

Money is (Political) Power:

Unrestricted Campaign Spending as a Central Threat to Democratic Function

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Introduction

It should not be news to anyone that modern-day democracies are facing extreme challenges on a global scale at the current point in history. Around the globe, states are facing rising populist authoritarian leaders, financial and public health crises, and seemingly endless wars. However, often the most daunting threats come from fundamental and inherent realities of the landscape of governing systems themselves. Indeed, rather than external threats challenging democratic institutions from the outside, political systems can struggle with issues central to the very functioning of democracy itself. In particular, states in which campaign finance laws do not restrict spending of resources on elections bring forth fundamental challenges to democratic ideals. This intermingling of economic and political freedom is a zero-sum game, especially as inequality in economic systems thus fuels inequality in power in the political arena. To this end, the greatest challenge facing democratic function is the effects of unrestricted market-capitalist freedoms on elections.

Background

While the threat of protected free market capitalism on democratic elections is universal, the American case is a particularly concrete starting point. The system of American freedom has largely become entangled with minimal economic and capitalistic regulation. This intermingling of economics and politics has resulted in the reality of a campaign finance system where spending of capital is now considered speech under the protections of the First Amendment as a result of *Citizens United*. This equivalence runs contrary to core fundamental ideals of democratic institutions, despite Supreme Court findings that they are enshrouded in constitutionally-guaranteed protections. Small groups with outsized resources are now able to

sway national conversations surrounding political power and elections without restriction due to the emergence of political action committees and other mechanisms of influence.

Jane Mansbridge (2012) describes the particular type of problem which campaign finance and market regulations must overcome, especially in the United States, as drift (p. 1). Drift comes about when external causes causing a trend are not met with action and leads to “the unimpeded trajectory of change” (Mansbridge, 2002, p. 1). Mansbridge goes on to argue that traditions of government based around collective resistance, rather than collective action, lead to drift and the inability to confront problems with appropriate response (p. 1). As issues arise, governments designed in these fashions struggle with dealing with them in a matter that solves all but the smallest or most universal of issues due to the many veto points baked into the system along the process of approval and implementation.

Additionally, these ideas work alongside David Runciman’s (2014) analysis of how repeated and stacked crises work in democratic and capitalistic settings. When describing market behaviors, Runciman notes, “Like democracies, markets go through endless minor dislocation that often serve to conceal their underlying problems” (p. 309). As elections happen somewhat frequently with past cycles becoming unalterable once they have concluded, there is a natural tendency to move on past issues that arise during a cycle and chalk them up to the circumstance of a particular race. This constant stream of minor crises hides the fundamental and difficult to solve problems buried beneath the surface.

Mansbridge’s (2012) and Runciman’s (2014) theories complement each other quite well in explaining the developments, or lack thereof, in mitigating the risks to democracy unrestricted campaign spending pose. Crises, as described by Runciman, have effectively numbed

populations to the risks and problems associated with the current setup due to their frequent and relatively small occurrences. Mansbridge's ideas that traditional collective resistance systems, and thus drift, have led to similar inaction to resolve issues that are inherently dangerous to democracy in practice.

Democracies, particularly in the American context, have gradually and increasingly suffered from crises and distress at the hands of campaign finance regulations that have moved to decrease the sway of individual voters in favor of concentrated powers in the hands of affluent individuals and corporations. Elections where affluent individuals with little support beforehand funding their way to the mainstream of the conversation are becoming more and more frequent to the point where what may once have been seen as crises have largely become normalized. Allowing for systems where capitalistic powers and political powers merge creates undue harm towards individual voters in having their positions and opinions heard. This tendency towards a common discourse controlled by the few rather than the many is inherently dangerous to democratic society and risks movement towards oligarchic systems in practice.

Dahl: Trade-Offs

Robert A. Dahl (2015) examines the “antagonistic symbiosis” of democracy and market-capitalism over two chapters of *On Democracy* and derives five major takeaways about this relationship (Chapter 13, para. 1–2). In terms of positive features of the dynamics between the two, Dahl notes that market capitalist economies are essentially a requirement for enduring polyarchal democracies as well as this relation existing due to the fundamental nature of market-capitalism benefiting democratic institutions (Chapter 13, para. 3–7). On the flip side, Dahl finds that democracy and market capitalism constantly modify and limit each other, the

unequal nature of market capitalism generates inequalities in political resources, and it encourages the development of democracy up to and only to the stage of polyarchal democracy (Chapter 14).

Of these, Dahl's (2015) fourth point regarding inequalities in political resources is most prominent in this discussion. Dahl summarizes the importance of this point by stating, "citizens are not political equals—far from it— and thus the moral foundation of democracy, political equality among citizens, is seriously violated" (Chapter 14, para. 16). A core aspect of democratic theory is the ability for citizens to share and debate ideas on equal footing. By intermingling consequences of free market capitalism into the system, citizens' voices can be vastly amplified or barely heard depending on their allocation of resources.

