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WHY THEY JUST SAY NO
Posted Prices and the Capitol Hill Stalemate Machine
By Thomas Ferguson | 10/15/2011

[**To our readers:** While most of our current stories can be read only by subscribers, we thought this piece was worth bringing to the attention of a wider audience. If you like Thomas Ferguson's piece below, we hope you'll consider subscribing at just $18 for 22 issues. Along with the storied bi-monthly bulletin (soon to sport a handsome new design), you'll get full access to the website and the *Spectator* archive. Thanks for reading! — Emily Gordon, Online Editor]

Under the new rules for the 2008 election cycle, the DCCC [Democratic Congressional Campaign Committee] *asked rank-and-file members to contribute $125,000 in dues and to raise an additional $75,000 for the party. Subcommittee chairpersons must contribute $150,000 in dues and raise an additional $100,000. Members who sit on the most powerful committees ... must contribute $200,000 and raise an additional $250,000. Subcommittee chairs on power committees and committee chairs of non-power committees must contribute $250,000 and raise $250,000. The five chairs of the power committees must contribute $500,000 and raise an additional $1 million. House Majority Leader Steny Hoyer, Majority Whip James Clyburn, and Democratic Caucus Chair Rahm Emanuel must contribute $800,000 and raise $2.5 million. The four Democrats who serve as part of the extended leadership must contribute $450,000 and raise $500,000, and the nine Chief Deputy Whips must contribute $300,000 and raise $500,000. House Speaker Nancy Pelosi must contribute a staggering $800,000 and raise an additional $25 million.*

—*Marian Currinder*, Money in the House (2008)

THE YEAR IS 1909. The U.S. income distribution is about as lopsided as it is today. J. P. Morgan is fine-tuning a tariff bill by telegraph from his yacht. Morgan and his fellow robber barons have for years reliably tied Congress up in knots whenever anyone proposes regulating trusts, railroad rates, financial speculation, or labor disputes. A notoriously corrupt ring of U.S. senators, the so-called "Millionaires Club," is on hand to bury in committee any measures that the corporate titans frown upon.

Fast-forward to 2011. Being a millionaire in Congress is nothing special — just about half of all members are one. The legislative process works less operatically, but the result is pretty much the same: legislative gridlock punctuated by occasional blatant special-interest legislation. Banks are rescued; the unemployed are left to their own devices. The housing market is left in free fall, with the bailed-out banks mostly still left to call the tune on foreclosures.

As national income stagnates, financiers submerge financial reforms and derivatives regulation under waves of campaign contributions. Meanwhile, a vast array of interested firms and investors dispatch armies of lobbyists to stymie Congressional action on climate change, block the government from bargaining down prices of drugs paid for by federal health programs, and keep tax increases forever off the national agenda.

We watch the news to see if Congressional stalemates over deficits will lead to a government default that would throw world financial markets into turmoil or force draconian, across-the-board budget cuts at Thanksgiving time. But while we hold our breath, popular discussions about Congress have taken a curious turn. Pundits talk nostalgically about the good old days, when representatives from the two parties regularly played golf together and compromised their differences in the name of the larger national interest. Today such outcomes are said to be impossible. But why, exactly?

The rivers of political money that now swirl 24/7 around Capitol Hill surely play a role in producing the great D.C. stalemate machine. But tired recitations of astronomical campaign-finance spending totals don't tell the full story. Neither does the observation that since the 1990s, Republican leaders both in Congress and out have raised enormous amounts of money from investor blocs that plainly hope to roll back the New Deal as a whole. We need to look at the bigger picture. The tidal wave of cash has structurally transformed Congress. It swept away the old seniority system that used to govern leadership selection and committee assignments in Congress. In its place, the parties copied practices of big-box retailers like Walmart, Best Buy, or Target.

Uniquely among legislatures in the developed world, our Congressional parties now post prices for key slots on committees. You want it — you buy it, runs the challenge. They even sell on the installment plan: You want to chair an important committee? That'll be $200,000 down and the same amount later, through fundraising. Unlike most retailers, though, Congressional leaders selling committee positions never offer discounts. Prices only drift up over time.

