

# Rent Seeking and How Campaign Funds and Lobbying In United States of America's (US) Elections Affects the Legislative Process?

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## **Abstract**

*It is a common knowledge that large donations or contributions received towards campaign funds, in any election, influences the legislative process in favor of the donors. This is applicable to Federal (Presidential and Congress) and State (Governor and State Congress) elections. Donors wield their power, through their elected candidates, to regulate government policies, legislations and actions after every election. For major donors, the contributions are investment and cost of doing business. This is especially applicable to the contributions to the candidates or political parties or their Political Action Committees (PAC) or Super PACs from wealthy individuals and corporate donors. However, it is difficult to measure the exact degree of its influence on government policies and decisions. This paper, through qualitative survey study, assesses and measures the donors influence on legislative process and how it has benefitted them. An attempt is made to find out the campaign finance laws and reforms enacted by the regulators in diminishing or reducing the influence. The contributions or donations as a second step lead to lobbying that covertly or directly affects the legislative process thereby being detrimental to the common interests of the society at large. It also affects the economic policies of the country and slows down the economic growth and its development. Contributions and Lobbying is a form of rent seeking and indirect corruption since the rent seekers are greatly benefitted. Redistribution of wealth and precious resources takes place from the tax payers to rent seekers. The candidates are focusing their energy and attention towards seeking contributions and donations. Thus, sacrificing their ideologies and not employing their energies on framing a comprehensive manifesto with good economic policies and other pertinent national interest issues. Hence, contributions do matter in elections. This subject has to be studied more in detail through further research.*

**Keywords:** Influence, Campaign Funds, Contributions, Donations, Lobbying, Rent Seeking, Legislative Process, Government's Policies and Decisions.

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## **Introduction**

"(Financial lobbyists) are powerful but they are not powerful enough to defy congress. They are strong but they are not strong enough to obstruct the government, at least that is my hope"  
Senator Duncan U Fletcher of Florida May 7th, 1934

"Elections are more often bought than won." - Rep. Lee Hamilton (Wall St. J., 2/19/97, at A8)  
Money! It is money! Money! Money! Not ideas, nor principles, but money that reigns supreme

in American politics." - Sen. Robert C. Byrd (N.Y. Times, 3/20/97, at A26)

"People who contribute get the ear of the member and the ear of the staff. They have the access and access is it. Access is power. Access is clout. That's how this thing works." – Rep. Romano Mazzoli (Martin Schram, Speaking Freely, Center for Responsive Politics)

"With its ruling today, the Supreme Court has given a green light to a new stampede of special interest money in our politics. It is a major victory for big oil, Wall Street banks, health insurance companies and the other powerful interests that marshal their power every day in Washington to drown out the voices of everyday Americans."

"A better politics is one where we spend less time drowning in dark money for ads that pull us into the gutter, and spend more time lifting young people up, with a sense of purpose and possibility, and asking them to join in the great mission of building America,"

### **President Barack Obama**

The above words of wisdom throw light on campaign funds in US elections.

### **Overview of Elections In the US**

#### **Democracy and Free and Fair Elections:-**

"Democracy is the government of the people, by the people, for the people" Abraham Lincoln quotes (American 16th US President (1861-65))

"People shouldn't be afraid of their government. Governments should be afraid of their people." ? Alan Moore, V for Vendetta

Democracy means implementation of the will of the people. In a democracy, to establish a government, elections play a significant role. Elections are nothing but a process by which the common citizens' participation ensures the success of the government. The office of the election commission is a true institution, that through the electoral process, that elects candidates who become representatives of the government to govern within the framework of the country's laws and constitution. Election is nothing but broad consent of the people to the elected candidates or party. So, the elections in a democratic country should be free and fair with accountability and transparency as the prime consideration. The ruling party should conduct its business responsibly and the opposition should lend constructive criticism to the government so that they are on toes with their performance.

Is this truly the order or idealism at play? Reality checks:

- 1) Nepotism is the order of the day.
- 2) Intimidation by the candidates takes place due to sheer muscle power, financial strength or political clout.
- 3) Campaign funds and lobbying encourages crony capitalism and plays central role in politics.
- 4) Dearth of good candidates.
- 5) Monitoring elections becomes a humongous task.
- 6) The candidates rattle similar speech as if they have 'one size fits all' approach, touching subjects such as creation of job opportunities, medical care, taxation of middle class and corporate, small business, foreign relations, immigration issues etc. So, they are not thoughtful and candid with these issues.

