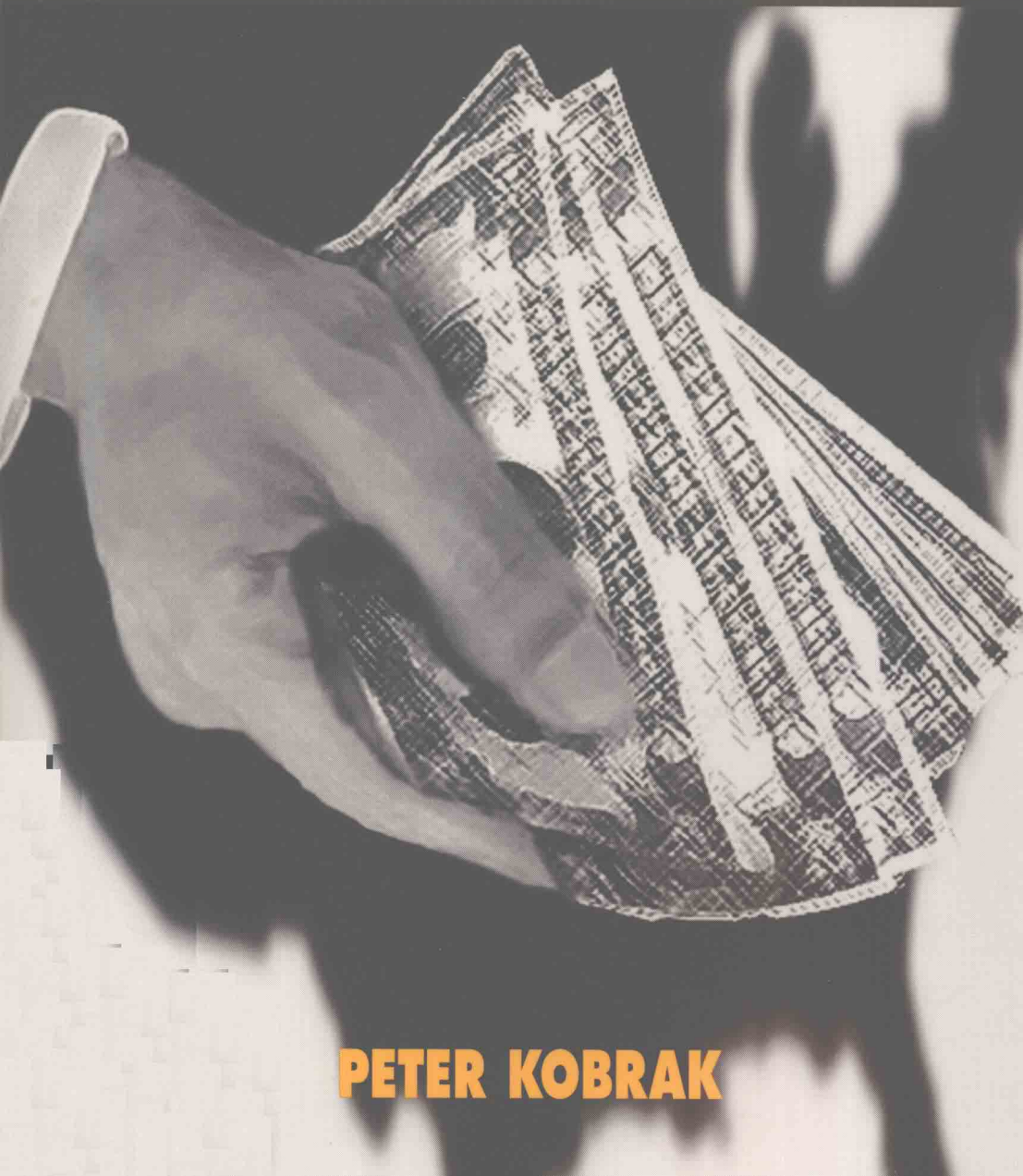


# COZY POLITICS

POLITICAL PARTIES, CAMPAIGN FINANCE,  
AND COMPROMISED GOVERNANCE



**PETER KOBRAK**

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BOULDER  
LONDON

Published in the United States of America in 2002 by  
Lynne Rienner Publishers, Inc.  
1800 30th Street, Boulder, Colorado 80301  
www.rienner.com

and in the United Kingdom by  
Lynne Rienner Publishers, Inc.  
3 Henrietta Street, Covent Garden, London WC2E 8LU

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**Library of Congress Cataloging-in-Publication Data**

Kobrak, Peter

Cozy politics : political parties, campaign finance, and compromised governance / by  
Peter Kobrak.

