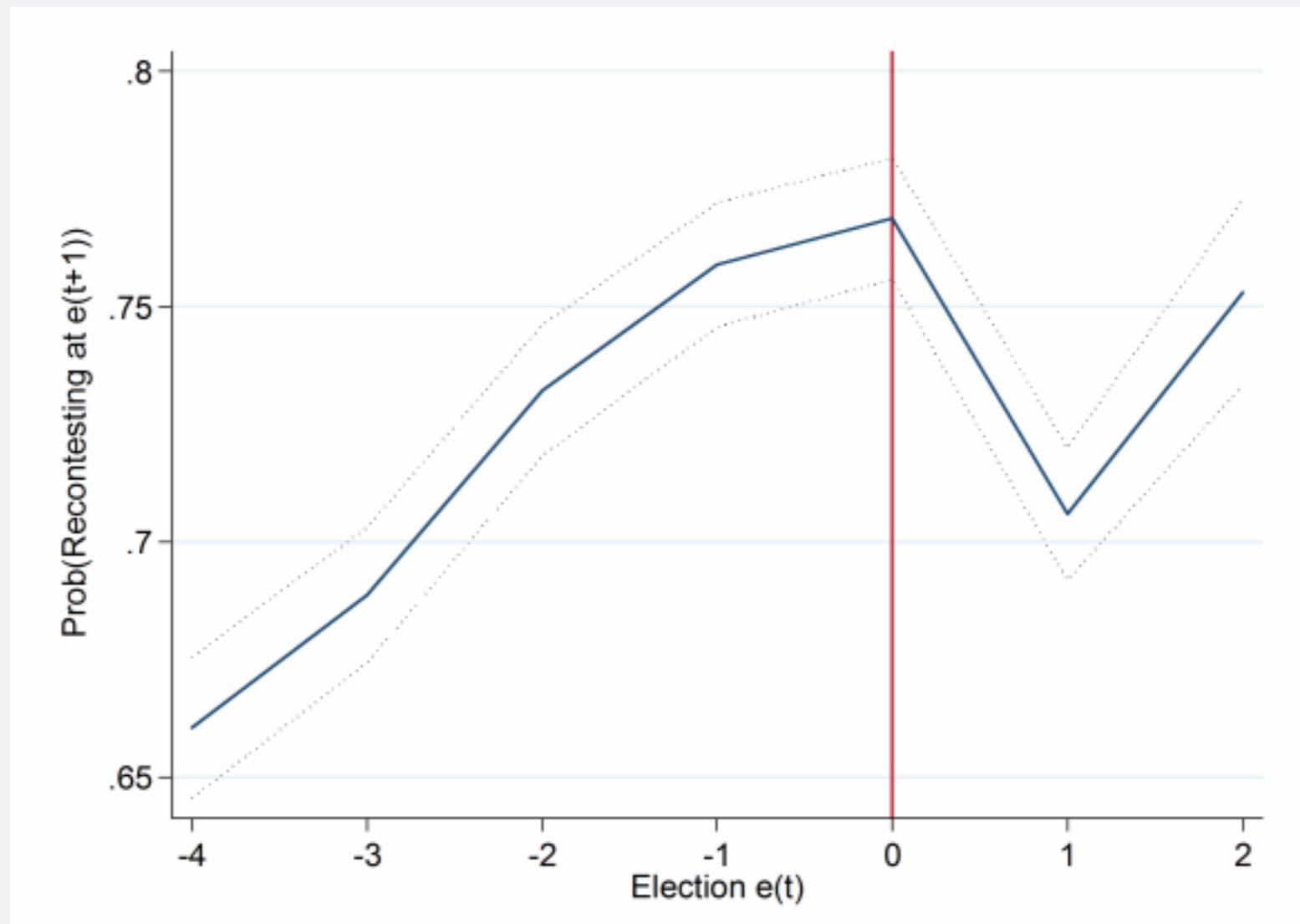
	construction etc.					
	Approximate current market value.	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(iii)	Commercial Buildings (including apartments) - Location(s) - Survey numbers(s)	NIL	1. B:- 390-391,Nehru Ground First Floor,NIT Faridabad 2. Chamber No.361 (half share),District Court Faridabad.	Not Applicable	Not Applicable	Not Applicable
	Area (total measurement in sq.ft)	NIL	1.630 Sq.Ft 2.12X9 Sq.Ft.	Not Applicable	Not Applicable	Not Applicable
	Built-up Area (total measurement in sq.ft)	NIL	1.600 Sq.Ft 2.108Sq.Ft	Not Applicable	Not Applicable	Not Applicable
	Whether inherited property (Yes or No)	No	1.No 2. No	Not Applicable	Not Applicable	Not Applicable
	Date of purchase in case of self-acquired property.	NIL	1.29/11/2006 2. 30/03/2012	Not Applicable	Not Applicable	Not Applicable
	Cost of property (in case of purchase) at the time of purchase	NIL	1.Rs10Lacks 2.Rs1.25Lacks	Not Applicable	Not Applicable	Not Applicable
	Any investment on the property by way of development, construction,etc	Nil	1.Renovation,Furniture and fixture worth Approx Rs 3,00,000/- 2. Renovation, Furniture and fixture worth Approx Rs85,000/-	Not Applicable	Not Applicable	Not Applicable
	Approximate current market value.	NIL	1.Rs40,00,000/- 2.Rs3,50,000/-	Not Applicable	Not Applicable	Not Applicable
(iv)	Residential Buildings (including apartments): - Location(s) - Survey number(s)	NIL	1/4 th Share in built-up house property No.3F/163,NIT Faridabad, Value Rs55,00,000/-	Not Applicable	Not Applicable	Not Applicable
	Area(total measurement in sq.ft)	NIL	1/4 th Share measuring approx 525 Sq.Ft	Not Applicable	Not Applicable	Not Applicable
	Built up area (Total)	NIL	366 Sq. ft	Not	Not	Not

Seema

WEALTH DISCLOSURE

- **India**
- **Wealth disclosure required by Supreme Court mandate**
 - **Started in 2003**
- **Suppose politician enriches him/herself in office. When second mandate has to be provided, three options:**
 - **(Provide evidence that you enriched yourself)**
 - **Lie**
 - **Don't run again**