7) Citizens do not vote on the basis of merits of these candidates on a bipartisan manner but blindly take sides going by ideologies of a party

What are the ingredients of an election in a democratic country?

- 1) Good candidates. He or she can be fiercely independent or belonging to a party with track records.
- 2) Campaign funds or money or finance or sufficient monetary resources

#### **Candidates:**

Candidates should be intelligent, know their party's broad ideologies or have his/her own ideologies and policies which can be right or wrong (Nobody has the authority to criticize the ideologies since they can show their consent or contempt on an election day through their valuable ballot paper). In addition soft skills such as speaking skills – able to talk on any topic under the sun and effective and persuasive communication (written, verbal and nonverbal). The candidate must also have enthusiasm, knowledge of local and international issues requiring immediate attention with a strong opinion on those issues, acumen of an economist if not 100% but broad knowledge about country's economic issues like GDP, taxation, infrastructure, budget and planning etc. Potential candidates also require an overall winning personality, leadership qualities, trustworthiness, clear focus, positive attitude and pleasing manners leading to no doubts in the minds of the people as to who they should vote for? Lastly, He or she should have winning as a goal post while campaigning and must create a strong unassailable base among the voters by creating a brand image.

#### **Campaign Funds or Money or Finance or Monetary Resources:**

The funds are required and it is inevitable since the campaign costs are going up and becoming expensive day by day. Campaign funds play a very important role in modern day elections. It has been prevalent in US for more than a century and is a proven track record that those candidates who outspend their opponents win the election.

"In 1757, George Washington spent about \$195 for food and drinks to help win election to the Virginia House of Burgesses." [www.ncsl.org/research/elections](http://www.ncsl.org/research/elections)

Genesis of the contributions goes back to William McKinley, 1896

Politicians accept large contributions generously to return them by way of political favors once elected. Obviously donors or contributors, who can be called as special interest groups, are required to contribute in order to fill up the coffers. The contributors extract their pound of flesh depending upon their contributions. As saying goes that no lunch is free in this world especially in the world of business. The powerful donors naturally influence and lobby the law makers or decision makers for government policies, rules and regulations to be skewed in their favor and benefit them directly or covertly. They influence the existing policy or the contents of a policy or about drafting a policy. They give contributions election after election in the history. In fact their benefits are in geometrical progression as compared to their donations. The donors normally want a long standing relationship with their candidates to serve their business interests and for them the donations are cost of doing business. (Good, 2012) (Curry, 2007) ([www.opensecrets.org](http://www.opensecrets.org)). So, campaign funds and lobbying go hand in hand in politics. The law makers forget conveniently their solemn duties and obligations towards the common citizens of the country. The victim is democracy itself which is a corner stone for election of government representatives.

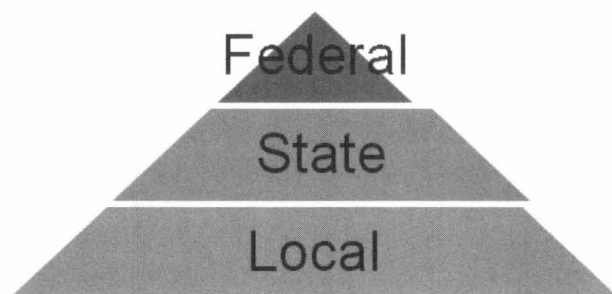
In politics having success in collecting campaign funds does not ensure success. It is not an important factor determining the election's outcome. People are often swayed by their blind party beliefs while voting.

