

COLOR OF MONEY: THE 2004 PRESIDENTIAL RACE

This Color of Money report is the second in a series accompanying our interactive website, www.colorofmoney.org, where viewers can search for detailed information on campaign contributions, race, ethnicity, and income in their own communities, broken down by the nation, state, metropolitan area, and zip code.

Our first report, issued in December 2003, examined campaign contributions by zip code in the 2000 and 2002 election cycles alongside U.S. 2000 Census information on race, ethnicity, and income of people ages 18 and over. We showed that 89.5% of individual contributions to federal campaigns in these elections came from neighborhoods that are majority non-Hispanic white, and that people living in wealthy neighborhoods supply eight dollars for every one dollar that people living in poor communities do.

This report concentrates on the 2004 presidential race. It asks these questions: Which neighborhoods have President George W. Bush and Senator John Kerry (D-MA) and the other major party candidates trolled for campaign dollars, and do these neighborhoods look like the rest of America? How do their fundraising patterns compare to that of candidates who have dropped out of the race? On our website, viewers can browse statistics about the 2004 presidential campaign for their own zip codes, top contributing metro areas, states, and nationwide.

On Tuesday, November 2, 2004, U.S. citizens will have their chance to cast their votes for who will serve as president for the next four years. The election is shaping up to be the most expensive in political history, with presidential candidates raising more than \$650 million, as reported to the Federal Election Commission (FEC) through July 31, 2004. This is 88% more than presidential candidates collected over a comparable period in 2000.¹

The great increase in campaign cash flowing to presidential candidates has its roots in President George W. Bush's decision to forgo public financing for his primary race in the 2000 elections. Unrestricted by spending limits, President Bush raised more than twice the amount for his 2000 primary run than his most serious rival, Senator John McCain (R-AZ). The stakes for presidential fundraising were forever changed, and, with the doubling of individual contribution limits from \$1,000 to \$2,000 as part of the Bipartisan Campaign Reform Act, raising large amounts of private money became an even more attractive option for candidates. For his 2004 bid, President Bush again decided to opt out of the public financing system for the primary. Senator John Kerry (D-MA) also decided not to participate in the public financing system for his primary.

At this point, reformers and most political observers agree that the presidential public financing system is broken. The question is: how best to fix it? In this report, we shine a spotlight on the 2004 presidential candidates' fundraising patterns; in illustrating an important problem in the composition of the presidential funding base, we hope to provide guidance on what the best reform options should be.

While there has been considerable media attention to the increasing role of small donors in the 2004 elections, the amount provided by donors of \$200 and below to campaigns is still a

small fraction of the whole. A full two-thirds of the cash collected by presidential candidates from individual donors comes in contributions of more than \$200.² Indeed, the total cash raised from large contributions of more than \$200 increased in 2004 compared to the 2000 presidential elections.³

This study explores quite literally where candidates find these large donors.⁴ Which neighborhoods supply the most campaign cash to the presidential candidates? What is the racial, ethnic, and economic makeup of these neighborhoods, and do they look like the rest of America? What does this say about the choices that voters have come Election Day? To do this we examined the \$526 million in contributions over \$200 attributable to zip codes collected by the major candidates in the 2004 race. We compared these data with U.S. 2000 Census information on race, ethnicity, and income of people ages 18 and over by zip code.⁵

We found that majority non-Hispanic white, wealthy neighborhoods supply nearly all of the campaign cash to the 2004 presidential candidates—more than 90% for President Bush and 89% for Sen. Kerry, with most of the other candidates collecting nearly 90% of their cash from such neighborhoods. The glaring exceptions were the two African American candidates, former Senator Carol Moseley Braun (D-IL) and Democrat Reverend Al Sharpton, who collected about 60% of their small campaign chests from neighborhoods that are majority non-Hispanic white, which means they received some 40% from neighborhoods where people of color are in the majority.

Any reform of the presidential public financing system should strive to lessen the racial and ethnic inequities inherent in private financing of campaigns. Full public financing of the presidential election system would achieve this goal, by enabling candidates without money or connections to big money donors to run competitive campaigns.

There is new evidence that the smaller the contribution, the more likely it is that candidates will receive support from less exclusive neighborhoods. In Arizona, where state elections have been run under a Clean Money/Clean Elections system since 2000, participating candidates collect a large number of very small—\$5—contributions to qualify for public funding to run their campaigns. Once they accept this public funding, they agree to raise no more private contributions and to limit their overall spending. An analysis by the Arizona Clean Elections Institute shows that candidates participating in the Clean Elections system collected their \$5 contributions from a broad geographical area that is economically and ethnically diverse, rather than concentrating their fundraising on the wealthy counties in Arizona that traditionally provide the bulk of support for candidates' campaigns.