WEALTH DISCLOSURE



- **When second affidavit is due: incumbents 13 percentage points less likely to run for reelection**
 - Fisman et al. (2017)

CONSEQUENCES

Citizen



Candidate



Political office

**Money affects who
runs for office**

CONSEQUENCES

Citizen



Candidate



Political office

SELECTION

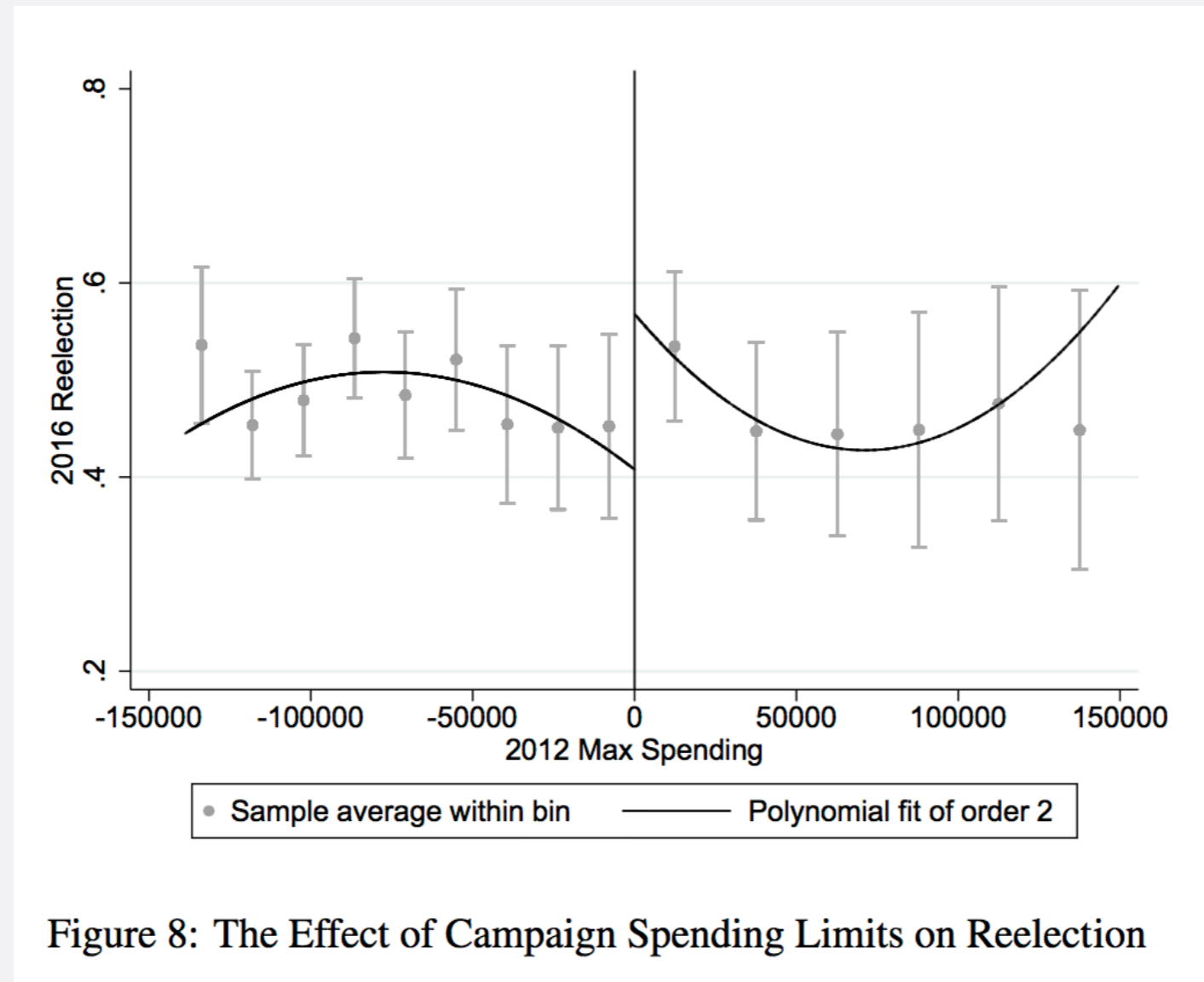


Figure 8: The Effect of Campaign Spending Limits on Reelection

- **Reelection rates of incumbents lower when campaign spending limits are lower**

SELECTION

- **Incumbents usually have fundraising advantage**
- **So they are more likely to be reelected when they can spend more money**
 - **Cap on spending limits that advantage, leading to lower reelection rate**