#### **Nature of Campaign Spending:-**

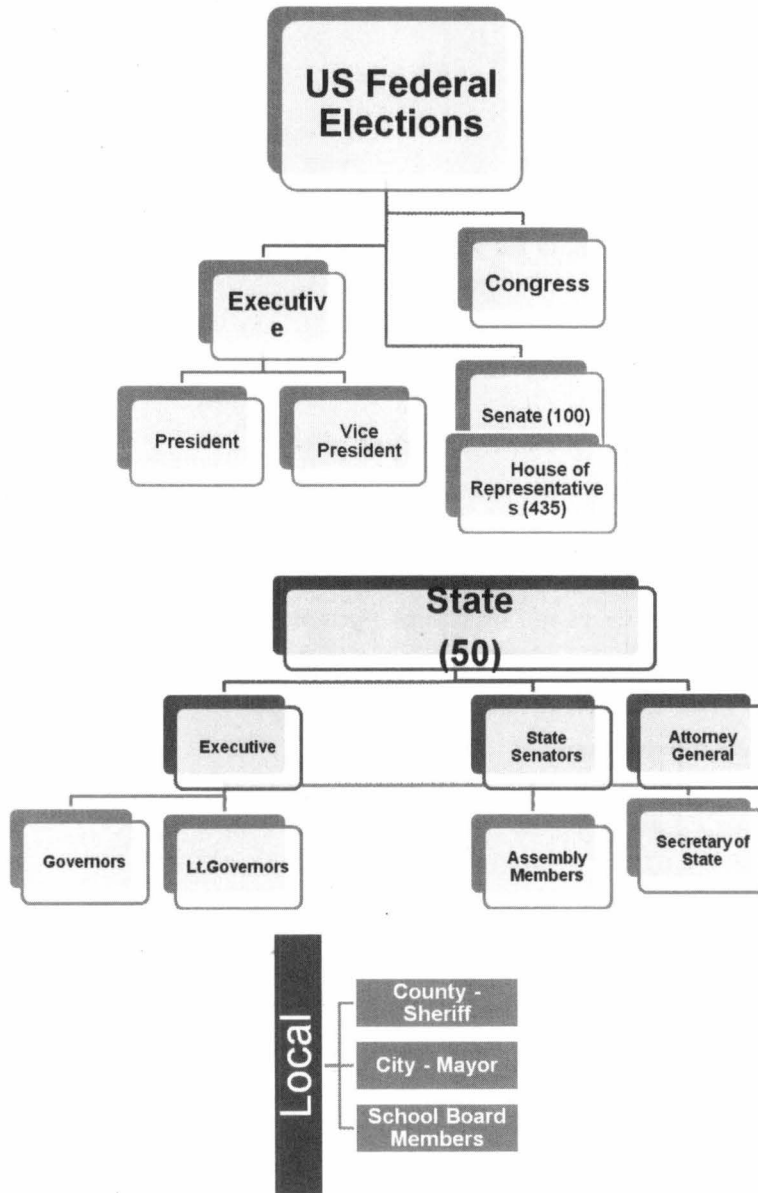
- Advertisements
- Media coverage
- Social media costs
- Appointment of consultants for various purposes – to draw road maps and strategies, communications planning – raising funds
- Legal services and appointment of consultants and attorneys
- Software for campaign – development – implementation- orientation – maintenance- data management
- Payment of rent of office premises at various places
- Payroll costs – hiring temporary staff and their salary costs and also insurance costs
- Hiring of rental cars
- Tele- marketing
- Banners, Pamphlets, flyers and Brochures – printing and mail costs
- Photos
- Arranging events at different states – for their set ups
- Arranging caucus meetings
- Travel costs – having private jets or chartering planes or airfares
- Office supplies and equipment
- Payment for utilities
- Bank charges – fees and commissions – credit card expenses - revenue processing fees
- Shipment charges

They spend either directly (which is kept to minimum due to lack of collections) or through PACs and super PACs. Campaign spending is more or less like starting a company and it is also a business in politics.

#### **Hierarchy of US Elections:**



**Federal Elections:**



Presidential and Vice Presidential election take place once in 4 years. It is an indirect election. The winner of the Presidential and Vice Presidential election is determined by the votes cast by electors of the Electoral College.

A congressional election takes place every two years.

Senate Elections: The senate has 100 members based on 2 senate members from each state and there are 50 states. They are elected for a six years term. One third of elected senate members stand for the election every two years.

House of Representatives – They are elected for a two year term. They elect a representative from each of the 435 house districts.

**State Elections:** Each state election takes place as per their laws and constitution. Governor is directly elected by the people. Also, other executives in the executive wing of the state are also directly elected namely Lt. Governor, the attorney general, the secretary of state. Senators generally serve four year term and the House of Representatives usually serve for two years term.

**Local Elections:** The legislature of the local level such as county and city, the positions are filled by election. In case of judicial and executive position, the system varies from county to county and city to city. The term and the method of election depend on state level. The elections are mostly conducted on nonpartisan manner.

### **Political Party System:**

The political party has its strong base from the beginning of 1930s though they had roots from 18th century. They are off shoot from 18th and 19th centuries. Now, they are firmly dominating the political landscape and scenario from the post of President to state elections.

Every President since 1852 is either a Republican or a democrat. Hence, the numbers of independent members in congress or in state are very low. They are mostly in existence at local elections.

