

Real World Graduation: Question 14

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Question 14

Consider the following fictional scenario.

Congressman A received a total of \$161,000 from a consortium of oil and gas companies, consisting of \$118,000 in direct campaign contributions and \$43,000 to his Political Action Committee (PAC). Congressman B received a total of \$68,000 from a legal lobbying group that supports expansion of civil lawsuits, consisting of \$53,000 in campaign contributions and an additional \$15,000 in contributions to his PAC. Congressman C received a total of \$258,000 from an environmental lobbying group, consisting of \$204,000 in campaign contributions and \$54,000 to his PAC, which is another environmental lobbying group. Congressman D received a total of \$380,000 from a group devoted to increased regulation of "conservative talk radio", consisting of \$346,000 in campaign contributions and \$34,000 to his PAC. All four of these Congressmen were lawyers before they ran for Congress.

A bill came before Congress which contained the following provisions:

1. A reduction in natural resources leasing fees, which will save oil and gas companies \$24,000,000. This is the outcome desired by Congressman A's donors.
2. An increase in the deductibility of rent and expenses for legal offices, which will result in a \$138,600,000 savings to lawyers because they will pay less in income taxes. This is the outcome desired by Congressman B's donors.
3. An extension of the amount of federal land to be controlled and administered by environmental groups along with a federal grant of \$102,700,000 to cover administration, lobbying, education, and other costs. This is the outcome desired by Congressman C's donors.
4. A provision in which a portion of the advertising revenue from certain talk radio shows (totaling \$47,200,000) is to be turned over to a federal agency to investigate the political ideology and financial condition of talk radio hosts. This is the outcome desired by Congressman D's donors.

All four of the Congressmen voted for the bill. Which Congressman's actions constitute the worst examples of bribery?

- a) Congressman A, because he seeks to protect the predatory for-profit oil and gas industry, which seeks to pollute the entire earth.
- b) Congressman B, because the contributions he received constitutes a conflict of interest (he was a lawyer himself before he ran for Congress).
- c) Congressman C, because the amount that was given to the environmental PAC will be devoted to lobbying, part of which will be probably be donated to Congressman C next year.
- d) Congressman D, because his donors seek to reduce the free speech rights of conservative talk radio hosts.
- e) All of them are equal offenders, because the principle involved, trading favors or creating laws for money, is immoral and illegal, not the exact amounts of money that changed hands.

Answer to Question 14

This is a trick question. None of the provided answers are correct. None of this as described constitutes bribery.

Although the statements in this scenario are fictional, the process described is very real. Everything in this scenario is perfectly legal because Congress has passed many laws which make these arrangements legal. There is no corruption to be found here. Congressmen routinely take money in contributions from various interest groups, then pass laws that directly or indirectly benefit those same groups. Far from being considered illegal, immoral, or unethical, it is how Congress operates because Congress has found it beneficial to operate this way. It is how Congress rewards their friends (activists) and punishes their enemies (the taxpayers and those who cannot afford lobbyists).

There is one exception. Such activities can be considered illegal if and only if a particular donation was devoted to getting a particular provision passed, called a "quid pro quo" (a Latin term meaning "something for something"). In other words, if Congressman A received \$10,000 for the sole purpose of voting for the bill in question, that would be considered possible bribery. But so long as the lobbyists never demand any particular vote on any particular bill, the lobbyist can actually write the language of the bill for their benefit, make contributions to the Congressman, have him vote for the bill and encourage other members to vote for it, and receive the benefits they wrote into the bill. All this is done legally because the contributions were not explicitly tied to that one vote.

There are two lessons here. The first is that everything given to these interest groups will come out of the taxpayer's pockets. In the natural resources example per Congressman A, the taxpayers will be deprived of leasing fees that belong to the people in general. In the civil suit example per Congressman B, lawyers will get a reduction in the amount of taxes they pay, which means the revenue has to be made up from increased taxes elsewhere. In the environmental example per Congressman C, regulatory power and taxpayer money is given directly to an interest group simply because they demand it. In the free speech example per Congressman D, the lobbying group gets a new federal agency to investigate, intimidate, and persecute their ideological opponents at taxpayer expense.

The other lesson is that Congressman B should raise his rates. To see why, it is necessary to consider the benefit-to-cost ratio from the point of view of the lobbyists. If the lobbying group spends \$150,000 to obtain favorable terms under a new law that will save them \$90,000,000, then the benefit-to-cost ratio is 90,000,000 divided by 150,000, which comes to 600. The lobbyists desire to maximize the benefits from the money spent on lobbying, otherwise lobbying is a waste of money.

Consider the benefit-to-cost ratios of these four scenarios. Congressman A's donors received \$24,000,000 in benefits at a cost of \$161,000, and ratio of 149.06. By similar calculations, it is easy to see the benefit-to-cost ratios are 2038.23, 398.06, and 124.10 for Congressmen B, C, and D respectively. This shows that Congressman B gave away far greater benefits in relative terms than did the other three. Congressman B works cheap, and was a "good find" for the lawyer's guild. No doubt he will be rewarded with a full partnership in the law firm of his choice after he retires from Congress.

This is not to say that all lobbying is bad. If a lobbying group uses its influence to protect the rights of citizens (e.g., to defend the rights called out in the Constitution), then such lobbying is beneficial. Then the question becomes: if all Congressmen have sworn an oath to defend the Constitution, and so have all other government employees, why is such lobbying necessary? Because no government is ever satisfied with the power it has.