

Testimony on Proposed House Joint Resolution No. 3

Mr. Chairman, members of the committee, I thank you for taking the time to listen to me this morning. My name is Matt Zagaja and I am an attorney and professional political operative. As someone who has worked on campaigns I have seen first-hand the impact money has on elections. That is why I am here today to share three reasons I support House Joint Resolution 3:

Corporate Involvement in Elections Erodes Trust in Government

According to a poll conducted on behalf of Prof. Larry Lessig 75% of Americans believe money buys results in Congress.¹ That belief erodes trust, which erodes participation. In 2010 Rock the Vote conducted a poll of young people who were not planning to vote in the upcoming election and found that 62% of them were not planning to vote “because no matter who wins, corporate interests will still have too much power and prevent real change.”²

However I do not need polls and data to know this is true. I see it every day. I do not make my participation in politics secret, but I still hear from family and friends that they do not believe things will change regardless of who is in power. When I knock doors for candidates or talk to friends, even some from law school, I still hear a gospel of cynicism that suggests people have lost faith in their leaders.

We Should Incentivize Innovation over Policy Manipulation

At my last job I had the privilege of helping entrepreneurs formulate strategies for their businesses here in Connecticut. When I did this I learned start-ups do not make their money by convincing the government to give them tax breaks; they make their money by innovating. Whether it is a smartphone or personalized genomic medicine, profitable companies make our lives better by engineering new technologies and solutions.

Yet a recent study shows that the return on investment for lobbying can be as much as 22,000%.³ That is a lot of money being made without providing any new value. This kind of return distorts the market and causes companies to waste capital on policy manipulation instead of innovation. Nowhere is this more evident than in healthcare. Last year Aetna inadvertently disclosed more than \$7 million in donations to political groups that opposed the Affordable Care Act.⁴ This led the New York State comptroller to file a shareholder resolution demanding greater disclosure and oversight of Aetna’s political spending.⁵ I think that the message is clear: shareholders would prefer Aetna make money by finding ways to more efficiently deliver healthcare rather than by spending money to change the laws.

¹ Larry Lessig, *The Problem with Money in Politics*, <http://blip.tv/lessig/the-problem-with-money-in-politics-6445190>.

² Rock the Vote, *2010 Rock the Vote Nationwide Baseline*,

<http://www.rockthevote.com/assets/publications/research/2010/2010-rock-the-vote-nationwide-baseline.pdf>.

³ Raquel Alexander, Stephen Mazza & Susan Scholz, *Measuring Rates of Return for Lobbying Expenditures: An Empirical Case Study for Tax Breaks for Multinational Corporations*, 25 J. OF LAW AND POLITICS 401 (2009), available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1375082.

⁴ Charles Riley, *Oops! Aetna discloses political donations*, CNN MONEY,

<http://money.cnn.com/2012/06/14/news/economy/aetna-political-contributions/index.htm>.

⁵ Thomas DiNapoli, *DiNapoli Leads Coalition Demanding Aetna Disclose Political Spending*, OFFICE OF THE NEW YORK STATE COMPTROLLER, <http://www.osc.state.ny.us/press/releases/dec12/122012.htm>.

Matthew Zagaja
Government Administration & Elections Committee
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Corporations Have a Disproportionate Impact on Elections and Policy

As you can see I am a fan of free markets and free speech. I believe that everyone should have a voice in the market of ideas, but loud megaphones can cause us to all go deaf.

As someone who has worked on campaigns I understand the importance and pressure of raising funds. I also understand the fear of outside interest groups that might bombard a candidate with attack ads. This fear leads candidates to need to build large war chests for protection. For better or worse the amount of money in these war chests is influenced by the relationships the politicians have with interest groups and this impacts policy.⁶

While overturning *Citizens' United* will not put an end to policy advocacy by corporations, it will curb some of the excesses. Hopefully it will clear up bandwidth and give people without millions of dollars an opportunity to have their voices listened to. Maybe it will allow our public servants to sleep better and live bolder. Thank you.

⁶ Alex Blumberg & Andrea Scabrook, *When Lobbyists Pay to Meet with Congressmen*, NPR, <http://www.npr.org/blogs/money/2012/04/20/150984304/when-lobbyists-pay-to-meet-with-congressmen>.