**Genesis of Democratic Party:** It informally started in 1824 and formally in 1848. During the civil war and due to opposing views on slavery system, a new Democratic Party originated within which is surviving till today.

**Genesis of Republican Party:** It started as a small party in 1854. In 1860 became an established party. They are always in favor of abolition of slavery. The most distinguished President from Republican Party was Abraham Lincoln. The Republican Party is also known as GOP (Grand Old Party)

Both parties normally agree on major mandatory political issues but they see with different prism glasses. Each party has different but strong political beliefs, philosophies and ideals. Hence their perception and opinions becomes different on an issue. Broadly they agree that the political issues to be discussed on a platform are economy, tax policy, social issues like gay marriage, abortion, gun control, labor like minimum wages, free trade or protectionism to protect the job opportunities, health care, social programs like welfare, unemployment benefits, food stamps etc., Foreign policy, environment, energy issues, education, judiciary like crime and capital punishments, individual liberties, immigration laws etc.

### **Sources of Campaign Funds:**

- Individual contributions – small and large. Federal law restricts the individual contributions with a limit. It is \$2700 per candidate for 2015-2016 election cycles.
- Bundlers – An organization or a community can legitimately collect contribution from several individuals. The sum so collected becomes a bundle which is given an honorary title. They then give it to their chosen candidate in an event.
- Through Political action committees (PAC) – corporations and labor unions  
See the note below for explanations in detail
- Self-financing – It is nothing but candidate dipping in to their own pockets. Normally wealthy

candidates fund their own campaign in case they choose to do so. Self-financing could be part of the total campaign funds or as total campaign funds.

E.g. "In 1992 businessman Ross Perot spent a whopping \$64 million of his own money running as an independent." Source: "the Trump question: How do self-financed candidates fare in elections" Mellissa Yeager August 28, 2015 (Sunlight foundation)

- Federal funds – It is in the form of government subsidy. Those candidates who accept federal funds are subject to the limits on spending.

### **A Note on Political Action Committees (PACs)**

It is a type of organization which works for a candidate. It pools campaign contributions from members and donate the funds collected to campaigns.

"In the landmark case of "Citizens united vs. FEC" supreme court of the United states reversed the decision of the United States district court for the District of Columbia by striking down the provisions of Bipartisan Campaign reform Act (BCRA) that prohibited corporations ( Including nonprofit corporations) and unions from making independent expenditures and "electioneering Communication" . The court gave its final verdict on January 21st, 2010. However, the federal ban on direct contributions from corporations or unions to candidate campaigns or political parties stays"

Source: ([www.law.cornell.edu](http://www.law.cornell.edu))

Federal law has allowed two types of PACs – connected and not connected. Due to two favorable judicial pronouncements (Citizens United and Speech Now. org) gave birth to a third classification in July 2010 known as Independent – expenditure only committees, fondly known as "Super PACs"

Super PACs may not make direct contributions to candidate campaigns or parties. However, they are allowed to engage in unlimited political spending independently of the campaigns. They can raise funds without any legal limits from individuals, corporations, unions and other groups. It has become a Pandora box for candidates to covertly collect funds and outlet for corporations and unions to pour unlimited money in to the coffers of Super PACs in order to influence major policy decisions of the government. For the 2012 elections cycle, Super PACs raised colossal sum of \$826.6 million in total and spent with equal intensity a total of \$799.2 million.

(See the table – Appendix 1 and 2)

Source: <http://www.fas.org>. "Super PACs in federal elections: overview and issues from congress" R Sam Garrett – A specialist in American National Government April4, 2013

Thus, Super PACs are making their strong presence in US elections. Super PACs spend unlimited sums to veraciously advocate for or against the candidates. Now, taking in to account the current election cycle of 2016, as of 15th, October 2015 - 1186 Super PACs have reported total collections of \$300,828,942 and total independent expenditures of \$28,541,515.

Refer to Appendix 3 – Sector wise PACs contributions to the political parties

Source: <http://www.opensecrets.org/pacs/superpacs.php?cycle=2016>

### **Campaign Finance Reforms:**

The federal election commission is an independent regulatory body. It oversees the election process and enforces and administers the Federal Election Campaign Act. Successive

governments sincerely brought reforms based on experience and consequences from the year 1757 onwards.