CONSEQUENCES

Citizen



Candidate



**Money affects who
wins office**

Political office

SELECTION

- **How else could money affect electoral competition?**

CONSEQUENCES

PARTY 1

Citizen



Candidate



Political office

PARTY 2

Citizen



Candidate

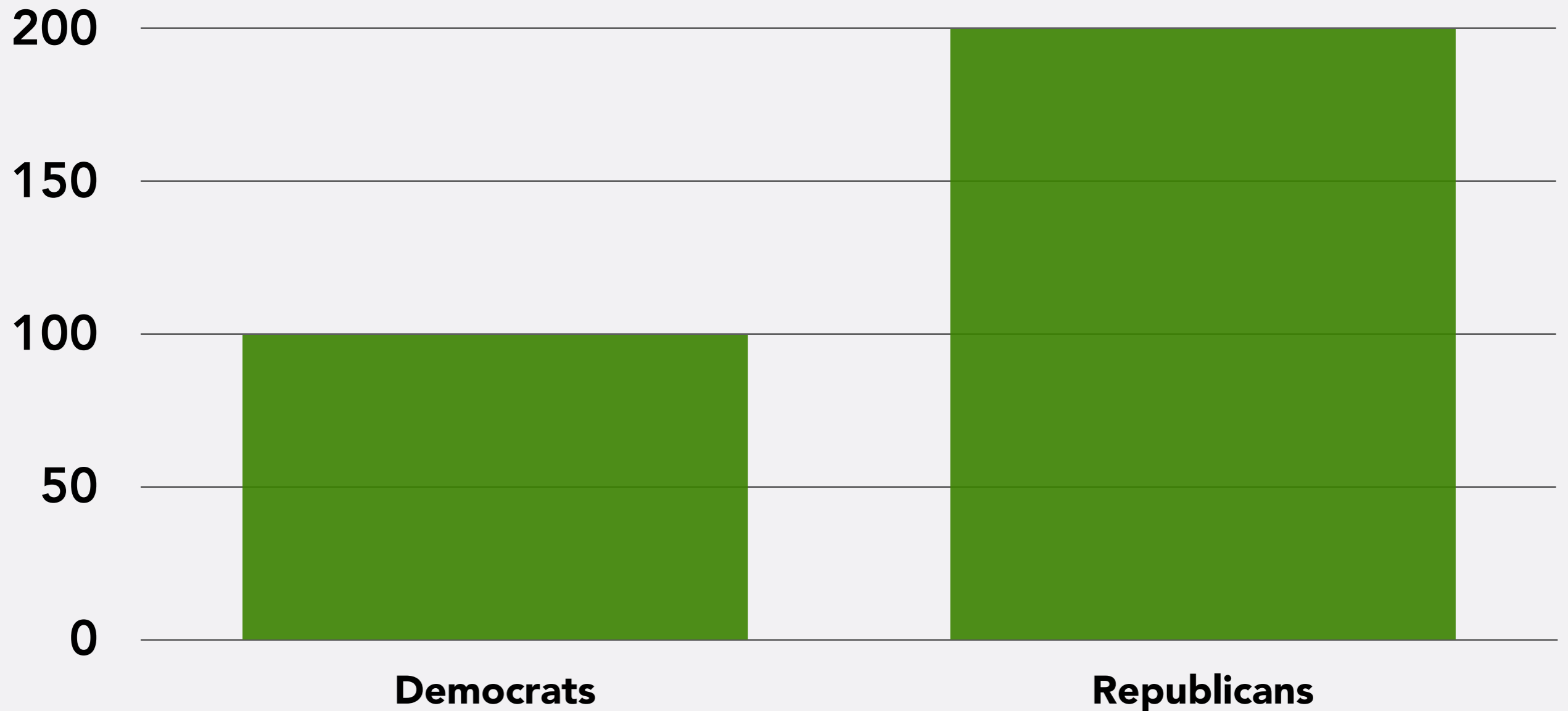


Political office

SELECTION

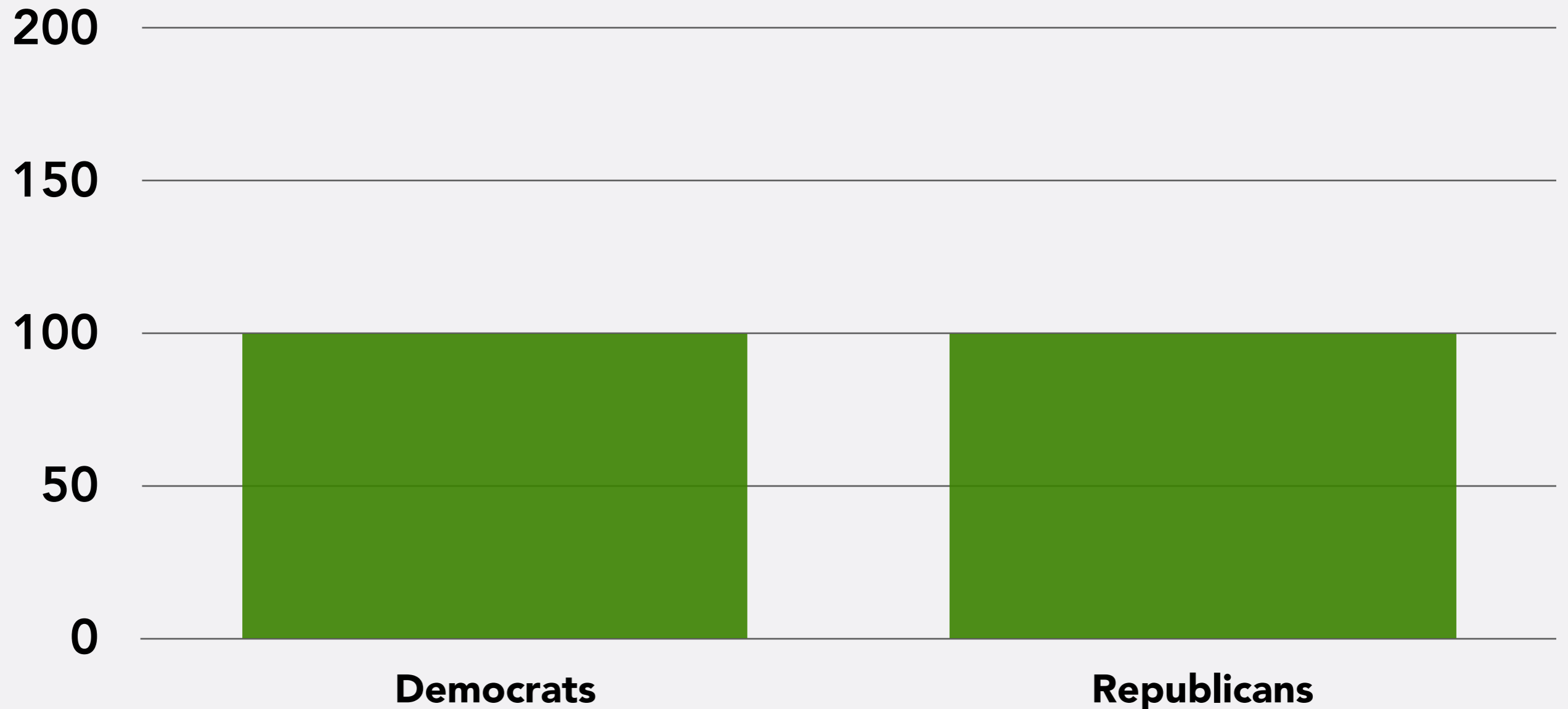
- **Different parties have different capabilities to raise money**

CAMPAIGN FINANCE LIMITS



- **Idea: Corporate campaign contributions when there are no restrictions (hypothetical scenario)**