Includes bibliographical references and index.

ISBN 1-58826-023-2 (alk. paper)

ISBN 1-58826-067-4 (pb. alk. paper)

1. Politics, Practical—United States. 2. Political parties—United States.  
3. Campaign funds—United States. I. Title.

JK1764.K66 2002

324.7'0973—dc21

2001048640

**British Cataloguing in Publication Data**

A Cataloguing in Publication record for this book  
is available from the British Library.

Printed and bound in the United States of America



The paper used in this publication meets the requirements  
of the American National Standard for Permanence of  
Paper for Printed Library Materials Z39.48-1984.

# Cozy Politics

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*To my sons—George, Mark, and Harry*

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# Acknowledgments

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Numerous individuals have contributed over the past three years to the writing of this book. Western Michigan University librarians Michael McDonnell, Hardy Carroll, and David Isaacson frequently steered me in the right direction. Vernon Jacob has provided numerous lessons in political economy over the years. Warren Gregory was generous in sharing his considerable knowledge on using census and other federal agency data. James Schneider provided excellent suggestions on cutting and focusing the material. Juleen Audrey Eichinger exhibited her formidable skills in preparing the manuscript for publication. Dan Eades and Leanne Anderson at Lynne Rienner Publishers proved congenial editors in transforming the manuscript into the final product. Dennis Marshall was a helpful and constructive copyeditor. Jackie Van'tZelfde provided her usual knowledgeable clerical assistance, and Yolanda Jones saved valuable time, thanks to her efficiency and good-natured cooperation. Finally, as always, thanks to my wife, Barbara, for her meticulous editing, steady encouragement, and patience.

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# Introduction

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1

More and larger grassroots and Washington-based interest groups, fewer voters, reduced party impact on elections, and increasingly expensive campaign technologies . . . it is small wonder that nervous politicians are engaged in a frenzied pursuit of money. As citizen involvement in elections and participation in politics slowly lessens, cash and single-purpose interest groups are filling that political vacuum. The resulting cozy politics has had an appreciable impact on how Congress makes decisions, how agency missions are compromised by public/private partnerships, and how political “reinventors” have altered the very functions of the federal bureaucracy. Cozy politics contributes to the increasing erosion of civic confidence and citizen participation, the warping of political parties, the denigration of politicians, and the compromise of federal administrative agencies.

Over the years, it has been fashionable among worldly journalists and cosmopolitan political scientists to shrug when reformers complain about financial excesses that benefit the few at the expense of the many. After all, financial hanky-panky is nothing new, and hardly unique to the United States: during the Jacksonian and post-Civil War periods, pork-barrel practices were widespread;<sup>1</sup> and the director of the Bureau of the Budget testified in the 1960s that in one three-month period, he received two hundred requests from members of Congress advocating projects for their districts;<sup>2</sup> and in the wider world, Paul Starobin was able to identify terms for pork (in its use as political metaphor) in Japanese (*buta*), German (*schwein-fleisch*), French (*charcuterie*), Mexican (*puerco*), Italian (*maiale*), Egyptian (*khanzir*), Hebrew (*chazir*), and Icelandic (*svinakjot*).<sup>3</sup>

But pork-barreling and cozy politics are different. Cozy politics includes a broader array of financial misbehaviors—ones that directly impact the very *nature* of the political system and the relationship of citizens to their government. Cozy politics is particularly serious today because many citizens have become distanced from their national government by their economic and social circumstances as well as by their relationship to the political system. This distance is reflected in our use of the

term *democratic capitalism* to describe the nation's successful current system, whereas in the old days we celebrated the virtues of our democracy and our capitalist system separately.