Significant reforms are:

- a) Contribution limits on donors of all classes
- b) Disclosure requirements of source of contributions and its disbursements
- c) Spending limits and Public financing

However, US supreme court ruling on "Citizens United vs. Federal Election Commission" that independent political expenditures by unions and corporations (including non-profit corporations) are protected by the first amendment and are not subject to restrictions by the government. This ruling opened the flood gates to the wealthy, big money holders and corporations to have a bastion on politics.

### **Rent Seeking and Campaign Contributions and Lobbying**

The funds are contributed by powerful industries, companies and unions to modulate policies of the government in Washington DC at the cost of a common man's life. They not only contribute but also spend further on lobbying. However, what they spend is a drop in the ocean compared to what they reap as fruits of their efforts. It is not what you know but it is who you know in the nation's capital that determines success. Knowledge of who's who is very important.

This is called Rent seeking in our terminology since precious resources are wasted in contributions and lobbying. The companies and industries want to have positive government favors than ploughing back the profits by engaging in productive economic activity. Activities of this nature dampen the economic growth by creating negative impact. The favors they seek may be wasteful and even harmful to the economy.

"Once the Nobel Prize-winning economist Joseph Stiglitz explained that rent-seeking not only wastes tax dollars on unnecessary or inefficient projects—redistributing money from one part of society to the rent-seekers—but it is a "centripetal force" that hollows out the economy because "the rewards of rent seeking become so outsize that more and more energy is directed toward it, at the expense of everything else."

Source: [www.americanprogress.org](http://www.americanprogress.org)

Justice Brennan of US Supreme Court observed in his judgement while concerned about contributions in the case of Buckley V. Valeo 424US1 (1976) "that"

"To the extent that large contributions are given to secure a political quid pro quo from current and potential office holders, the integrity of our system of [424 U.S. 1, 27] representative democracy is undermined. Although the scope of such pernicious practices can never be reliably ascertained, the deeply disturbing examples surfacing after the 1972 election demonstrate that the problem is not an illusory one."

"If the interest group has high leverage vis-à-vis the politicians the group can extract all the "Rents". In these models politicians are willing to give away valuable benefits in order to get some small amount of interest group support because competing politicians might undercut them because there is no electoral consequence or personal cost to such deal making"

Source: [Scholar.harvard.edu](http://Scholar.harvard.edu) "Campaign finance regulations and the return on investments from campaign contributions" Stephen Ansolabehere; James M.Snyder.Jr, Michiko Ueda Page 1 and 3 August 2004



One can see clearly how these politicians clamor for campaign contributions from the interest groups since there is no electoral consequence and cost nothing to them. The interest groups then benefit in geometrical progression.

The idiom "You scratch my back and I'll scratch yours" works clearly and unambiguously.

Just as a fact, in 2012 Presidential election Barack Obama raised \$632.1 million and Mitt Romney raised \$ 389.0 million making a grand total of \$ 1.021 billion among two final candidates and the total cost of federal campaigns in 2012 totaled \$6.3 billion.

#### **For 2016 Election Cycle so Far – Presidential Election**

Amount Raised by candidates	\$269.5 million
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Amount Raised by super P.A.Cs	\$211 million
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Source: Federal election commission data released on Oct 16, 2015

2016 Presidential election campaign funds expected to reach towering amount of \$10 billion.

Empirical evidence of rent seeking through campaign contributions and lobbying

#### **1) Oil and Gas Industry**

The industry has its heavy presence in campaign finance and lobbying expenditures and it is one of the top rated in such activities. In 2012 while the Presidential candidates Barack Obama and Mitt Romney were actively talking about climate change and potential curb on carbon emissions, companies active in oil and gas industries contributed more than \$70 million to the federal candidates in 2012 election cycle to maintain a status quo position on such policy decisions. For the election cycle 2016, \$29 million has already been contributed. The Oil and gas industry by spending more than \$145 million in 2013 as lobbying expenditures remains as one of the top sources of lobbying firms.

It is also argued that there is no support by way of policy decisions or legislations to promote clean energy and to curb or reduce carbon emissions. It is pointed out that in addition the oil and gas industry enjoys tax breaks. To sum up, the sources mention that Oil and Gas industry prevent any issues to come up which impact their business adversely.

"Political action committees, lobbyists and executives do not give money to politicians or parties out of an altruistic support of the principles of democracy. They are savvy investors expecting a return on their investments. Politicians routinely deliver on campaign contributions that are provided to them... [By] giving goodies to the industry."