This fundamental point has serious consequences for political spending and elections. Dahl (2015) presents a relatively balanced view on market capitalism between his two chapters, but seems to fall on the side of believing situations such as the one at hand come down on the negative side of reality. From this viewpoint, inequalities of political power a democracy does not make. By implementing guard rails or regulations of some type to decrease the inequality of political power, if not economic power, capitalistic systems could remain while not infringing on democratic function. Dahl previously acknowledges the important role government institutions play in providing regulation of the marketplace when examining the nature of capitalism and democracy constantly challenging one another (Chapter 14, para. 7). Intervention on behalf of government institutions to mitigate negative externalities of the natural distribution of political power due to capitalist systems seems to be a plausible solution under Dahl's framework.

Critique

The primary weakness with Dahl's (2015) position regarding inequality in political resource distribution is its stance as a moral, theoretical, and philosophical ideal rather than a real-world political necessity. From the perspective of pure democracy, equality amongst citizens in regards to political power is a fundamental starting point. However, once economic and other societal factors are introduced into a government, especially a large-scale one, these theoretical ideals are obviously unattainable.

Friedman: Market Freedom

Milton Friedman's *Capitalism and Freedom* (2002) begins with a chapter outlining the author's belief that capitalistic market freedom is a central requirement of personal democratic freedom (pp. 7–8). Rather than focusing on the effects of society at-large, Friedman centers his argument around individuals involved directly in market transactions, ignoring the downstream effects of externalities of transactions. The author himself argues:

Viewed as a means to the end of political freedom, economic arrangements are important because of their effect on the concentration or dispersion of power. The kind of economic organization that provides economic freedom directly, namely, competitive capitalism, also promotes political freedom because it separates economic power from political power and in this way enables the one to offset the other. (p. 9)

To Friedman, economic market freedom is a protection from potential tyranny of government due to a unique type of separation of powers.

By removing economic power from a government to the market at-large, Friedman (2002) argues this results in an increase in personal freedom for its citizens. In any economic

transaction, both the buyer and the seller benefit from the trade, “provided that the transaction is bi-laterally voluntary and informed” (p. 13). Friedman point of view distinguishes itself as only concerned with the transaction itself and the freedoms of the parties directly involved. He does not extend his arguments further to society as a whole and whether the transaction has any net effects on a wider scale.

In the context of the question of political spending, Friedman (2002) most closely addresses the topic through the lens that capitalism as a system offers paths with relatively low barriers of entry for introducing new niche ideas into the public consciousness (pp. 17–18). In this line of thinking, Friedman notes that to get an idea launched, it is only necessary to convince a small number of wealthy individuals to buy into the idea, rather than a large number of small contributions. He frames this as the easier challenge and a benefit of capitalism compared to alternative socialist systems. He further adds of convincing capitalists to join a cause, “it is only necessary to persuade them that the propagation can be financially successful” (p.17). That is to say, capitalist actors are theoretically solely profit-maximizing and this alone is enough to convince homo economicus to join a cause.

Friedman’s (2002) ideas as laid out in this work seem to align almost perfectly with a view supporting unrestrained political spending as a means of influencing elections. Friedman would likely find no problem with allowing wealthy contributors using their resources to exert political power. In fact, to Friedman this could be seen as the market acting as a check to governmental power itself. The one caveat to this idea is Friedman does put forward an acceptance that governments play an essential role in the marketplace as the authority which sets “the rules of the game” (p. 15). There may be a point Friedman could see completely unrestricted

spending powers as something for which governmental institutions must correct for and put restraints on once it reaches a certain point.

Critique

Friedman (2002) is among the group that sees it as an advantage that a relatively small number of people with outsized resources can stimulate the discussion of niche ideas and bring them to the forefront of a national conversation. This is, however, a double-edged sword as these same individuals now wield undue influence over the political process. What began as a small group of benefactors putting resources to a small idea to breathe life into it and join the debate could easily grow to a still small group of people funneling resources into an idea that balloons to overwhelming the conversation and granting it a false sense of legitimacy and democratic buy-in. As individuals outside the group see the dominance of the idea due to the resources poured into it, they may think it has more democratic buy-in than it actually does, which may be a factor in their own decision based on the game theory of elections.

Additionally, unrestricted dominance over the messaging within democratic forums can present further challenges when coupled with freedom of speech protections. Should an idea with artificially inflated support from a large amount of resources from a small group of wealthy benefactors be spread with propaganda, disinformation, or other falsehoods be protected as free speech, this hurts the free flowing of information due to its seeming credibility as a source in the debate of a free and open society. A recurring requirement in various democratic frameworks put forth by scholars is the ability for the electorate to gain an informed understanding as a core tenet of democracy. By introducing the possibility for oversized and unequal power to put forth these

negative factors towards an informed population, it also introduces a potential violation of this particular requirement of democratic function.

