

The Claim:

“Returning to a government of, by, and for the people—not [one for] the billionaires and giant corporations—will not be easy”¹

BERNIE SANDERS

The Reality:

“Labor unions are the largest political spenders, and their donations don’t even reflect their members’ views.”

DANIEL DISALVO

Senior Fellow, Manhattan Institute

**Reality Check**

The largest slice of the “big money” in U.S. politics comes from organized labor, not from billionaires like the Koch brothers. In recent years, despite declining membership, organized labor has increased its political spending on elections and lobbying; while there is now far more money flowing into U.S. political campaigns, it is unclear if any group has gained a sizable advantage. Businesses and wealthy individuals are spending more, as are labor unions and environmental groups. There’s more money in America’s political system; but it is not necessarily more influential in determining election outcomes.

Key Findings

- The top spenders in U.S. campaigns and elections are labor unions.
 - ♦ During 1989–2014, 13 of the top 25 donors—including four of the top five—to federal political campaigns were labor unions.²
 - ♦ In state elections during 2000–09, teachers’ unions outspent all business associations combined, in 36 of 50 states.³
- Unions give overwhelmingly to Democrats, a choice unreflective of their members’ political views and voting patterns.
 - ♦ Despite the fact that about 40 percent of union members identify as Democrats—and only 59 percent of union members voted Democratic in recent presidential elections—unions give more than 90 percent of their campaign contributions to Democrats in federal elections.⁴
 - ♦ Most major corporations in the top 50 political donors—including AT&T, Goldman Sachs, UBS, Citigroup, J.P. Morgan, and Microsoft—split their donations almost evenly between Democrats and Republicans.⁵
- There is limited evidence that campaign spending has a major effect on U.S. election outcomes.
 - ♦ In each election cycle during 2004–12, Democrats and Republicans raised similar amounts in hard-money contributions: in 2012, for instance, some \$1.14 billion was spent by, or for, the Obama campaign, and \$1.25 billion was spent by, or for, the Romney campaign.⁶
 - ♦ In 2012, some \$6 billion was spent on all federal races in search of the support of some 117 million voters; in 2014, the five largest U.S. advertisers—Procter & Gamble, AT&T, General Motors, Comcast, and Verizon—spent \$16.5 billion marketing their goods to American consumers.⁷

On the Record

Some perspective is needed. Politicians are responsible for managing a \$3.8 trillion federal government that is part of a \$15 trillion economy. In 2012, total spending on all races for federal office was about \$6 billion; in 2014, the five largest U.S. advertisers collectively spent \$16.5 billion. Is \$6 billion too much to spend to inform and mobilize some 125 million voters in competitive elections?

Daniel DiSalvo, Senior Fellow, Manhattan Institute

Who Funds U.S. Elections?

Jesse Unruh, an experienced California politician, once remarked that “money is the mother’s milk of politics.”⁸ Many people believe that Washington is choking on money. It is true that American campaigns are longer and more expensive than those of other nations. It is also true that recent court decisions have allowed wealthy individuals, along with business and labor groups, to pour more money into campaigns.⁹ But does all the money sloshing around U.S. elections come from billionaires and big business? Do we live in an oligarchy with a democratic veneer?

During 1989–2014, 13 of the top 25 donors to federal candidates, parties, political-action committees (PACs),¹⁰ and federal 527 organizations¹¹ were labor unions. The largest political donor, Service Employees International Union, spent \$228 million.¹² Together, the donations (\$164.1 million) of the American Federation of Teachers (AFT) and the National Education Association (NEA)—America’s two main teachers’ unions—rank second, with nearly all such money (more than 97 percent) sent to Democrats.

By contrast, many corporate donors split their donations between Democrats and Republicans—often to incumbents of both parties. For all the recent talk about the influence of the Koch brothers, consider that, in 2012, organized labor spent \$1.7 billion on campaigns and lobbying, while the Kochs spent about one-quarter of that amount (\$490 million).¹³ Union political spending is all the more remarkable in light of unions’ declining membership: in 1983, the percentage of American workers belonging to labor unions was 20.1 percent, with 17.7 million union workers; in 2015, it was 11.1 percent, with 14.8 million workers.¹⁴ The complexion of membership has changed, too, and no longer represents the working class: today, a majority of union members are college-educated and work for the government.¹⁵