There is much to celebrate in the dynamism of our economic system and its triumph over communism. And our political system continues to meet the ultimate democratic tests—citizens cast their ballots in comparatively, though not entirely, honest elections in which the candidate with the most votes wins.<sup>4</sup> Power is surrendered peacefully by losing incumbents to the winning candidates, and the government bureaucracy subsequently is responsive to the newly elected power holders.<sup>5</sup>

However, much as we have assessed Russian society in terms of its democratic and economic reforms (*glasnost* and *perestroika*), so is there much to be gained from thinking separately and distinctly about our own economic and political systems. A number of our corporate stocks have remained comparatively high historically despite the 2001 recession. Meanwhile, the stock of our political system is nearing a performance low in the eyes of its citizens. To be sure, it still holds much of its value, and citizens will rally to our democracy when national security requires patriotism, as the aftermath of the terrorist surprise attack on September 11, 2001, demonstrated. Nonetheless, we must take a hard look at our political system now in order to be prepared if and when the economy takes more than a cyclical downturn and regional global events require an even larger and more sustained U.S. response. Furthermore, effective governance requires a political system able to respond not only to domestic or foreign emergencies but also to such looming long-term problems as the solvency of social security and medicare, the overall coverage of the nation's health care system, environmental degradation, reducing the size of our prison system without endangering the citizenry, and educating a higher proportion of Americans to compete globally. Such a response requires a political system that stimulates the development of an active and thereby well-informed citizenry that influences its elected officials to act. In short, such a citizenry must bring the same zeal to sustaining a healthy American political system that it brings to introducing the continual changes necessary for a flourishing capitalism.

This book is about how our political system, slowly but surely, is being corroded by the way that we conduct our political affairs. Business analogies used throughout this discussion seem ironically appropriate because that is increasingly how we view our world. There is no magic way to reverse our political direction. The antidote to cozy politics is widespread citizen participation. *Cozy Politics*, therefore, takes the radical position that the dangers of the current course can be overcome only through an extensive redesign of our political parties and a more modest reworking of our government. This would encourage broader citizen involvement, which in

and of itself would do much to counter the current political excesses and promote the broader interests over the special interests.

### Traditional Pork vs. Cozy Politics

The meaning of *pork* and *pork-barreling* is sometimes unclear, and its critics rarely pause to define it. Journalists, porkaphobes, and others of that persuasion plunge directly into the juicy details of how a politician, corporation, or interest group has “done it again” to the average Joe or Josie. Waste and the triumph of political interference over programmatic purpose figure prominently in such discussions.

More sympathetic political scientists and journalists often justify what I term *traditional pork* as a time-honored system for building legislative coalitions and gaining reelection. Veteran reporters of *Congressional Quarterly* capture the spirit of this definition: “Since the first Congress convened two centuries ago, lawmakers have ladled [political pork] out to home constituencies in the form of cash for roads, bridges, and sundry other civic projects. It is a safe bet that the distribution of such largesse will continue for at least as long into the future.” In “obtaining ‘pork’ by raiding the pork barrel (the state or national treasury), the representative is likely to improve his or her chances for re-election.”<sup>6</sup> To win reelection, members of Congress, therefore, engage in logrolling and “usually do not question each other’s pet projects for fear that their own may be voted down. . . . ‘You scratch my back and I’ll scratch yours.’”<sup>7</sup> In this sense, pork-barreling is “functional” for the political system.

Furthermore, pork-barrel politics historically has served as a means for geographically based constituents to get what they want. After all, it is only fair that if those concerned about the “big picture” are winning on an issue important to them, in exchange, constituents in other jurisdictions should get the little things that they want too—little lighthouses, little marinas, and the not-so-little dams or highway extensions.