This practice is perhaps the one case where bipartisanship flourishes in Congress today. The Democrats' 2008 price schedules quoted in Currinder's *Money in the House* are just variations on themes introduced by the Republicans in the 1990s, when Newt Gingrich brought in the earliest versions of "pay to play" and Tom DeLay consulted computer printouts of members' contributions at meetings to decide on committee chairs. Everybody in D.C. is in on the game. Only the public is still in the dark.

NEW NORMAL—Posting prices in this fashion does more than energize members of Congress to hunt up new sources of cash in hope of advancing their careers and winning reelection. The practice makes cash flow the basic determinant of the very structure of lawmaking. Instead of buffering at least some outside forces, Congressional committees and party leadership posts reflect the shape of political money — and in our New Gilded Age, it is obvious where most of that comes from.

The whole adds up to something far more sinister than the parts. Big interest groups (think finance or oil or utilities or health care) can control the membership of the committees that write the legislation that regulates them. Outside investors and interest groups also become decisive in resolving leadership struggles within the parties in Congress. You want your man or woman in the leadership? Just send money. Lots of it.

On the edges, of course, factors besides money still play some role, especially in ordinary committee assignments. But the New Normal looks like this: In 2009, when the Democrats controlled the House, their leadership slotted many junior representatives on the Financial Services Committee so they could haul in cash with both hands to enhance their prospects for reelection. All the money talked; today, despite the passage of the Dodd-Frank financial reforms, U.S. regulators can't tell which American financial houses are exposed to what risk, if default by Greece knocks over one or another big European bank.

But the real rub is the way the system centralizes power in the hands of top Congressional leaders. In the new pay-to-play system, individual representatives dole out contributions to their colleagues to gain support for their individual bids for key positions within each chamber. But the system also requires them to make large contributions to the House and Senate national campaign committees. These are normally controlled by Congressional leaders in each chamber (along with, perhaps, the White House when the president comes from the same party).

MONEY TALKS—When cash is king, access to it determines who rules. The Congressional party leadership controls the swelling coffers of the national campaign committees, and the huge fixed investments in polling, research, and media capabilities that these committees maintain — resources the leaders use to bribe, cajole, or threaten candidates to toe the party line. This is especially true of "open-seat" races, where no incumbent is running; or in contests where an obscure challenger vies to upset an incumbent of the other party. Candidates rely on the national campaign committees not only for money, but for message, consultants, and polling they need to be competitive but can rarely afford on their own.

As though by an invisible hand, Congressional campaigns thus insensibly acquire a more national flavor. They endlessly repeat a handful of slogans that have been battle tested for their appeal to the national investor blocs and interest groups that the leadership relies on for resources. And crossing party lines becomes dangerous indeed, as the recent vote to raise the debt ceiling vividly illustrated. More than half the Tea Party Caucus voted with Speaker Boehner, despite heavy pressure from well-financed ultra-right groups such as the Club for Growth, and the Tea Party's strident opposition to raising the debt ceiling.

This concentration of power also allows party leaders to shift tactics to serve their own ends. They grandstand by trying to hold up legislation. They push hot-button legislative issues that have no chance of passage, just to win plaudits and money from donor blocs and special-interest supporters. When they are in the minority, they obstruct legislation, playing to the gallery and hoping to make an impression in the media. Aware that most Americans pay little attention, both parties flood the airwaves with more of the same old same old, hoping that some of it will stick.

The parties' efforts to emulate Best Buy, in short, create true Legislative Leviathans. They turn Congress into a jungle where individual members compete frantically for donations. The system also produces top-heavy, cash-rich leadership structures within each party. It ensures that national party campaigns rest heavily on slogan-filled, fabulously expensive lowest-common-denominator appeals to collections of affluent special interests. The Congress of our New Gilded Age is far from the best Congress money can buy; it may well be the worst. It is a coin-operated stalemate machine that is now so dysfunctional that it threatens the good name of representative democracy itself.
But democratic legitimacy is far from the only value at risk as the 2012 election approaches. Over the long run, the bonfire of inanities fueled by gridlock has encouraged more and more investors and interest groups on the right to keep raising the stakes. Groups like the Club for Growth, the Heritage Foundation, and the Cato Institute have become ever bolder in challenging Republicans whose conservative credentials they deem suspect. Establishment Republican leaders in Congress, even with all their advantages, have a harder and harder time containing these groups. The leadership only just prevailed in the battle over the debt ceiling this summer. In a globalized world that is increasingly nervous, however irrationally, about budget deficits and sovereign debt repayments, it would be a mistake to underestimate how much havoc a small group of zealots could wreak in the next few months, as taxes and the budget promise to redefine American politics.