The enormous spending by U.S. labor bosses no longer reflects the preferences of their rank-and-file, either. In 1964, 86 percent of union members supported Lyndon Johnson for president.¹⁶ Yet in 2012, only 59 percent of union households voted for Barack Obama, with 40 percent voting for Mitt Romney.¹⁷ Today, only slightly more than 40 percent of union members identify as Democrats; but 74 percent of union households consider themselves moderates, or conservatives, ideologically.¹⁸ In other words, of America’s 14.8 million union members, only 5.8 million are Democrats and only 3.8 million are liberals. As such, liberal union members, whose views are represented by union spending patterns, constituted only 3.2 percent of the electorate in 2012.

Take teachers’ unions, among America’s largest, best-funded labor unions. At the national level during 1980–2010, teachers’ unions contributed roughly \$60 million to Democratic candidates for office, or about 30 percent more than any single business corporation. At the state level during 2000–09, teachers’ unions outspent all business associations combined, in 36 of 50 states.¹⁹ Yet 50 percent of teachers who are union members say that they oppose “agency fees” (the moneys that unions charge nonmembers to represent them in collective bargaining and that enrich union coffers and increase unions’ membership rolls).²⁰ And one-quarter of teachers say that unions have a negative impact on schools.²¹ Nevertheless, the AFT and NEA vigorously support agency fees and the unionization of schools in their campaign activity—inside unions, the majority rules and uses the minority’s money for causes that the majority supports.

Money Is Not the Same as Influence

Political scientists have had great difficulty determining the level of influence—if any—that contributions have in the legislative process.²² Donations to campaigns are rarely given for the sake of changing politicians’ minds. Rather, donors generally give money to people with whom they already agree—and who have a shot at winning. Further, incumbents reap the vast majority of campaign funds.²³

It is also important to put the amount of campaign donations into perspective. In 2012, total spending on all races for federal office was about \$6 billion—of which \$2 billion was spent on the presidential election. Such sums may appear excessive. However, consider that the five largest U.S. advertisers—Procter & Gamble, AT&T, General Motors, Comcast, and Verizon—collectively spent \$16.5 billion in 2014. Is \$6 billion too much to spend to inform and mobilize some 125 million voters in competitive elections? Recall, too, that, once elected, politicians are responsible for managing a \$3.8 trillion federal government that is part of a \$15 trillion economy. (Indeed, some political scientists wonder why there isn’t *more* money in American politics.)

In reality, American businesses invest relatively little in politics because the returns on those investments are generally low. A big reason for this is that outcomes in politics are highly uncertain and are influenced by many factors. Given that wars, financial crises, natural disasters, and scandals can strike without notice, politics remains a game of chance. Potential donors, on the other hand, want predictable investment returns. Further, the competition for money in politics, with numerous groups giving money on all sides of many issues, works like a market to drive down prices.²⁴ One high-profile study found a linear relationship between GDP and election spending over time, despite changes to campaign-finance laws.²⁵

Reforms Can Make Things Worse

Since the passage of the Bipartisan Campaign Finance Reform Act in 2002, more and more money has flowed away from political parties and into the coffers of various outside groups. This is because the new law strictly limited “soft money” donations to political parties and set new caps on donations directly to candidates. Not surprisingly, campaign spending by the Democratic and Republican National Committees has since remained relatively flat.²⁶ (Republican spending declined slightly.) At the same time, direct donations to candidates by individuals and PACs increased, and the amount of spending by super PACs, 527s, and 501(c) organizations exploded.

Raymond La Raja and Brian Schaffner of the University of Massachusetts at Amherst have convincingly argued that constraining parties and empowering interest groups and wealthy donors have abetted the recent increase in U.S. political polarization. Parties, they contend, are moderating institutions—with a past, present, and future—that care about winning, while individual donors and interest groups tend to be more ideological.²⁷ As such, the current campaign system creates partisan gridlock.

It is an open question whether there is a way to ban large amounts of campaign spending by corporations, labor unions, and the rich that is politically feasible and that does not run afoul of the First Amendment. So far, America has been unable to find a way to get around these two obstacles, even though many Americans want less money in politics.²⁸ It is like trying to stop water from flowing downhill: it is unlikely that the amount of money sloshing around U.S. political campaigns can be dramatically slowed. Instead, America would be better off concentrating its energies on channeling the water in directions that support vigorous public debate and practical governance.