Political scientists devote little attention to whether such pork is an accurate translation of local district or state preferences. The justification for pork lies in its being “the necessary glue that holds political coalitions together.”<sup>8</sup> For example, congressional and senatorial votes to pass the landmark Tax Reform Act of 1986 were collected partly through “transition rules,” which catered to district concerns and enabled members of Congress to justify their votes on the bigger and more controversial issue of tax reform.<sup>9</sup>

Pork-barrel politics also brings some welcome humor to politics. In the unlikely event that the carping killjoys win, there would be no more \$250,000 grants included in the appropriation process to “help Alaskan

natives hunt polar bears, sea otters and walruses.”<sup>10</sup> And how then in 1989 could the U.S. Navy have arrived at a strategically sound decision about stationing its four recommissioned battleships? Frantic competition among states and cities ensued in allocating cash and exercising political clout, much as it would for any economic development project. Of the four ships, one went to Staten Island at a cost of \$250 million, largely thanks to \$20 million in cash contributions from the New York Port Authority and the city. Critics termed the exercise “homeporking.”<sup>11</sup> After Operation Desert Storm, though, the navy decommissioned those ships: like crime, pork does not always pay in the long run.

So, what’s the big deal about the triumph of political influence over programmatic purpose? It hastens the feeling of alienation from politics for large portions of our country’s population and, thereby, contributes to a political system that is less responsive to the general needs of the populace. And it does so by stealth.

For a number of reasons, only some of which stem from money, the nature of our political system has profoundly changed since the 1960s. We seem to be a nation quick to embrace technology but slow to recognize political changes. As a nation, we simply do not pay attention to political change. Although writers in think tanks, university faculties, and public-interest groups have sounded the alarm, they typically are scorned as “policy wonks” and “talking heads.” Citizens are all too willing to ignore the telltale signs of political trouble identified by these modern Paul Reveres.

Ironically, as the world becomes more global and the stake that most U.S. citizens hold in the federal government thereby grows more significant, the public devotes less attention to politics and political economy. The intellect certainly is not lacking. The same reading public that shuns politics—many of them the opinion leaders of today or tomorrow—turns on to such intellectually engaging subjects as Eastern philosophy, psychology, and military history. There seems to be a sense that an individual can do little to affect the high-stakes politics dominated today by wealthy individuals, special interests, and distant bureaucracies. There is a striking contrast between our economic confidence and our political pessimism.

It is tempting to engage in wholesale condemnation of politics and politicians, and people in the United States are doing so in large numbers. The temptation is particularly strong because political behavior appears to reflect an increase in what is termed here *cozy politics*. Politics is “cozy” when political decisions are driven primarily by who benefits along the way rather than by the purpose of the program or regulation. Tort trial lawyers, for example, were Bill Clinton’s largest presidential-campaign contributors in 1992, and 94 percent of their contributions went to Democrats in 1994. Congressional legislation that would have capped most product liability lawsuits at \$250,000 was vetoed by Clinton—a veto he

sugarcoated with the rationale that such a ceiling on jury awards would restrict consumer rights. The ultimate beneficiaries then became the politicians and those implementing the congressional or presidential decisions rather than the alleged clients or the public interest. Such cozy arrangements may benefit a specific geographical area or they may enable companies, interest groups, professionals, or nonprofit agencies to win public-agency contracts through political influence rather than technical competence. Cozy politics is also larger than traditional pork in the proportion of federal resources that it absorbs and in its impact on the political system.

### **Cozy Politics and Compromised Governance**

The stark presence and systemic consequences of cozy politics are nothing new. History is replete with examples of the dire consequences that follow when citizens fall asleep at the political switch. During Roman times, the rise of a “politics of interest” eroded the society’s moral fabric. The problem was not that ambitious politicians and their allies clashed while pursuing their goals but, rather, that the competition of interests was gradually reduced to the pursuit of self-interests unaccompanied by any aspiration to serve society-wide material and cultural needs or by generally accepted and controlling standards of obligation. One result was the decline of popular participation in the polity; the people came to be “governed by a power organization rather than a political association.” Power no longer served as the means to direct and coordinate human activities; it had now become the central political fact.<sup>12</sup>

Institutions other than the state can fall prey to cozy politics, too. In the Middle Ages, popes issued indulgences, although “with a certain restraint and [they] conscientiously applied the financial returns to approved Christian ends.” During the Renaissance, however, sale of the papal certificates came to be viewed as merely “a device for raising taxes . . . and was consigned to licensed vendors who offered them to the public.”<sup>13</sup> The sale of papal indulgences furthered the pope’s financial interests rather than the buyer’s spiritual welfare. The Vatican’s political executives, by entering into what became pervasive and sizable cozy political arrangements, had opened to question the church’s integrity and the legitimacy of its religious mission.

