



## **UNSTACKING THE DECK: EMPOWERING SMALL DONORS TO BREAK THE VICIOUS CYCLE OF RACIAL EXCLUSION IN OUR DEMOCRACY & ECONOMY**

### **Money in Politics is a Racial Equity & Voting Rights Issue**

- Equal access to the ballot and an equal say over which candidates run for office and win are flip sides of the same coin. Yet our current big money system is racially biased and undercuts our cherished principle of one person, one vote.
- This is why civil rights leader Dr. Gwendolyn Patton called addressing the power of big money part of the “unfinished business” of the civil rights movement.<sup>1</sup>
- It’s why, as part of being a champion for voting rights, Rep. John Lewis was a vocal supporter of empowering small donors to balance out the power of big money. In 2002, Rep. Lewis said, “Too many of us spend too much of our time dialing for dollars. We should not be elected this way. This should not be the essence of our democracy... That is not why President Lyndon B. Johnson signed the Voting Rights Act.”<sup>2</sup>
- Centuries of discrimination have created huge racial wealth disparities which infect our democracy through the campaign finance rules we choose, ensuring that we do not all have an equal voice.
- The donor class acts as gatekeepers: candidates need to compete in the “wealth primary” to win the opportunity to face the voters.<sup>3</sup> Before voters get the chance to decide which candidate to support, a wealthy, white donor class has decided who they can consider.
- In a truly inclusive, multiracial democracy, the strength of our voices would *not* depend upon the size of our wallets.
- We can make a different choice. The small donor democracy provisions in the For the People Act (HR1 / S1) work in tandem with the voting rights protections to make up a transformative racial equity initiative that can unstack the deck and help build power for Black and brown communities.

## **The Vicious Cycle of Exclusion**

- Centuries of discrimination have resulted in huge racial wealth disparities >
  - The median white family enjoys nearly 8 times the wealth of the median Black family and 5 times that of the median Latino family.<sup>4</sup>
  - Racial disparities are even more extreme among the very wealthy.
- Racial wealth disparities create a very white donor class >
  - Racialized economic disparities result in racialized political inequality when wealthy, white donors are able to translate their economic might into political power.
  - Mega-donors have 3 things in common: they're rich, they're white, and they're male.
  - 91% of reported individual contributions to federal and state candidates between 1980 and 2012 came from white donors. Less than 5% came from Black donors, less than 3% from Latino donors, and less than 2% from Asian American donors.<sup>5</sup>
  - In 2014, among the top 500 donors, only one was Black and one was Latino.<sup>6</sup>
- The white donor class controls who runs for office and who wins elections, which creates a barrier to entry for candidates of color >
  - Fundraising depends upon personal networks, and due to centuries of wealth extraction and economic exclusion, candidates of color are less likely to have access to wealthy donors.
  - Women of color raise at least \$400,000 less than other U.S. House candidates.<sup>7</sup>
- This results in dramatically unreflective elected representation in the U.S. >
  - White men = 38% of U.S. population; 60% U.S. House; 71% U.S. Senate.
  - Women of color = 20% of U.S. population; 11% U.S. House; 4% U.S. Senate.<sup>8</sup>
- The white donor class and the lack of reflective representation skew policy outcomes in several ways >
  - Too few people who look like America and share Black and brown voters' concerns are in Congress.
  - Our big money system requires candidates and elected officials to spend more time with donors and less time with constituents than they'd prefer.
  - The donor class has very different policy concerns than the rest of us:<sup>9</sup>

- Raising minimum wage: 85% Black Americans vs. 40% donor class
  - Making college affordable: 84% Black Americans vs. 28% donor class
- In a vicious cycle, skewed policy outcomes reinforce economic and political marginalization, rather than combating it as responsive government should.

### **We Make the *Choice* to Allow Economic Power to Shape Our Democracy**

- The vicious cycle is a choice: our decision to fund *public* election campaigns with large concentrations of *private* wealth created this situation.
- We can choose to enforce boundaries between our economy and our democracy by protecting elections against big money. Campaign finance rules enable us to decide whether our democratic values will give way to the inequality we tolerate in our economy. *Will democracy write the rules for capitalism, or the other way around?*
- Changing how we fund elections can interrupt the direct relationship between economic might and political power, and is an important part of moving closer to an inclusive, multiracial democracy.
- We fund our voting infrastructure with public money to ensure elections are not captured by private or partisan interests (we didn't always do this, but now make that choice). Funding *public* election campaigns with *public* money can ensure *public* accountability. Most developed democracies make this choice.

