

# Business#3



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How does the problem of money and campaign financing in the American political system affect business? Money has always been an important factor in politics and the increasing use of expensive, high-tech production, communication, and marketing technologies in political campaigns has shifted it to center stage. Although some of the fund comes from public funds, much of it is raised privately. The effect of this fact is dramatic. According to Robert Perrucci and Earl Wyszog (2007), in 2004, the cash required to mount winning political campaigns complete with paid staff, computers, polling consultants, phone banks, direct mailing, websites and media advertising topped out at \$367 million for the presidency (not counting indirect party funding or expenditures by 527 committees), \$7.3 million for a Senate seat, and \$1.14 million for a House seat. (p. 150) The incredible amount is partly due to the changed process of the American political system wherein primaries have become the chief means by which candidates gets nominated and parties have shrunk in importance in the nominating process. This means that there is a necessity for, say a Presidential candidate, to campaign across the nation and before the voting public to win the political exercise where in the past candidates only had to woo party leaders. The campaign effort will be replicated in the election proper.

The result of all these, particularly the latter information, is that political parties has no strong function in the American political system. The bulk of campaign funding for the candidates comes from sources other than party funds. And so when the candidate wins, his or her policies are his own. An interesting variable in this equation emerges: here the candidate is in effect more beholden to private donors that funded the winning campaign more

than his or her party's programs because they have a bigger contribution. There is a growing dependence by the American political leaders on moneyed individuals and organized interests such as corporations and unions which often expect returns for their favors. Therefore, in policy-making the influence of these contributors as a third-party is very significant.

To illustrate this, we have the case of the Congress wherein there is a growing perception that private contributors, particularly the "political action committees" (PAC) are helping shift the political balance towards the right. Gordon Adams (1981) emphasized this as he wrote:

A PAC contribution, in conjunction with other government relations work can help cement the relationship between industrial and the Congressional sides of the "iron triangle." PAC committees are becoming involved with internal corporate political education programs for managers, supervisors and employees and help plan grass-roots lobbying. (p. 111)

Adams has also suggested that the defeat of labor on issues such as common situs picketing, labor law reform and the Consumer Protection Agency is linked to corporate PAC giving. (p. 111)

Besides campaign contributions, the abovementioned illustration underscores how money becomes pivotal in influencing policy-making through lobbying in Congress. For instance, the approval of North American Free Trade Agreement has seen intensive lobbying from both in favor and in opposition of the treaty. According to Ken Kollman (1998), business corporations altogether spent nearly \$8 million in the final-weeks of the pro-NAFTA lobbying campaign, not to mention the millions of dollars in Washington spent by the Mexican government to promote the pact. (p. 136)

## References

Adams, G. (1981). *The Politics of Defense Contracting: The Iron Triangle*. Transaction Publishers.

Kollman, K. (1998). *Outside Lobbying: Public Opinion and Interest Group Strategies*. Princeton University Press.

Perucci, R. and Wysong, E. (2007). *New Class Society: Goodbye American Dream?* Rowman & Littlefield.