When cozy political arrangements become endemic and widespread, they can compromise governance. While the institutional and political arrangements that have contributed significantly to our greatness still remain in place, the United States is well on its way to substituting cozy political arrangements for our political and constitutional rules of the game.

Our political processes and institutions are besieged by cozy political pressures, as money that talks and the passionate voices of political, single-purpose interest groups increasingly drown out the preferences of other citizens in the political system.

### *The Boundaries of Cozy Politics*

When does pork stop being the relatively harmless glue that seals political bargains and become the gunk that subverts the system? Traditionally, members of Congress have justified road projects, waterway improvements, and even funds earmarked for a particular company in a member's district on the grounds that one person's pork barrel is another person's economic development. When cozy politics extends into numerous issue areas where it rarely appeared previously, however, and when its financial commitments are frequently extensive, cozy politics becomes dangerous. Over the past two decades, cozy politics has produced more arrangements long on political expediency and short on purpose. What economic justification is there for providing 90 percent of our agricultural subsidies to just two dozen of the four hundred classified farm commodities—particularly when 80 percent of the money goes to farmers with a net worth of more than half a million dollars?<sup>14</sup> Or providing oil-depletion allowances that can total more than the original investment cost?<sup>15</sup>

### *The Impact of Cozy Politics on Federal Administrative Agencies*

While traditional pork-barrel logrolling involving small economic-development projects can be justified as the political grease for achieving agreement on larger issues, the newer cozy political arrangements often involve much larger appropriations and affect the missions of far more administrative agencies. For example, in 1996 the Department of Energy wanted to eliminate its \$39-million Advanced Light Water Reactor (ALWR) program, which had been launched in the 1970s to combat the energy crisis. The program, designed to assist the nuclear-power industry, persisted even though every order for a U.S. nuclear reactor in the last twenty-three years eventually had been canceled. Congress insisted on continuing the program, even though, as one Bear Stearns stock analyst speculated, the next U.S. nuclear reactor would be built "when Jimmy Hoffa is found alive and well."<sup>16</sup> The continuance of such an appropriation—or rather misappropriation—affects the fundamental purpose of this agency, namely, anticipating and meeting the nation's energy needs. The future effectiveness of an energy agency is largely affected by the quality of its research.

On occasion, Congress has forced the military to adopt a large-scale change opposed by the Pentagon, such as the Goldwater-Nichols reorgani-

zation of the Department of Defense in 1986.<sup>17</sup> In the 1990s, however, cozy politics rather than strategic requirements often seemed to drive legislative initiatives concerning the Pentagon. Congress forced the military to extend some weapons systems and disallowed downsizing efforts supported by the Pentagon. Every year, Congress appropriates funds for weapons that the military does not want. In 1995, for example, Congress pushed through a total of \$7 billion in weapons systems for which the Pentagon had requested either no funds at all or less money than Congress appropriated; two years later, such “add-ons” came to \$3.8 billion.<sup>18</sup> This figure does not address those weapons systems that Congress sometimes adds after careful deliberation, nor does it include the larger weapons-systems dollar figure of dubious projects on which Congress and the Pentagon agree for political reasons. Such cozy political bargains on occasion have undercut the ability of administrative and regulatory agencies to perform functions previously regarded as central to effective government.

### *Compromised Governance*

Discussions of *government* entail descriptions of how government works. For its part, *governance* refers not only to the constitutional framework and political behavior of government but also to the challenge of political and administrative leadership. Governance thus is defined here as national leadership by elected and appointed officials in constructing the broad coalitions necessary to pursue fundamental public goals and legitimate strategies. These coalitions may include, depending on the issue, the congressional, presidential, and judicial branches, the several levels of government in our federal system, and interest groups, elites, or public opinion.

*Democratic* governance requires decisionmaking by elected and appointed officials that is made in accord with the constitutional rules of the game. The means as well as the ends of the intended outcomes must be, without straining credulity, framed in accord with the public interest. The reputation of the democratic regime thus stands behind the implementation as well as the formulation of its public policies.