### **Small Donor Democracy Can Put a Multiracial Coalition of Voters, Rather than White Donors, at the Center of our Democracy**

- Policies in the For the People Act—such as matching small contributions 6-to-1 and creating Small Donor Committees or “People PACs” that raise only small contributions—help forge a democracy centered on people power.
- A small donor democracy empowers Black and brown communities and others to balance out the power of mostly white, monied interests.
- Small donor public financing incentivizes candidates to conduct outreach in all the zip codes in their districts and creates a donor pool that better reflects the racial and ethnic diversity of a community.<sup>10</sup>
- Small donor democracy makes it possible for more candidates of color to run and win.
  - For the People's matching system would reduce the fundraising gap between women of color and other candidates by one-third, adding more than \$600,000

to the average woman candidate's coffers.<sup>11</sup>

- Empowering small donors makes elected officials more accountable to a broad, multiracial base of constituents—and produces more responsive government.
  - Connecticut became the first state to pass paid sick leave after a supportive governor was elected in the first contest under the state's public financing system.<sup>12</sup>

*For more detail on the race and class bias in our big money system and key solutions, see the following Demos reports: [Stacked Deck](#); [Whose Voice, Whose Choice](#); [Breaking the Vicious Cycle](#); [Fresh Start](#).*

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<sup>1</sup> National Voting Rights Institute, “Campaign Finance Reform,” <https://www.nvri.net/about/camfinance.html>.

<sup>2</sup> Congressional Record, Volume 148, Number 13, February 13, 2002.

<sup>3</sup> Jamin Raskin and John Bonifaz, “Equal Protection and the Wealth Primary,” *Yale Law & Policy Review*, Volume 11, 1993, <https://digitalcommons.law.yale.edu/ylpr/vol11/iss2/3/>.

<sup>4</sup> Neil Bhutta et al., *Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances*, Board of Governors of the Federal Reserve System, September 28, 2020, <https://www.federalreserve.gov/econres/notes/feds-notes/disparities-in-wealth-by-race-and-ethnicity-in-the-2019-survey-of-consumer-finances-20200928.htm>.

<sup>5</sup> Abhay P. Aneja, Jacob M. Grumbach, and Abby K. Wood, *Financial Inclusion in Politics*, Center for Law and Social Science, February 6, 2021, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3767092](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3767092).

<sup>6</sup> Andrew Mayersohn, “Donor Demographics: Old White Guys Edition, Part III,” Center for Responsive Politics, June 30, 2015, <https://www.opensecrets.org/news/2015/06/donor-demographics-old-white-guys-edition-part-iii/>

<sup>7</sup> Nirali Vyas, Chisun Lee, and Gregory Clark, *Small Donor Public Financing Could Advance Race and Gender Equity in Congress*, Brennan Center for Justice, October 15, 2020. <https://www.brennancenter.org/our-work/research-reports/small-donor-public-financing-could-advance-race-and-gender-equity>.

<sup>8</sup> Center for American Women and Politics, “Women of Color in Elective Office 2019,” <https://cawp.rutgers.edu/women-color-elective-office-2019>.

<sup>9</sup> Black Futures Lab, *More Black than Blue: Politics and Power in the 2019 Black Census*, 2019. <https://blackcensus.org/wp-content/uploads/2019/06/Digital-More-Black-Than-Blue.pdf>. David Callahan and J. Mijin Cha, *Stacked Deck: How the Dominance of Politics by the Affluent and Business Undermines Economic Mobility in America*, Demos, 2013. [https://www.demos.org/sites/default/files/publications/StackedDeck\\_1.pdf](https://www.demos.org/sites/default/files/publications/StackedDeck_1.pdf).

<sup>10</sup> Elisabeth Genn et al., *Donor Diversity Through Public Matching Funds*, Brennan Center for Justice, 2012. [https://www.brennancenter.org/sites/default/files/2019-08/Report\\_DonorDiversity-public-matching-funds.PDF](https://www.brennancenter.org/sites/default/files/2019-08/Report_DonorDiversity-public-matching-funds.PDF).

<sup>11</sup> Nirali Vyas et al., *Small Donor Public Financing*.

<sup>12</sup> Adam Lioz, *Stacked Deck: How the Racial Bias in Our Big Money Political System Undermines Our Democracy and Our Economy*, Demos, 2015. <https://www.brennancenter.org/our-work/research-reports/small-donor-public-financing-could-advance-race-and-gender-equity>. J. Mijin Cha & Miles Rapoport, *Fresh Start: The Impact of Public Campaign Financing in Connecticut*, Demos, 2013. [https://www.demos.org/sites/default/files/publications/FreshStart\\_PublicFinancingCT\\_0.pdf](https://www.demos.org/sites/default/files/publications/FreshStart_PublicFinancingCT_0.pdf).