Seven out of ten of the major party candidates for president, including Sen. Kerry, but not President Bush, endorsed a pledge last November committing themselves to “making reform of the presidential public financing system a priority” and embracing public financing as the “most effective means for preserving the integrity of our electoral process, reducing undue special interest influence and creating a fair playing field for qualified candidates.”⁶ A coalition of campaign finance groups is calling on congressional candidates to sign a pledge committing them, if elected, to strengthen the presidential public financing system.

MAJOR FINDINGS

All the major 2004 presidential candidates raised the bulk of their individual contributions of more than \$200 from majority non-Hispanic white neighborhoods; however, the two African American candidates, former Sen. Moseley Braun and Rev. Al Sharpton, collected a significantly smaller percentage of their contributions from such neighborhoods. President Bush raised the most money, 91.7%, from majority non-Hispanic white neighborhoods, while Democratic nominee Sen. Kerry raised 89.3% of his contributions from such neighborhoods. In contrast, Sen. Moseley Braun raised 62.5% of her contributions from majority non-Hispanic white neighborhoods, while Rev. Sharpton raised 63.8% of his contributions from these neighborhoods. Overall, Democratic candidates collected 88.6% of their contributions from majority non-Hispanic white neighborhoods.

The contrast between the top contributing zip codes and those with the highest proportion of people of color for President Bush and Sen. Kerry was extreme, particularly compared to Sen. Moseley Braun and Rev. Sharpton. President Bush collected 537 times more cash from top contributing zip codes than from zip codes with the highest percentage of people of color nationwide, and Sen. Kerry 452 times as much. In contrast, Sen. Moseley Braun collected six times more cash from top contributing zip codes versus those with the highest percentage of people of color, and Rev. Sharpton two times as much. For these two candidates, so much more reliant on a funding base in racial/ethnic minority communities, failure to sway donors in wealthy, non-Hispanic white neighborhoods meant that they were at a severe disadvantage in the “wealth primary,” in which the candidate who raises the most cash is considered the most “viable.”

Senator Joe Lieberman (D-CT) raised the highest percentage of cash from wealthy neighborhoods while Representative Dennis Kucinich (D-OH) raised the least from such neighborhoods.⁷ Sen. Lieberman raised 67.7% of his campaign contributions over \$200 from wealthy neighborhoods, while Rep. Kucinich collected 32.9% from such areas. Slightly more than half of President Bush’s contributions come from wealthy neighborhoods, while 57.8% of Sen. Kerry’s contributions do.

The top contributing zip code to all presidential campaigns—including both the Bush and Kerry campaigns—was 10021, on Manhattan’s exclusive Upper East Side, which was the source of \$4.2 million. President Bush and Sen. Kerry collected 71% of this amount, \$1.3 and \$1.7 million respectively. Some 86.4% of the zip code’s 91,514 adult residents are non-Hispanic white, and nearly 40% of the households enjoy incomes of \$100,000 or more. In contrast, the zip code 10035, just a few miles away in Harlem, was the source of just \$1,000 and \$2,750, respectively, for Sen. Edwards and Sen. Kerry.

The zip code 10021 was also the number one source of contributions for General Wesley Clark, Sen. Joe Lieberman, former Vermont Governor Howard Dean, Representative Richard A. Gephardt (D-MO) and Senator John Edwards (D-NC).

This one zip code, home to just 91,514 adults, was the source of more campaign cash for presidential campaigns than:

- 377 zip codes nationwide with the largest percentage of African Americans, containing a total of 6.9 million people ages 18 and over, 75 times more people than live in 10021;
- 365 zip codes nationwide with the largest percentage of Latino Americans, containing a

total of 8.1 million people ages 18 and over, 89 times more people than live in 10021;

- 123 zip codes nationwide with the largest percentage of Asian Pacific Americans, containing a total of 2.8 million people ages 18 and over, 30 times more people than live in 10021.

BACKGROUND

In this country, a candidate running for a high office knows that in order to win the election, he or she first must win the “wealth primary.”⁸ Candidates who raise a lot of cash early are considered “viable.” Those who don’t, aren’t, and often the media simply write those candidates out of the picture. As a result, the narrow class of people who give substantial sums of money to candidates for office, who are more likely to be non-Hispanic white, male, and wealthier than the rest of America, get to subtly shape the field of people running. Not only that, their interests are bound to be rewarded more than the interests of average voters.