CAMPAIGN FINANCE LIMITS



- **Idea: Corporate campaign contributions when there are restrictions (hypothetical scenario)**

CAMPAIGN FINANCE LIMITS

Systemic Effects of Campaign Spending: Evidence from Corporate Contribution Bans in US State Legislatures*

ANDREW B. HALL

- Effect of bans on corporate campaign spending
 - U.S. states, 1950-2012

TABLE 1 *States that Implement or Remove Corporate Contribution Bans Within the Sample Timeframe*

States	Years With Corporate Ban
AK	1996–2012
AL	1950–1981
CO	1950–1962, 2002–2012
FL	1950–1967
GA	1950–1968
HI	1950–1973
IN	1950–1976
LA	1950–1975
MD	1950–1968
MO	1950–1978
MS	1950–1978
NE	1950–1976
NH	1950–2000
NY	1950–1974
OR	1950–1983
RI	1992–2012
UT	1950–1971

CAMPAIGN FINANCE LIMITS

- **Republicans tend to receive more corporate campaign contributions than Democrats**
- **What happens when a ban on corporate donations is introduced (or lifted)?**
 - **When ban on corporate campaign contributions, money comes *only* from small donors, public financing, etc.**

CAMPAIGN FINANCE LIMITS

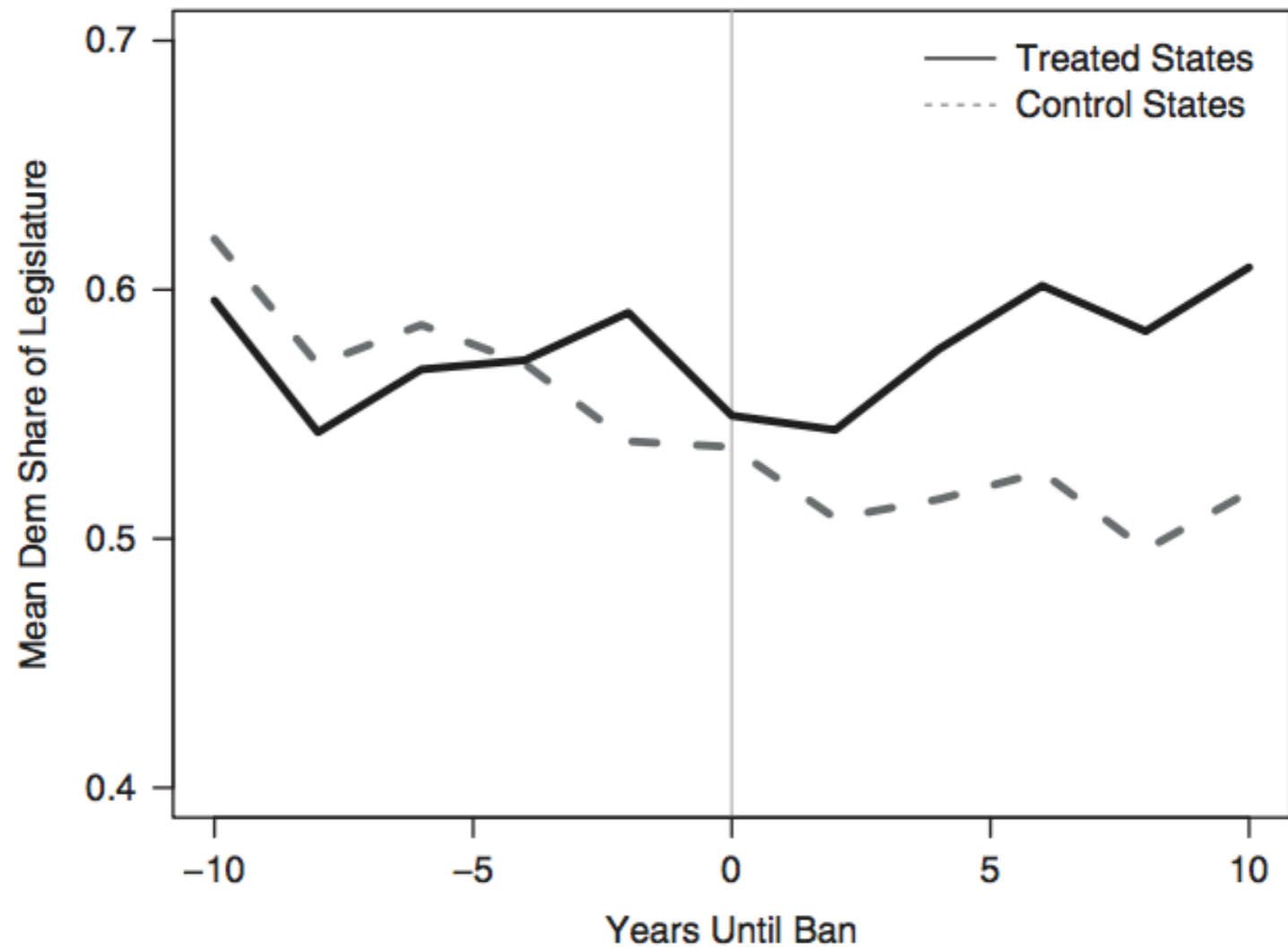
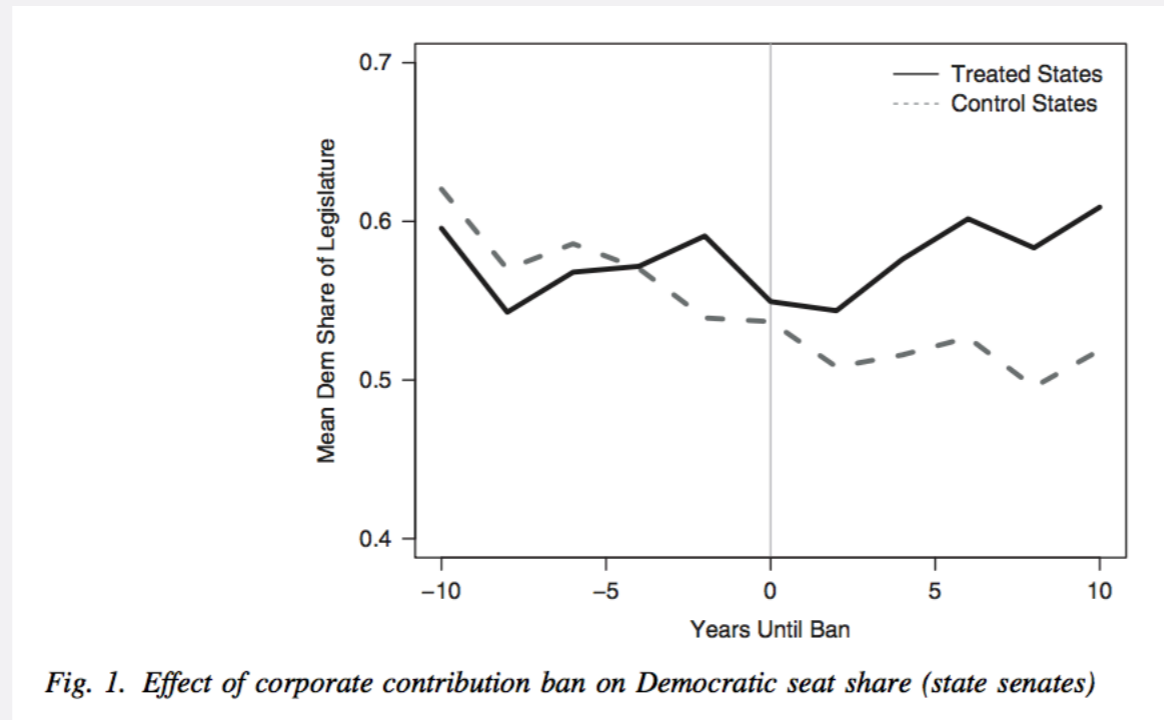


