

# Obama Battles to Become First \$1 billion President

OCTOBER 23, 2012 • UNITED STATES • BY **DAVID SMITH**

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President Obama’s fundraising campaign is set to raise US\$1 billion and that does not even include the massive ads funded by the Super PACs. Meanwhile, in Washington, the billions spend on lobbying rises ever year. The result is a conservative political system stifled by the influence of big business elites.

“Money doesn’t talk, it swears” sang Bob Dylan back in 1965, and his line is even truer when applied to US politics today. Modern American politics is increasingly awash with money trying to buy influence. For all his protests about the hold of elite big business over the American legislature, Barack Obama is on course to become the first US\$1 billion president.

By the end of September, according to the Campaign Finance Institute, Obama’s campaign had raised US\$943 million for the Democrat Party. Even a modest fundraising month in October will take him well over US\$1 billion. Meanwhile, the Republican candidate, Senator Mitt Romney, is on course to raise around US\$900 million, easily beating his goal of US\$800 billion.

“The amount of money being spent is going up and up to such levels that it boggles the mind,” said Professor Frank Baumgartner, the author of Lobbying and Policy Change: Who Wins, Who Loses, and Why. He said:

Even Romney’s personal fortune does not equal US\$ 1billion. Anyone who spends time with US senators or federal officials is shocked at how much time they spend on the phone raising money. The candidates themselves, including Obama and Romney, spend so much time currying favour with wealthy people that it’s a terrible waste of time and it’s a terrible disadvantage for people who don’t have the kind of money which buys them access to President Obama, or Governor Romney.

Professor Baumgartner says the system is “outrageous”, but there is no easy way to stop it. “The solution would be to ban TV advertising, but that will never happen in the US because of the free speech implications. In other countries you can’t buy political ads, or you are given free time on TV, like in the UK. But in the US you buy time and it has become an arms race for TV advertising.”

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Epic fund-raising has become deeply engrained in the US political system. “Every incumbent office holder in the US has come into power with this system so it’s difficult for them to cut off the hand that feeds them,” said Baumgartner. “But even if you talk to members of Congress and Senators, they are frustrated by the amount of time wasted raising funds. It’s humiliating to them.”

The irony is that the American public has become increasingly suspicious of the disingenuous nature of these costly political ads, and of politicians’ promises in general.

“A billion dollars pays for a lot of consultants and research groups to test every statement uttered by the candidates,” said Baumgartner. “The result is that every part of a speech has been calculated to have the greatest effect and it all sounds so false. In the Vice Presidential debate, the Republican candidate, Paul Ryan, made so many promises about making the rich pay more tax that he sounded like a Socialist. People are increasingly turned off by the disingenuous of these promises. They just don’t believe them.”

The figures produced by the Campaign Finance Institute for the Republic and Democrat campaigns do not even include the Super-PACs (political action committees), which have caused the most controversy. Super PACs are a relatively new phenomenon. They proliferated after the landmark 2010 Citizens United decision in the Supreme Court. It forbade the Government from restricting the spending of corporations, unions, and other groups for political campaigns. The judges ruled that it was their First Amendment right to support their chosen candidates.

“This was a game-changing and extremely disturbing decision allowing corporations to spend unlimited amounts of money,” said Prof Baumgartner. “Permitting the use of corporate funds to pay for adverts is potentially threatening to the nature of democracy. But the paradox is that the court decision was based on arguments about free speech, which they take to the highest level.”

The Citizens United ruling opened the floodgates for unlimited amounts of money to be poured into political campaigns. According to the Center for Responsive Politics’ Open Secrets.org website, 942 groups organised as Super PACs had reported total receipts of US\$477.5 million and total independent expenditures of US\$404 million in the 2012 cycle by mid-October.

The largest of the Super PACs, Restore Our Future, had raised a staggering US\$96 million by October 19. Restore Our Future supports Republican candidate Mitt Romney, as does the second largest Super PAC, American Crossroads, which has raised around US\$60 million.

At first, President Obama called the Citizens United Ruling, a “threat to democracy” and a “victory for Wall Street and Big Business”. In his 2010 State of the Union address, he said: “I don’t think American elections should be bankrolled by America’s most powerful interests.”

But Obama’s desire to win the election outweighed his distaste for Super PACs. In February 2012, he announced that he would work with - but not co-ordinate with - Priorities USA Action, the Democratic Super PAC which had raised US\$36 million for his campaign by mid-October. Obama also said that members of his administration would speak at the PAC’s fundraisers.

Professor Richard L. Hall, a political scientist at Michican University, says there are common misconceptions in the media about the goals of PACs. Hall, who is writing a book entitled Insidious Influence: Lobbyists and Their Allies on Capitol Hill, said their main aim was to gain influence with the Government post-election.

“A lot of journalists and economists believe that PACs are trying to influence votes, but research shows there’s hardly any vote-buying. The purpose is to motivate your allies to work on your behalf after the election,” he said. “Like lobbying, the intention is to influence what legislators do. This is a worrying development, but we don’t yet know where it will lead.”