Compromised democratic governance occurs when the political and constitutional rules of the game in a democracy are violated. Such compromise may result from the overthrow of a democratic regime by illegitimate internal forces, such as military or other unelected factions, or as a result of war or other external forces. More subtly, it can also occur through the triumph of *cozy politics*; that is, when such arrangements undercut agency missions.

It is encouraging, though not surprising, that U.S. governance seems less compromised on the *grand issues* confronting us. Where sufficient numbers of citizens are informed, issues are salient, and the press is vigi-

lant, politicians remain more likely to act responsibly. Congress, for example, ultimately did reduce defense spending appreciably when the Cold War ended and curbed discretionary budget deficits in the 1990s. But even on these issues, the system is besieged, thanks largely to changes in the political landscape that have so adversely affected normal governance.

## **Plan of the Book**

This book is divided into three parts. Part 1 addresses the changing economic and political conditions that have contributed to the expansion of cozy politics and discusses the performance and promise of political parties in light of those conditions. Part 2 is concerned with the consequences of spiraling campaign finances for the political system and the penetration of cozy politics into all four pathways of congressional decisionmaking. Part 3 shows not only that cozy politics has influenced how Congress and the president make public policy but also how administrative agencies implement policy. It also provides some suggestions for reinventing political parties and thereby reinventing citizen-based politics.

### *Political Economy and Political Parties*

Part 1, Chapter 1 explores the economic circumstances that have enabled “free marketeers” to revel in the longest period of prosperity in U.S. peacetime history, even while “interventionists” complained about the differential impact on people at different income levels. Such analyses usually focus on differences between the rich and poor; however, I argue that three-fifths of people in the United States, while they benefited from a number of economic trends during the 1990s, are disconnected economically from critical parts of this progress. In addition to noting the differential impact in who gets what assets and income, this chapter develops a future “Opportunity Cost Index” (OCI). Despite unprecedented prosperity in the 1990s, this index records a prosperity where health-care costs rose while health insurance coverage declined, educational costs increased twice as fast as did the Consumer Price Index, and savings sank dramatically.

Meanwhile, the connection between citizens and political system has become ever more tenuous because many people—even those still participating in the system—mistrust it. This has resulted in decreased voter turnout, weaker political parties, and a decline in citizen participation in politics. Fully three-fifths of U.S. citizens are absent without leave from their political system.



### *The Importance of Being a Political Party*

Selling political parties these days is a little like trying to sell dinosaurs. Few would argue that well-functioning parties are what is missing in federal, state, and local politics. There is, however, no substitute for parties (as they might be reconstituted) in our political system. No other organization possesses the potential to—or, indeed, can even pretend to care about—reconnecting citizens to their political system. Furthermore, parties are the only institution that can harness the power of numbers within the political process. Parties, where they work well, are the only institution that can organize citizens to address a range of issues larger than single-issue areas and can serve as the antidote to cozy politics. Campaign reforms can help, but only an aroused citizenry, exercising the countervailing clout of numbers through their reconstituted party instrument, can counter the greater wealth, organizational strength, and other resources of better-off elites, and thus restore democracy's balance.

### *Parties Still Count*

The importance of parties can be seen in the functions they *should* perform for a democracy. Chapter 2 describes how failure to perform these tasks creates a power vacuum. The media and interest groups—particularly grassroots interest groups that represent some, but never all, of the people—have filled that vacuum. Nonetheless, these organizations operate under their own limitations in performing what previously were party functions. Perhaps their most serious offense against the political system is their willingness to talk “political trash,” rather than engage in a dialogue meaningful to citizens both during the campaign and during the policymaking process.

The importance of political parties for democracy is the unique way in which their grassroots workers mobilize voters. Who votes is determined more by such mobilization efforts than is generally appreciated in some states and counties. Social networks as well as media networks still count in those areas. Such mobilization, however, is limited today in most states; too often, political consultants simply ignore politically passive citizens.

But are political parties really any different from these other organizations? The answer is yes and no. Activists working in the parties are devoted to certain principles. Chapter 3 probes this partisan concern about the issues, while showing that activists want to win, too. Winning, in turn, involves listening to the voters. Party leaders usually, though not always, try to move their organizations toward popular sentiment. Political-party organizations have had their ups and downs over the nation's history, and,