Fig. 1. Effect of corporate contribution ban on Democratic seat share (state senates)

CAMPAIGN FINANCE LIMITS

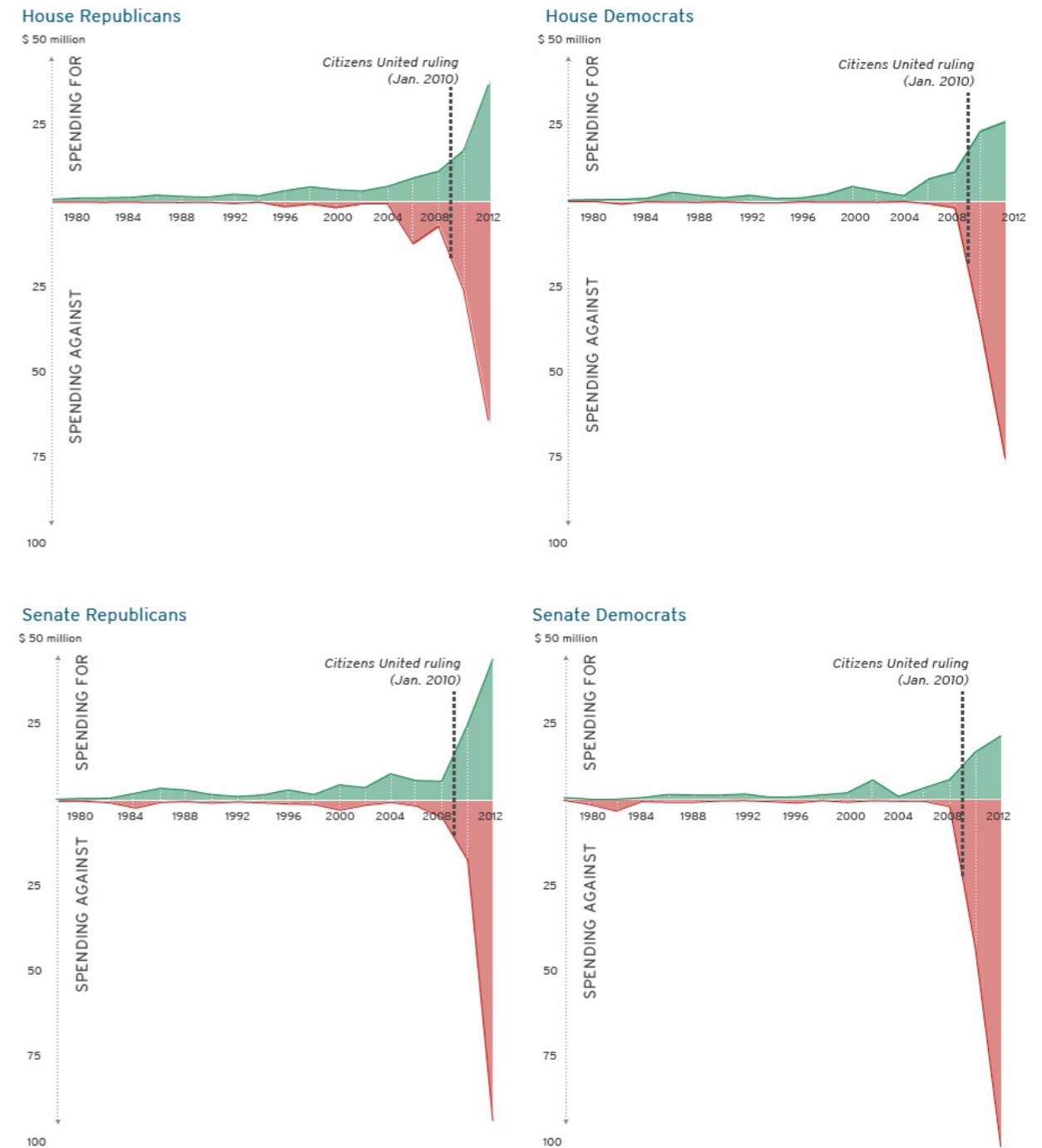


- **After ban on corporate campaign contributions...**
 - **Advantage of Republicans in raising campaign money gets smaller**
 - **State-wide seat share of Democrats increases by 7.5 percentage points**