Finally, Friedman (2002) directly invokes the idea that “competitive capitalism also promotes political freedom because it separates economic power from political power and in this way enables the one to offset the other” (p. 9). This idea absolutely falls short in practice. As throughout Dahl’s (2015) analysis, capitalism and democracy reflect one another when enjoined in symbiotic systems. In capitalist states, democracy then plays by the rules of capitalism and, unless restricted, generally allows for those with outsized capital resources to have undue power over electoral processes. This directly comes up when tackling the idea of unrestricted campaign spending. Political power and economic power are anything but separate in this specific case and are in fact directly intertwined. Directing outsized resources gained through capitalist markets in order to sway the results of an election is antithetical to the assertion of Friedman that these powers become separate under these systems.

Can Democracy Overcome?

The preceding theories and critiques highlight facets of the detriment of unrestricted political spending on elections. Above all else, the inequality inherent to the system, including the distribution of political power, highlights the potential of market-capitalism to become detrimental to democratic function. The fundamental basis of democracy of equal participation between equal citizens can easily be violated in capitalistic systems if special, carefully considered and crafted, protections are not extended to elections.

Guard Rails

What actions can states take to mitigate the negative factors of the campaign finance status quo? As previously discussed, capitalism inherently brings forth inequality in capital and power and simultaneously requires regulation in order for society to function. While the initial answer of introducing simple regulation seems like an easy fix, such as limiting spending from individuals or creating governmental funds to pay for elections to ensure equal footing, this ends up being much easier said than done for a variety of reasons.

First, as described previously, coordinated action is difficult when systems are inherently designed to stifle overregulation. If governments require newly-elected officials running on platforms of campaign finance reform to gain a mandate to implement legislation, those with power and resources who benefit from the status quo can band behind opposition candidates to stifle reform. Especially in systems with many veto points along the way, this may only require gaining a single-seat majority in a single chamber of a legislature compared to winning the race for head of government. This doubly-uphill battle makes any chance of action hard to begin with.

Second, the regulations themselves are not necessarily straightforward in their formulation. While they may be necessary, any regulations of this type do still yield economic freedom in exchange for societal political freedom. Finding any sort of balancing point between the tradeoffs of these opposing forces is a struggle in and of itself. Too harsh of restrictions on any individual using their resources to express opinions may openly harm freedom of speech within a state. Policies put in place must be carefully considered and expertly crafted to make sure they are no more of a harm to the democratic ideals than the current setup.

Any action put in place must in fact reach the end goals of Friedman's (2002) framework of the free market and democracy. First, the government must be involved in setting the rules of the game of capitalism to avoid undue societal detriment (Friedman, 2002, p. 15). Second, the regulations put in place must seek to separate the spheres of influence of economics and politics (Friedman, 2002, p. 9). Friedman sees capitalism as a natural system that leads to the separation of political power and economic power. While in practice this does not in fact occur naturally in the course of events, these two ideas should combine to lead the intentions of regulators in both acting within the system and as an end goal to mitigate potential areas of corruption and harm to society at large.

The American Path Forward

To return to the case put forward previously, how can American democracy move forward from *Citizens United* to overcome threats posed by free-market campaign spending? The rub here is the nature by which the right to expend capital being protected as freedom of speech being granted by judicial review. Because the Supreme Court asserted this ability as a constitutional right, rather than the status quo being brought into existence through a legislative avenue, the path forward is once again stifled by inaction. This then requires either the Supreme Court to overturn its decision in a future case or a constitutional amendment to pass Congress with two-thirds approval and gain approval of three-quarters of the states. One path presents a means by which action cannot be coordinated, as the fate rests solely in the hands of the nine justices of the Court and the other places a bar so incredibly high that passing it in the current political climate seems next to impossible.

Conclusion

Runciman (2014) acknowledges, “People have to believe in democracy for it to work. The better it works, the more they believe in it. But the more they believe in it, the less likely they are to know when something is wrong” (p. 324). As established, problems exist in current unregulated approaches to market-capitalism intertwined with democratic political institutions. For most of the population, these issues go undetected and written off as mundane political details and each small crisis goes by without coordinated action and with further drift along the trend towards inequality in power. Can democracies overcome the challenges presented? The impediments are certainly going to be difficult to overcome, both in the abstract and in practice. Practically, *ceteris paribus* it seems as though the issue is going to continue to face drift and succumb to special interests rather than changing to improve results for society. Democratic institutions will suffer as the wealthy minority can use their outsized influence to make their voices drown out the competition when they want to.

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