Another common misconception, Hall says, is that grass-roots and union activism counterbalances the involvement of big business in the electoral process. “A lot of grassroots lobbying is done by what we call ‘grass tops’. They are business leaders, mayors and the well-to-do. They are from the wealthy and highly educated elites. There’s a trend for members to go back to their constituencies and spend a lot of time with these elites of society rather than with the rank and file,” he said.

The attempts of PACs and grass tops to buy long-term political influence is part of the same mechanism as lobbying in Washington, which has also risen sharply over the past 10-15 years. The OpenSecrets.org website shows that the amount spent on lobbying rose from US\$1.44 billion in 1998, to US\$3.33 billion in 2011 from a total of 12,714 lobbyists. The figures for 2012 up until mid-September were US\$1.68 billion and 11,702 lobbyists, which is roughly comparable with last year. Washington is now so awash with money from lobbying by big business that seven of the ten highest income counties in the US are in the Washington, DC area.

“There’s no question it does have a terrible impact on the US political system,” said Baumgartner. “The biggest thing it does is it to ensure that certain people, mostly corporations, have a seat at the table and have their views very amply represented in the seat of government. The views of many millions of others are completely absent. Because of the very heavy pro-corporate bias to lobbying there is a systematic bias against the really objectively needy members of society – such as children whose families are supported by public assistance, those living in crime-ridden neighbourhoods, or the unemployed. They are not at the table. That is a fact.”

Baumgartner’s research, however, suggests that lobbyists don’t always get their way. His book argues that lobbyists usually fail in their attempts to change the status quo. Only in 5% of cases do they succeed in even partially changing policy frameworks. This is because lobbyists on both sides of an issue fight to a draw. It turns out they are better at preventing things getting done, than getting things done. The result is a deeply conservative national politics which entrenches privilege.

The growing stranglehold of lobbyists is difficult to break, according to Lee Drutman, a Senior Fellow at the Sunlight Foundation, which campaigns for transparency of Government information on the internet. Lobbyists are adept at convincing corporate managers of the value of their services. Once the businesses have paid the start-up costs of learning about Washington and building relationships, the cost-benefit equation shifts even more in favour of doing more lobbying.

It is difficult to decrease the amount of lobbying in Washington, Drutman argues, but it is possible to make the process more transparent. Sunlight makes data accessible to ordinary citizens so it becomes harder for large organisations to do things like surreptitiously changing the tax code for their own benefit.

“The premise of ‘Sunlight’ is to shine light so there are fewer dark places in the shadows and we have a more democratic system,” he said. “If people can’t follow the political process, they don’t know how to participate. By making it more transparent, we lower the barriers to entry.”

Sunlight research highlights the political and economic advantages of lobbying. For example, one Sunlight study revealed that the more tax bills companies lobby on, the lower their effective tax rate. The ten Fortune 100 companies that lobbied on 50 or more bills since 2008 paid an average effective tax rate of 17.1% in 2010; the ten companies that lobbied on between 25 and 49 bills paid an average effective tax rate of 18%; the remaining publicly traded companies paid an average effective tax rate of 26%.

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The fight for greater transparency in Washington politics has a new tool at its disposal. The OpenSecrets.org website now groups together information from various sources about organisations in Washington on a company’s profile. They could be campaign contributions, lobbying expenses or how many members of Congress invest in a company.

The profiles cover over 20,000 organisations, including corporations, labour unions and trade organisations. The profiles even indicate which bill was the subject of the greatest amount of lobbying, and which lobbyists the organisation employed to spin the revolving door. Google’s profile, for instance, ties together the US\$9.7 million the company has spent on lobbying this year (seventh on the list of 3,874 organisations) with the US\$2.3 million that the company’s employees and PAC have given this election cycle. The data reveals that Google’s PAC has made around US\$600 million in contributions this cycle, and has given slightly more to Republicans than Democrats. But it also shows that employees have given more than the PAC has, and these individual contributions go overwhelmingly to Democrats.

An even starker split between the company and many of its employees was found for BP. As an oil company, the company’s PAC predictably has a strong preference for Republicans, but its employees gave almost evenly to both parties. The BP profile shows how the data gives users a quick snapshot of a company’s lobbying interests. For example, the piece of legislation that BP has most frequently lobbied was H.R. 1229 - Putting the Gulf of Mexico Back To Work Act. And the profile also shows that 30 of the 47 lobbyists Google has employed this year previously worked for the US Government.

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This type of data is only likely to increase the massive levels of cynicism which Drutman says is the common attitude to US politics (80% of Americans believe Washington is run by corrupt lobbyists).

But Drutman believes the growing disillusionment can be harnessed in a positive way if people are empowered by knowing what is going on behind the scenes. He said:

Transparency and awareness is the first step. After that, technology has a key role. Anyone can go to their computer and get involved, registering approval or complaining. There’s no need any longer to scan the Congressional Register or Federal Record. People might think we are a long way from re-empowering average Americans, but history is littered with the corpses of Kings who thought no one would ever complain.

By David Smith, [EconomyWatch.com](#)

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