REMOVING CAMPAIGN FINANCE LIMITS

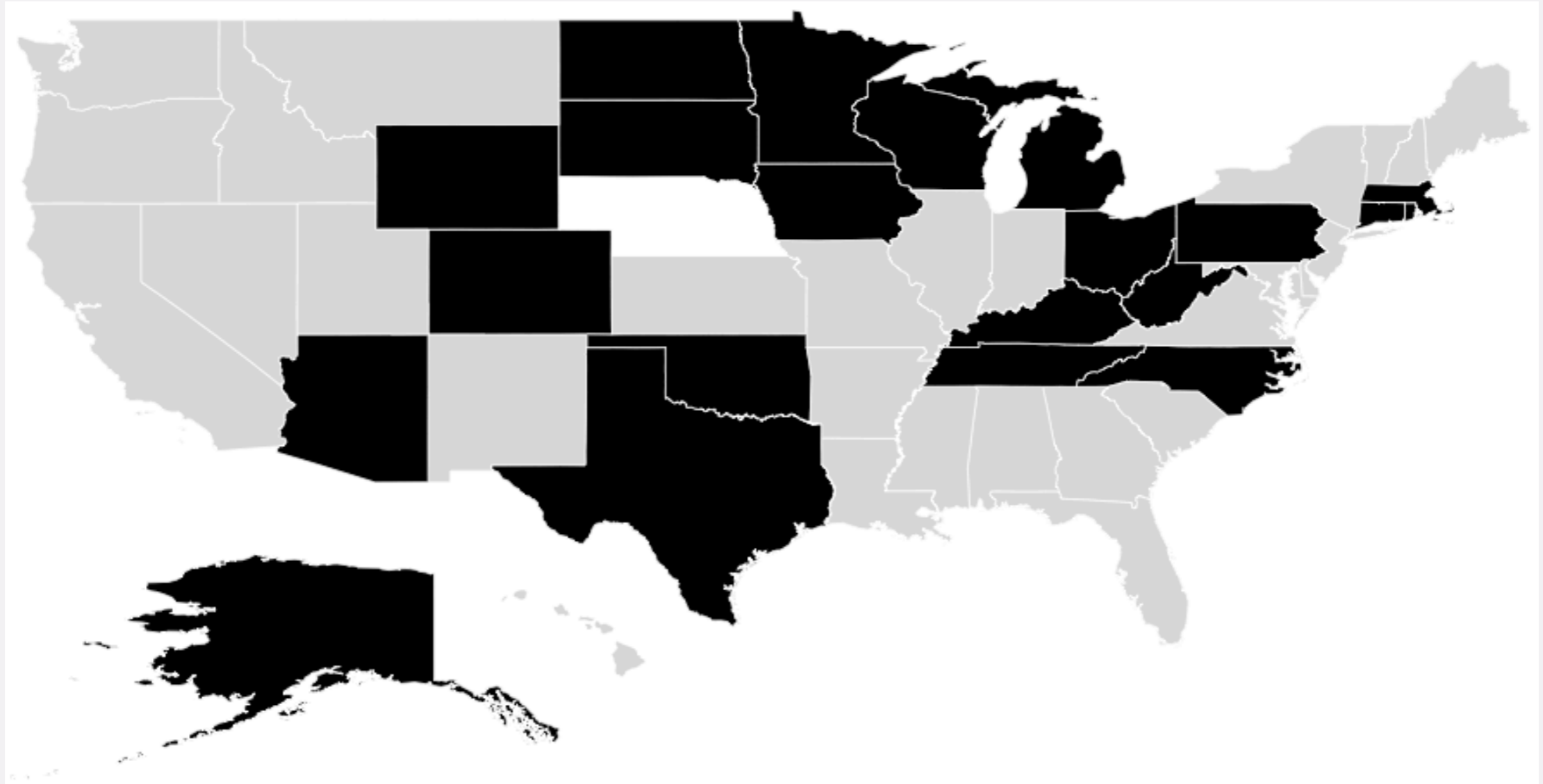
- **“Citizens United”**
 - 2010 Supreme Court ruling
 - Declares limitations on “independent” corporate (and union) election spending unconstitutional

Non-party independent expenditures in House and Senate elections, 1978-2012
(all values in millions of U.S. dollars)



Source: Campaign Finance Institute analysis of Federal Election Commission data.

CAMPAIGN FINANCE LIMITS



- Ruling affected some states (black)
- But not others (gray)
 - They never had restrictions on independent campaign spending to begin with

CAMPAIGN FINANCE LIMITS

		2006-09	2010-12	Change
Control (N=7)	Total	218.25 / 2.80	257.96 / 3.20	+18% / +14%
	Republican SIG	45.23 / 0.58	62.56 / 0.78	+38% / +34%
	Democrat SIG	77.63 / 0.14	97.26 / 0.35	+25% / +21%
Treatment (N=13)	Total	78.07 / 0.83	133.23 / 1.36	+70% / + 65%
	Republican SIG	12.88 / 0.14	33.96 / 0.35	+163% / +155%
	Democrat SIG	27.07 / 0.29	36.4 / 0.37	+37% / +30%

Table 1: Outside spending in 20 states: total / per capita

- Campaign spending increases more in states that had restrictions compared to states that did not
- And more so for Republicans than Democrats

CAMPAIGN FINANCE LIMITS

- **Removal of limits on corporate campaign spending lead to a 5.7 percentage point increase in *vote shares* for Republicans**
- **This translates to a 12.6 percentage point increase in *seat shares* for Republicans**
 - Klumpp et al. (2016)

SELECTION

- **Amount of money in politics also has an effect on *which party* wins elections**

FLIP-SIDE

- **Democratic Party traditionally has received more support from unions**
 - **Some of it through contributions**
 - **Also: Unions help with voter mobilization (volunteering)**
- **What happens if this support goes away?**