Endnotes

- ¹ See <https://bernieanders.com/issues/money-in-politics>.
- ² This ranking includes direct donations to federal candidates, parties, political-action committees (including super PACs), and federal 527 organizations (excluding contributions to 501(c) organizations). See <https://www.opensecrets.org/orgs/list.php>.
- ³ Terry M. Moe, *Special Interest: Teachers Unions and America's Public Schools* (Washington, D.C.: Brookings Institution, 2011), pp. 291–94, esp. table 9-4.
- ⁴ See <http://www.gallup.com/poll/146786/democrats-lead-ranks-union-state-workers.aspx>; and <http://fivethirtyeight.blogs.nytimes.com/2011/02/26/the-effects-of-union-membership-on-democratic-voting>.
- ⁵ See <https://www.opensecrets.org/orgs/list.php>.
- ⁶ See <https://www.opensecrets.org/pres12>.
- ⁷ See <http://adage.com/article/advertising/big-spenders-facts-stats-top-200-u-s-advertisers/299270>.
- ⁸ See <http://www.nytimes.com/1987/08/06/obituaries/jesse-unruh-a-california-political-power-dies.html>.
- ⁹ See *Citizens United v. Federal Election Commission*; *SpeechNow.org v. Federal Election Commission*; and *Wisconsin Right to Life v. Federal Election Commission*.
- ¹⁰ Figure includes super PACs.
- ¹¹ Figure excludes contributions to 501(c) organizations.
- ¹² See <https://www.opensecrets.org/orgs/list.php>.
- ¹³ See http://www.huffingtonpost.com/2014/03/15/kochs-brothers-labor_n_4966883.html.
- ¹⁴ See <http://www.bls.gov/news.release/pdf/union2.pdf>.
- ¹⁵ See Herbert Asher et al., *American Labor Unions in the Electoral Arena* (Lanham, Md.: Rowman & Littlefield, 2001), p. 27; Jake Rosenfeld, *What Unions No Longer Do* (Cambridge, Mass.: Harvard University Press, 2014); Daniel DiSalvo, *Government Against Itself: Public Union Power and Its Consequences* (New York: Oxford University Press, 2015).
- ¹⁶ Rosenfeld, *What Unions No Longer Do*, p. 160.
- ¹⁷ See http://ropercenter.cornell.edu/elections/how_groups_voted/voted_12.html.
- ¹⁸ See http://progressivefix.com/wp-content/uploads/2011/05/05.2011-Kim_Hankin_Union-Vote-and-Democrats.pdf.
- ¹⁹ Moe, *Special Interest*, p. 293.
- ²⁰ See <http://www.wsj.com/articles/even-teachers-are-no-fans-of-forced-union-payments-1437000957>.
- ²¹ See <http://educationnext.org/2015-ednext-poll-school-reform-opt-out-common-core-unions>.
- ²² Lynda W. Powell, “The Influence of Campaign Contributions on Legislative Policy,” *The Forum* 11, no. 3 (2013).
- ²³ See <https://www.opensecrets.org/bigpicture/relect.php>.
- ²⁴ See <http://www.cato-unbound.org/2013/04/03/stephen-ansolabehere/what-place-corporate-money-democratic-politics>.
- ²⁵ Stephen Ansolabehere, Jon Figueiredo, and James M. Snyder, Jr., “Why Is There So Little Money in U. S. Politics?,” *Journal of Economic Perspectives* 17, no. 1 (2003).
- ²⁶ In 2000, Republican and Democratic Party spending was \$2.071 billion; in 2012, it was \$2.094 billion. See <http://www.opensecrets.org/parties/index.php?cmte=&cycle=2000>; <http://www.opensecrets.org/parties/index.php?cmte=&cycle=2012>; and http://www.nytimes.com/2015/09/16/opinion/can-anything-be-done-about-all-the-money-in-politics.html?_r=0.
- ²⁷ Raymond La Raja and Brian Schaffner, *Campaign Finance and Political Polarization* (Ann Arbor: University of Michigan Press, 2015).
- ²⁸ See <http://www.nytimes.com/2015/06/03/us/politics/poll-shows-americans-favor-overhaul-of-campaign-financing.html>.