Tyson Slocum, director of Public Citizen's Energy Program. ([www.citizens.org](http://www.citizens.org))

[www.pbs.org](http://www.pbs.org) "Big oil, Big Influence" (Lindsay Renick Mayer, 2008)

#### **2) Pharmaceutical and Health Products Industry**

Pharmaceutical and health industry (which includes drug manufacturers, dealers of medical products and nutritional and dietary supplements) spent a total of \$2.6 billion in contributions and lobbying. Since 1990 the industry has given \$304,927,993 by way of contributions to campaign funds. Why? They want to keep up the marauding pricing policies and practices for drugs, wants fast approval process for drugs and other health products to enter the market and also want to enjoy exclusive property rights and protection. In addition, they want to keep the health care of the government at bay.

### 3) Finance/Insurance/Real Estate Industry

The industry remains as one of the top contributors for campaign finance and lobbying expenditures.

<i>Election cycle</i>	<i>Total contributions</i>
2016	\$208,598,171
2014	\$508,837,595
2012	\$676,843,412
2010	\$330,191,595
2008	\$517,919,427
1990 onwards till to date	\$4,102,515,912
2014	Lobbying expenditures \$498,150,832

The motive behind such large contributions are to influence the government policies on market regulations especially to go soft on the issue, to oppose strongly taxes and regulations of hedge funds and other financial instruments such as derivatives.

### 4) Construction Industry

<i>Election cycle</i>	<i>Total contributions</i>
2016 so far	\$17,254,856
2014	\$67,722,181
2012	\$124,634,531
1990 onwards till to date	\$764,699,758
2014	Lobbying expenditures \$52,066,114

The amounts contributed are to influence the governments' over spending on infrastructures. More so, construction industry looks for favorable tax policies on new buildings and home ownership. Now, they also support comprehensive immigration reforms in order to get cheap labor for construction industries.

### 5) Transportation Industry

<i>Election cycle</i>	<i>Total contributions</i>
2016 Till to date	\$22,272,050
2014	\$60,963,281
2012	\$79,281,438
1990 onwards till to date	\$622,896,764
2014	Lobbying cost \$219,635,696

To influence relating to transportation safety and security, travel taxes and budget allocation of funds for roads and railways.

## 6) Sugar Industry

The sugar industry gave members of congress \$1.3 million in contribution in 2001 and 2002 and the agricultural bill contained \$1 billion in price supports for sugar industry. The sugar industries have been contributing to candidates, parties and PACs continuously for past two decades especially to democrats which includes lobbying costs also.

As of March 2015, they have contributed \$2,419,295 for 2016 election cycle and since 1990 they have contributed \$41.7 million. The top contributor is American Crystal Sugar.

## 7) Education Related Industry

Even this industry has not been spared for the sake of the welfare of the students' community.

- a) As student loans have increased dramatically—doubling over the last 10 years—the student loan industry has kept a high profile to maintain government policies favorable to its bottom line. The student loan industry has spent \$50.1 million lobbying Congress and \$7.7 million in campaign contributions since 2000.
- b) For-profit colleges get 80 percent of their revenue from government backed loans and grants, and they spent \$10.2 million in lobbying last year and \$3 million in campaign contributions so far in the 2012 elections to keep the money flowing.
- c) Even as textbook costs have risen from under \$325 in 1986 to \$1,168 today, the textbook industry has dumped \$1.4 million in campaign contributions to political candidates and parties and \$35 million in lobbying since 2000.

Source: [www.publiccampaign.org](http://www.publiccampaign.org) Sep 2012

## 8) Health Services/HMOs (Health Maintenance Organizations)

<i>Election cycle</i>	<i>Amount – contributions and/or lobbying expenditures</i>
2016 so far	\$5.7 million
2014	\$16.4 million
2012	\$24.8 million
2014	Lobbying cost \$72.7 million

Its aim is to have the government implement the patient protection and affordable care act. It includes Medicare and Medicaid restricting too.

## 9) Gun Control and Gun Rights

Gun lobby in US is one of the most powerful lobbies and consistently holds clout in congress. Congress failed so far to pass gun control legislation due to contributions and lobbying. National Rifle association is a pre-eminent lobbyist for pro-gun. There are more reasons for not passing the Gun control legislation like political opposition, US constitution and lack of collective public opinion. There are already many laws on the books that aren't enforced

"Barack Obama made no attempt to hide his anger at US gun laws in the wake of the latest mass shooting at Umpqua Community College. The US President gave a speech from the White House saying that thoughts and prayers were "not enough" to stop the successive rounds of carnage that have become "routine""

(Dearden, 2015)

<i>Election cycle</i>	<i>Amount contributions and/or lobbying expenditures</i>
2016 so far	\$441150
2014	\$3,771,851
2012	\$4,424,491
2014	Lobbying cost \$12,013,482

It is also pointed out that despite the media's focus on guns control, crime including Gun crime has actually declining in the US over past 20 years.

