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COLOR OF MONEY : 2004

COLOR OF MONEY: THE 2004 PRESIDENTIAL RACE

Campaign Contributions, Race, Ethnicity, and Neighborhood

October 2004



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Campaign finance data analyzed in this report were provided by the Center for Responsive Politics (www.opensecrets.org), a nonpartisan, nonprofit organization dedicated to analyzing campaign finance data from the Federal Election Commission (FEC). Data for the 2004 election cycle were downloaded in August 2004, and reflect July 31 reports by candidates to the FEC.

The methodology used in this report for determining the racial and ethnic makeup of the U.S. population was developed by Dr. John R. Logan at the Lewis Mumford Center at the University of Albany. Dr. Brian Stultz, of the Department of Sociology at the University of Florida-Gainesville, provided much valuable help. The Lewis Mumford Center is a recognized authority on interpretation of census data. The Center has published dozens of reports on segregation and racial and ethnic patterns throughout America (<http://mumfordl.dyndns.org/cen2000/report.html>).

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INTRODUCTION

By the time the dog days of summer arrived this year we knew that the 2004 presidential elections would prove the most expensive in history. Candidates had raised \$650 million, 88% more than was raised over a similar time period for the 2000 race. Three leading candidates, including both major party's nominees, declined public financing for the primaries, making private donations more important than in any presidential election in the past generation. And despite much attention to the growing role of small donors in these elections, a full two-thirds of the cash collected from individuals by presidential candidates came from donors of more than \$200.

Who are these donors, and where do they come from? In this study, we show that the great majority of these contributions—some 90%—come from wealthy, white neighborhoods. More than 90% of President George W. Bush's contributions from donors giving more than \$200 come from neighborhoods that are majority non-Hispanic white, as do nearly 90% of Senator John Kerry's (D-MA) contributions. Go down the list of other presidential candidates, now withdrawn from the race, and the pattern looks much the same.

There are two notable exceptions to the rule, however. The 2004 race's two African American candidates, former Senator Carol Moseley Braun (D-IL) and Reverend Al Sharpton, present a different profile. Some 40% of the contributions they collected from donors giving more than \$200 came from neighborhoods where the population is majority people of color.

What does all this say about our presidential campaign finance system?

First and foremost, it says that the system is inherently inequitable. The great bulk of campaign contributions come from exclusive neighborhoods that do not look like the rest of America. Money, not votes, more often than not, determines who wins elections in this country. Worse than that, money decides which candidates have a fighting chance to run a competitive campaign. This means that people of color suffer a severe disadvantage under the current system.

Elected officials, reform advocates, and political pundits all agree that the present system of partial public financing for presidential candidates is broken. There will be renewed efforts to fix the system following the election and this is as it should be. The Watergate-era system, which provides a match on contributions up to \$250 for qualifying presidential candidates for their primary races and limits their spending, no longer works.

However, as we work on reform, it is imperative that we do not limit ourselves to patching up the old system and settling for inherent inequities. We need to make sure that candidates who do not have access to wealthy family and special interest donors have a fair chance to compete in political campaigns. Thus, reforms that match large contributions—those that are out of reach for most Americans—with public funds run the risk of reinforcing patterns of inequity and bias in the system. Such a policy will eventually undermine any reforms we create and have the effect of disenfranchising millions of people from the electoral process and adding to their disillusionment.

Ultimately, full public financing of elections provides the best antidote to the inequities of the current campaign finance system. Under Clean Money campaign reform, also known as

Clean Elections, candidates who voluntarily agree to limit their spending and to reject campaign contributions from private sources can qualify for full public financing for their campaigns after raising a certain number of small contributions (\$5 in Arizona and Maine, where the system is in place for statewide elections). Primaries are covered as well as general elections, opening up the possibility for real competition within the parties, which is a critical element in reducing the dominance of money in elections. Additional funds are also made available, up to a limit, if a Clean Money candidate is outspent by a privately financed opponent.

We know from the example of Arizona that Clean Money works to increase the geographic and economic diversity of the political system. An analysis of the Arizona experience shows that the pool of small donors (\$5) contributing to gubernatorial candidates is far more diverse geographically, economically, and ethnically than has been the case for candidates accepting private contributions for their campaigns.

We have the chance to make change—and we need to grab it. Let’s make presidential elections more equitable, less biased, and true to the principle of “one person, one vote,” on which this nation is founded.

—Nick Nyhart, Public Campaign Executive Director