FLIP-SIDE

FROM THE BARGAINING TABLE TO THE BALLOT BOX: POLITICAL EFFECTS OF RIGHT TO WORK LAWS

James Feigenbaum
Alexander Hertel-Fernandez
Vanessa Williamson

Working Paper 24259
<http://www.nber.org/papers/w24259>

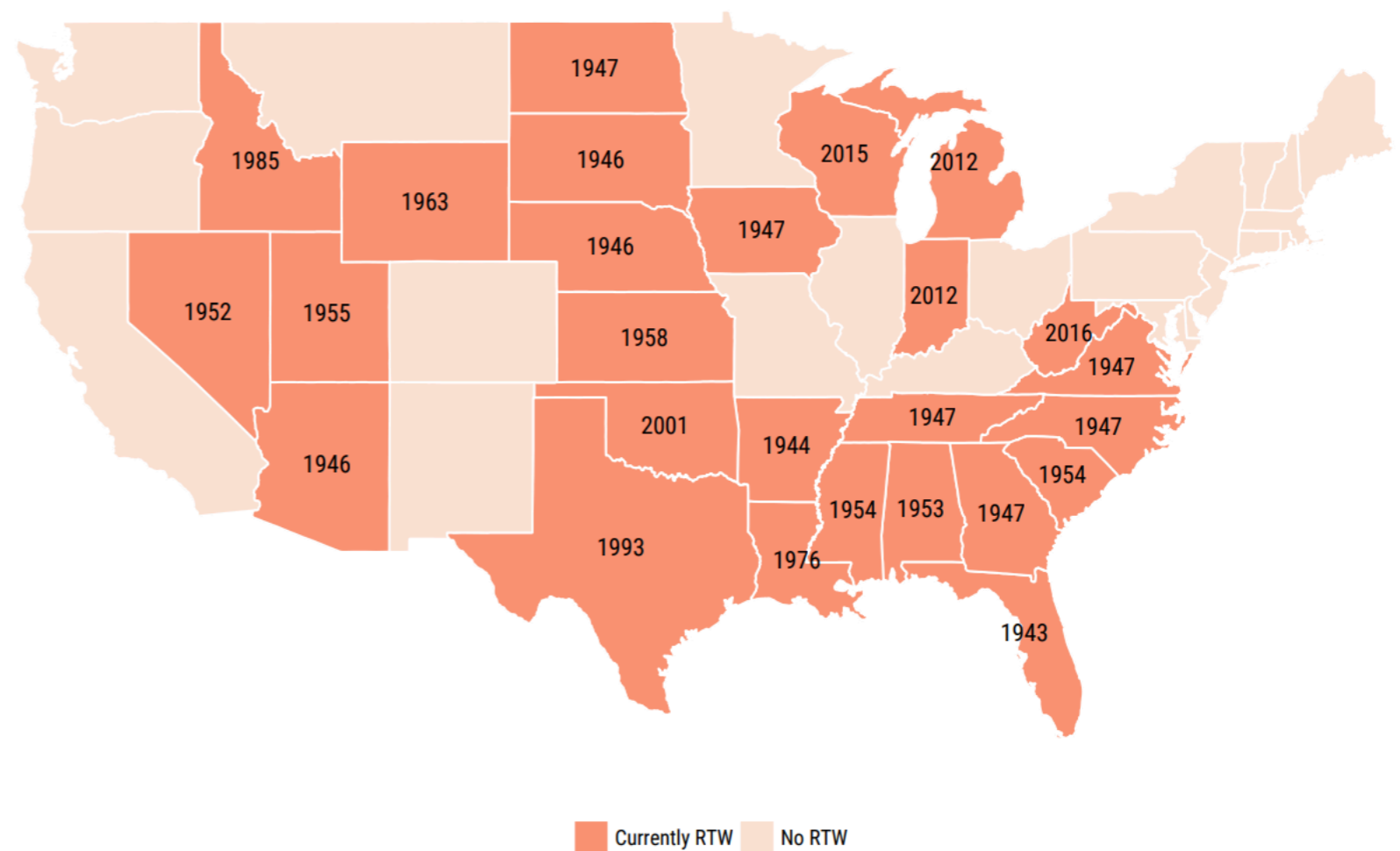
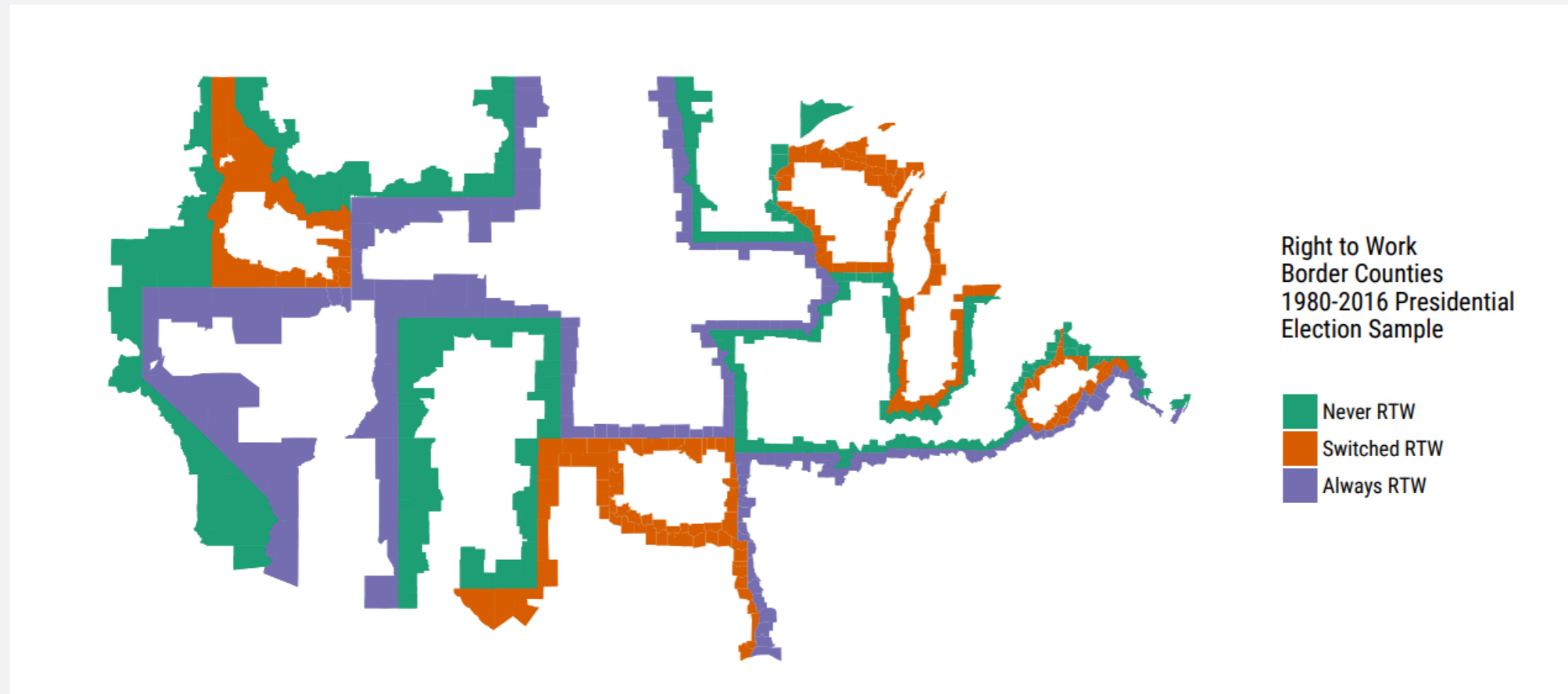