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SUPERFUND SITE—The 12 members of the bicameral/bipartisan Congressional Joint Committee on Deficit Reduction (or "Supercommittee") are representative of the Congress. Each of them raises huge sums of money from donors attempting to shape legislation. The grand total the 12 committee members have raised since 1990, according to the Center for Responsive Politics (CRP), is $592 million.

A figure so large that it is meaningless, falling into the "astronomical campaign-finance spending totals don't tell the full story" category that Thomas Ferguson refers to above. It is also somewhat distorted; roughly half of the $592 million was money raised by Senator John Kerry in his presidential race against George W. Bush in 2004.

Nonetheless, a lot of money.

The Supercommittee is charged with delivering, by November 23, recommendations for $1.5 trillion in cuts from the federal budget over the next 10 years. The recommendations, if they are reported out, will be subject to a legislative plebiscite in the House and Senate. That is, a "yea" or "nay" vote with no amendments and no filibuster. If the committee fails, "trigger cuts" will be imposed across the spectrum of federal funding.

So it would be of interest to the public to know who is contributing to and lobbying members of the committee. Iowa Democratic Congressman Dave Loebsack is the principal author of a bill that would require disclosure of political contributions, and member and staff meetings with lobbyists, within 48 hours of each occurrence. The bill is going nowhere.

Massachusetts Senator John Kerry has suspended fundraising until the committee completes its work, a nice but disingenuous gesture because checks based on previous commitments can be written on November 24. Real-time disclosure is far more useful.

The next filing date for political contributions is in January, so the public will not know who is making political contributions to members of the committee until more than a month after its work is concluded.

The public is left to look at past contributions, and a good place to look is the Center for Responsive Politics website, which lists individual and aggregate contributions received by committee members: http://www.opensecrets.org/news/reports/supercommittees.php?ql2.

Beyond matching members to interest sectors supporting them, there is a lot in the CRP's report.

Consider.

If Kerry has suspended fundraising, other committee members are pressing on. Two hours after the leadership released the names of Super Committee members, the Investment Company Institute sent out an invitation for a $1,500 fundraiser for California Democrat Xavier Becerra, according to *Politico*. The trade group's pitch: "This will be Mr. Becerra's first event since being named to the commission and may be one of the first for any of the twelve members of the group."

And South Carolina Representative Jim Clyburn, for whom a new leadership position was created in 2010 when he challenged Steny Hoyer in the race for minority whip, has 10 fundraisers scheduled between the time the committee was created in August and its November 23 deadline.

Clyburn is a member of the Democratic leadership. His 10 events are evenly divided between Friends of Jim Clyburn, his personal campaign fund, and BRIDGE PAC, his personal leadership PAC.

At $1,500 to $5,000 a ticket, Clyburn will need more than 10 fundraising events to come close to what Pennsylvania Republican Senator Pat Toomey raised from one source in 2010. The anti-tax, anti-government Club for Growth, the largest donor to Republican committee members, with a total of $1,103,407, gave Toomey more than $800,000. Toomey had previously served as the organization's director.

The second biggest giver to committee members is EMILY's List, an advocacy group that works to elect pro-choice Democratic women to Congress (and recently worked to promote social issues such as education funding) with $710,313. There is, however, only one woman on the committee — Washington Democratic Senator Patty Murray, who raises money for the Senate Democratic leadership.

The huge funding blocs on opposite sides of the central issue of contention that committee members will have to address — to raise taxes *and* cut spending or reduce the deficits by spending cuts alone — suggest a deadlock that committee members will not be able to break.

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