

# Judy Nagel: Post-COVID19 we must end pay-to-play politics to speed up economic recovery

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Our economy has been devastated by the necessary shutdown to flatten the coronavirus curve. When pandemic threats are in control and our country gets back to work, our economy would benefit from eliminating pay-to-play politics.

Our government is meant to be “of the people, by the people, for the people,” according to Abraham Lincoln. A democratic republic requires that legislation represents the voices of the majority. But today, pay-to-play politics is diminishing our republic and the principles on which our founders established it. Pay-to-play encourages winner-takes-all legislation that favors a narrow group over the majority, harms economic growth and U.S. global competitiveness, and is destroying Americans’ faith in our republic.

Winner-takes-all legislation meets the desires of a special interest group that finances politicians to support a narrow agenda. Often this narrow agenda is not in the best interest of the general population.

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One example is when accounting firms engineered legislation that allowed the same accounting firm to both audit and provide consulting services to the same corporation, thus eliminating checks and balances. This led to the demise of Arthur Anderson and Enron—as well as the 18% decline in the stock market following the Enron bankruptcy.

A second glaring example is how the 2008 economic crisis could have been avoided with moderate regulation on mortgage issuance. This regulation did not occur for two reasons: the financial services industry placing short-term gains over prudent risk management; and pay-to-play politicians who supported the avoidance of any regulation to moderate the risk. Everyone in America was impacted by the economic slowdown, including those who had no culpability. Americans lost retirement savings to supplement lost income during this crisis.

Pay-to-play politics harms economic growth and innovation, as well as global competitiveness. It creates a top-heavy economy that does not address the financial concerns of the middle class—economic growth is driven by the purchasing power of the middle class.

The median annual CEO salary in America is \$12 million. This is equal to 240 employees earning \$50,000 each. How many homes and cars will 240 people purchase versus one CEO? Home and car purchases are big-ticket items that have a major ripple effect throughout the economy.

Pay-to-play also damages U.S. global competitiveness. When a corporation can gain a competitive advantage by buying a politician versus investing in plants, equipment, technology or innovation, it does not create sustainable economic growth. The U.S. competes globally, so we cannot afford to lag our international competitors in strategic economic growth.

Along with its many damaging effects to our economy, pay-to-play also undermines faith in our republic. When Americans see legislation that is financed by special interests to support narrow agendas, it leads to a feeling of corruption. Senators and Representatives who do not address the concerns of the larger population create a perception of “bought and paid for” legislation. It leads to apathy among voters as they believe that they have no voice in their government.

The result is populist politicians step in to lead the disenfranchised. Ultimately this corrupts democracy.

This corruption occurs at both the national and state level. Increasingly, state and local elections are being influenced by dark money and out-of-state interests.

In my own state of Wisconsin, Scott Walker raised \$36 million and Tony Evers brought in \$11 million for the last gubernatorial election. Of Scott Walker’s funds,

64% came from out of state and 51% of Tony Evers' funds were from outside Wisconsin. Our Senators Ron Johnson and Tammy Baldwin raised \$17,800,000 and \$30,800,000 respectively from 2015 to 2020. Small donors (under \$200) contributed just 14.3% to Johnson and 36% to Baldwin.

Who is spending this money to influence Wisconsin elections? We Wisconsinites don't know. The dark money cannot be identified. It is often used to finance media campaigns of innuendo, half-truths and character assassination. These media campaigns can take place days before an election, subverting a candidate's ability to address the statements. The negative advertising financed by dark money has muddied all politicians, increasing voter apathy and distrust in institutions of government.

There is a solution to these serious threats to our nation, and it is gaining traction nationally. I recently joined more than 100 business leaders from across the nation in signing the American Promise Business Statement of Principle, adding my support with other business professionals for a constitutional amendment to limit money in politics and end the pay-to-play era. Passing an amendment is a significant undertaking that requires bipartisan cooperation.

But what is the cost if we do nothing? Certainly, the current trend of political ad spending increasing an average of 270 times a year since 2012 will continue. As would the increase in undisclosed dark money spending, which increased from roughly \$35,000 to more than \$14 million from 2000 to 2016. Legislators will continue to feel more pressure to fundraise than to represent their constituents, and legislators who now spend 30% to 70% of their time raising funds will have even less time to legislate. And the hidden extortion tax on corporations, which increasingly believe they must curry favor with politicians to get a competitive advantage, will continue.

Most devastating: The grand experiment of a democracy for all will be a legacy lost for our children and grandchildren. Unlike the Greatest Generation, who sacrificed everything to preserve our democracy, our generation risks becoming the "Traitor Generation" with inaction.

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