Figure 2: U.S. state right-to-work laws as of 2016. Years indicated on the map are the first year RTW was in place in each state. Note that Indiana had RTW in place from 1957 to 1965 before passing RTW again in 2012. In 2017, after our study period, Kentucky and Missouri both passed RTW laws.

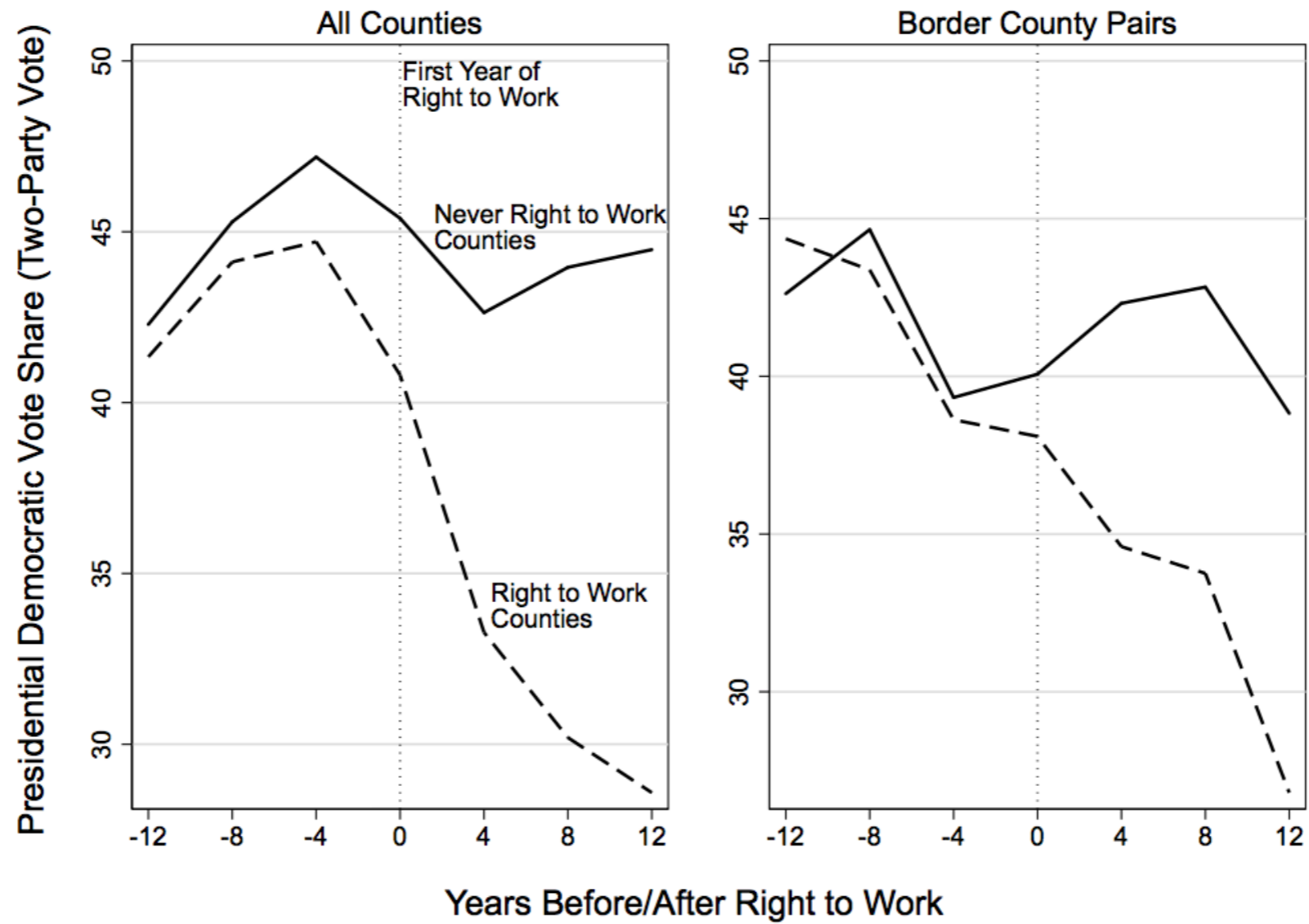
FLIP-SIDE

- **“Right to Work” laws: Employees in unionized workplaces cannot be required to contribute to the costs of union representation**
 - **Collective action problem, free-riding**
 - **Consequence: Decline in union membership, union strength**

POLITICAL EFFECTS



POLITICAL EFFECTS



POLITICAL EFFECTS

- **Political effects of “Right to Work” laws**
 - **Reduce Democratic vote share by about 3.5 percentage points**
 - **Decrease turnout by about 3 percentage points**
- **Why?**
 - **Fewer campaign contributions to Democrats by organized labor**
 - **Potential Democratic voters less likely to be contacted and mobilized**

POLITICAL EFFECTS

- **How much money in politics there is affects political competition in systematic manner**
 - **More stringent laws lead to more challengers from more diverse backgrounds**
 - **And lead to incumbents being thrown out of office more often**

POLITICAL EFFECTS

- **Also has an effect on who wins elections**
 - **Right parties benefit from corporate contributions**
 - **Left parties benefit from union support (money and labor)**
- **Political donations are an important form of political participation**
 - **And are part of right to free speech**

POLITICAL EFFECTS

- **So, what is the right approach to regulate campaign finance?**