### 10) Defense Industry

It is one of the most powerful sector influencing politics and politicians, though its contributions are far less than many other sectors.

<i>Election cycle</i>	<i>Amount in contributions and/or lobbying expenditures</i>
2016 so far	\$6,010,463
2014	\$25,400,775
2012	\$28,546,010
2010	\$23,931,981
2008	\$25,992,447
1990 onwards	\$231,466,522
2012	Lobbying expenditures \$136,823,651

The objectives in contributions and lobbying are to secure government defense contracts. Also, they want their influence in defense budgets.

Source: OpenSecrets.org – Viveca Novak – updated 2013

Sources for all above: OpenSecrets.org – Center for responsive politics

Figures are released by the Federal Election Commission

### Conclusion:

In this paper, I have focused on how the campaign funds and lobbying expenditures affect the legislative process and policy decision making at the federal and state level, post-election. Based on the statistics given by the Federal election commission, the total of such funds and lobbying costs are found. Then we examine based on the empirical evidences its impact on the policy decisions and favors extended by the government through their elected representatives.

We all know that campaign contributions and lobbying expenditures are going up year after year in volume. But, reasons behind such voluminous contributions and amount spent on lobbying are understudied including its end intensions. Also, the common citizens and the voters turn a blind eye to such matters though it is detrimental to the interest of the society. Majority of studies are concentrated on crunching figures of total amount received by the candidates, parties, PACs and Super PACs since the figures are disclosed by the federal election commission.

Above findings and several empirical studies have demonstrated that Campaign contributions

and lobbying expenditures have become a all-embracing legalized rent seeking activity. Interest groups pour money in to the coffers of the candidates' campaign funds to pursue the favor from them once elected whether it is federal or state or local elections, for example allotment of government contracts, lowering tax rates, favorable banking regulations, beneficial policies and regulations to suit the requirements of the donors, preferential tariffs and subsidies, overlooking environment and climate change requirements etc. Such quid pro relationship is getting worse year after year shaking the very foundation of the democracy and putting economy in stupor. It has resulted in net social loss since the precious resources are either wasted or diverted in nonproductive activity. It is not beneficial to the society as a whole. It has vitiated equality among citizens and not provided level playing grounds in politics.

"Over recent decades, the wealthy have translated their wealth in to political clout and used that clout to increase their wealth."

(How the dominance of politics by the affluent and business undermines economic mobility in Ameriac) – [www.demos.org/stacked-deck](http://www.demos.org/stacked-deck)

Indeed some economists argue that due to rent seeking behavior, the 2008 financial crisis and recession started. (Due to lack of financial institutions regulations several financial institutions collapsed and government has to bail out wasting tax payers' money). Credit extended by the financial institutions were unchecked by the regulators resulting them getting out of control.

"Furthermore, several studies indicate that the businesses that are most likely to make contributions or lobby are also those with the highest payoffs from favorable policy decisions, providing credence for the position that business political activity is to a significant degree about rent-seeking." John Craig and David Madland May2, 2014

While talking about as to how such contributions and lobbying exert pressures on policy makers at Washington DC, Mr. Marvin Ammori, a fellow at the New America Foundation, calls it as "corruption economy," in which firms compete over political influence rather than product innovation.

Campaign contributions and lobbying are stand-alone exercises' by the interest groups and each have its own influence on policy makers at the federal capital or state capital but in combination it is a lethal weapon to get the things done and skew the policies in their favor. Both of them are two sides of the same coin. It is understood without doubt that how much influence each have is difficult to quantify and varies in degrees depending upon the amount coughed up but it is firmly understood that both does exercise influence without which nobody gives it as a charity.

Rent seeking has proved to be a successful tool for the interest groups and politicians alike resulting in to serous economic concerns. More so successful rent seeking provides further incentives to go for rent seeking activities resulting in to never ending tenacious cycle.

Let us leave it to future research to find out at micro level as to how every wealthy individual, big money holders and industry in every sector benefitted from the government by making campaign contributions and indulging in lobbying. Also to measure its impact on the economy and its negative effect on society and nation at large.