When the narrow donor class is privileged with choosing who ultimately runs for and who wins office, then people of color and the less well-off are largely left out, as if they were subject to an insidious poll tax. Communities of color in this country are extremely diverse and represent a broad swath of cultural and socioeconomic backgrounds. Nevertheless, barriers to education, employment, and other means to economic success increase the chances that most African American and Latino communities will be economically disadvantaged and therefore possess less disposable income to spend on campaign contributions.

The donor class does not look like the rest of America. This tiny group of people is disproportionately non-Hispanic white, male, and wealthier than the population as a whole:

- Only (.30%) of the U.S. population has given a contribution over \$200 in the 2004 elections; the percentage of the population giving a contribution of \$1,000 or more is just over one-tenth of one percent (.13%), according to CRP.
- Men comprise 67 percent of donors giving more than \$200 to President Bush’s campaign and 54 percent of those giving more than \$200 to Sen. Kerry’s campaign.
- Nine out of ten large donors identify themselves as white, and eight out of ten have household incomes of \$100,000 or more, according to a 1998 survey of Congressional donors. Funded by the Joyce Foundation, it was conducted by a group of academics.¹¹

Nowhere is the “wealth primary” more pronounced than in presidential races. In 1999, then-candidate Gov. George W. Bush shocked the political establishment by raising an unprecedented \$37 million by the end of June, a full six months before anyone in Iowa, New Hampshire, or anywhere else would be voting. He opted not to participate in the partial public financing system for presidential races, which would have required him to abide by spending limits, and went on to raise \$101 million for his primary race, more than twice the amount raised by his most serious rival, Sen. McCain.



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The other Republicans, such as former Vice President Dan Quayle, former Ohio Congressman John Kasich (R-OH), and Elizabeth Dole, who also had dreams of calling the White House home, didn't stand a chance.

In the 2004 race, President Bush again decided not to accept partial public financing. On the Democratic side, the early fundraising surge by Gov. Dean, who raised \$41 million in 2003, convinced many that he was the frontrunner. (All told, Gov. Dean ended up raising \$52.9 million for his presidential bid, 61% of it from donors of \$200 or less).⁹ However, once Gov. Dean lost in Iowa and New Hampshire and his decline was clear, Sen. Kerry quickly picked up financing steam. In the three-month period ending June 30, Sen. Kerry raised \$99.2 million for his campaign, more than double what President Bush raised over the same time period.¹⁰ Like President Bush, Sen. Kerry opted not to participate in the partial public financing system.

With the party's nominees for president all but formally anointed by virtue of their fundraising, money continued to pour into the candidates' coffers. While both President Bush and Sen. Kerry raised a larger proportion of their campaign cash in contributions of \$200 and below than major presidential candidates have in previous elections, the great bulk of the cash collected for their primary campaigns still came from large donors. Seventy percent of President Bush's campaign funds were from donors of more than \$200, with 51% from donors giving the maximum contribution of \$2000, according to CRP. Sixty-seven percent of Sen. Kerry's campaign funds came from donors of more than \$200, with 34% from donors giving the maximum contribution of \$2000. By July 31, both candidates had broken the \$200 million mark in fundraising from individuals, and then some, President Bush collecting \$239.8 million, and Sen. Kerry \$210.9 million.

To obtain this kind of cash, both President Bush and Sen. Kerry have had to go trolling for it in the wealthy, predominantly white neighborhoods where people tend to have it—neighborhoods such as Manhattan's exclusive Upper East Side zip code 10021, and 90210 in Beverly Hills, California. Overall, our analysis shows that President Bush has collected 91.7% of his contributions over \$200 from zip codes that are majority non-Hispanic white, Sen. Kerry, 89.3%. More than half of President Bush's contributions come from wealthy zip codes (those where more than one-quarter of the households have incomes of \$100,000 or more), and 57.8% of Sen. Kerry's do.

President Bush's and Sen. Kerry's fundraising stands in sharp contrast to that of the two African American candidates, Sen. Moseley Braun and Rev. Sharpton. While there are many factors contributing to these candidates' less-than-astounding fundraising records, it is fair to say that one factor is that their natural base in the African American community is a less lucrative source of funds than the base that non-minority candidates enjoy. Our analysis shows that Sen. Moseley Braun collected 62.5% of her contributions from majority non-Hispanic white zip codes, and Rev. Sharpton, 63.8%. Less than half of both of the candidates' contributions came from wealthy zip codes—43.7% for Sen. Moseley Braun, and 42.7% for Rev. Sharpton.