#### **A Quick Comparison with our Indian Scenario:**

In India, election campaigns have become expensive and prohibitive. It has been reported that in 2014 general election to the parliament, candidates and political parties spent an estimated

\$5 billion on their campaigns. India proudly stood second to US on campaign expenditures.

"It is the best known secret of Indian politics. And it comes as no surprise that India's national, state and regional parties earned Rs. 4,662 crore in the last seven years, mostly in form of donations and contributions, but there is a huge cover of secrecy and lack of transparency in who gave the money to them, a report released by two NGOs has claimed." (Rahul Shrivastava, 2012).

So quid pro relationship has to there since donors like US donors do want policy decisions in their favor once the government is in place after the election.

The only difference with US is that there is still lack of transparency and accountability on campaign funds.

So, there is a paradigm shift in acquiring or creating wealth in a productive manner all over the world and rent seeking has become endemic across the board to have wealth at high speed and quicker.

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*Appendix - 1***The 10 Super PACs Reporting the Most Receipts and Disbursements for the 2012 Election Cycle**

<i>Committee Name</i>	<i>Total Receipts</i>	<i>Total Disbursements</i>
RESTORE OUR FUTURE, INC.	\$153,741,731	\$153,316,373
AMERICAN CROSSROADS	\$117,472,407	\$117,044,325
PRIORITIES USA ACTION	\$79,050,419	\$75,333,806
MAJORITY PAC	\$42,121,541	\$42,117,050
HOUSE MAJORITY PAC	\$35,844,951	\$35,689,886
WINNING OUR FUTURE	\$23,921,705	\$23,861,421
FREEDOMWORKS FOR AMERICA	\$23,453,198	\$22,621,967
WORKERS' VOICE	\$21,855,151	\$21,687,667
CLUB FOR GROWTH ACTION	\$18,253,913	\$17,931,937
SERVICE EMPLOYEES INTERNATIONAL UNION PEA-FEDERAL	\$16,264,036	\$13,079,983

Source: CRS analysis of super PAC data in the FEC Committee Summary File.

Notes: Committee names appear as listed in the FEC data accessed March 2013. All figures are rounded compared with the original data. These figures could be affected by future amended filings. Total disbursements include all expenditures, not only independent expenditures. The table relies on combined receipt and disbursement data. Separate analyses of disbursement and spending data could yield different results.

*Appendix - 2***Overview of 2012 Super PAC Independent Expenditures****By Type of Race and Party**

<i>Chamber</i>	<i>Party</i>	<i>Support or oppose</i>	<i>Total IE spending</i>
House	Democratic	Oppose	\$26,473,473
		Support	\$16,693,098
	Republican	Oppose	\$42,988,145
		Support	\$16,875,654

<i>Chamber</i>	<i>Party</i>	<i>Support or oppose</i>	<i>Total IE spending</i>
Senate	Democratic	Oppose	\$34,313,099
		Support	\$12,188,177
	Republican	Oppose	\$63,514,924
		Support	\$24,033,595
Presidential	Democratic	Oppose	\$189,330,326
		Support	\$18,086,773
	Republican	Oppose	\$118,289,181
		Support	\$58,064,074

Source: CRS analysis of 2012 Federal Election Commission independent expenditure reports.

Notes: Information in the table is as reported in FEC independent expenditure reports. CRS calculated the information in the Total IE Spending column. The table excludes third-party and independent candidates.

*Appendix – 3*

<i>Sr.no</i>	<i>Sector</i>	<i>Democrats \$</i>	<i>Republicans \$</i>	<i>Total \$</i>
1	Agri Business	1,311,471	3,540,040	4,856,871
2	Communications and Electronics	2,037,805	2,939,687	4,981,492
3	Constructions	409,250	1,825,470	2,237,220
4	Defense	1,537,450	3,057,075	4,595,525
5	Energy and Natural resources	1,201,400	5,540,505	6,746,905
6	Finance, insurance and real estate	5,598,601	11,706,066	17,317,617
7	Health	3,284,882	6,287,138	9,573,020
8	Lawyers and Lobbyists	1,205,572	1,153,828	2,359,400
9	Transportation	1,527,001	3,682,755	5,211,756
10	Misc. Business	2,520,804	5,516,380	8,039,184
11	Labor	3,359,060	1,589,875	4,953,935
12	Ideological/single-issue	2,379,696	4,507,973	6,887,499
13	Others	91,372	169,500	260872

Sources: <http://www.opensecrets.org> (center for responsive politics)

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