



STUDY GUIDE

MONEY IN POLITICS: WHAT'S THE PROBLEM

KEY TERMS: reform improvement freedom
 politics incumbent

NOTE-TAKING COLUMN: Complete this section <u>during</u> the video. Include definitions and key terms.	CUE COLUMN: Complete this section <u>after</u> the video.
<p data-bbox="99 548 779 621">What has been the most alarming development in Washington during Mr. Will's many years there?</p> <p data-bbox="99 968 914 1041">What three sinister things are people who claim that, "There is too much money in politics" really saying?</p> <p data-bbox="99 1461 826 1497">What advantages do incumbents have in an election?</p>	<p data-bbox="946 548 1490 621">What is so bad about campaign finance reform? Who does it hurt most?</p> <p data-bbox="946 1230 1484 1304">How is contributing money to a political campaign related to free speech?</p>

DISCUSSION & REVIEW QUESTIONS:

- The U.S. Supreme Court has ruled that ‘freedom of speech’ is actually ‘freedom of expression,’ and is therefore constitutional (which is why it is legally acceptable to burn a flag- an act deemed to be ‘expression’). However, Mr. Will explains that, “Over the last few decades, reformers have chipped away at the First Amendment guarantee of free speech. They’ve done it with various and sundry campaign finance laws such as limiting the amount of money an individual can give to a candidate.” Do you think that donating money to an organization (such as a political campaign) can constitute a form of ‘expression’ Why or why not?
- What do you think that those reformers who make the claim “There’s too much money in politics” are actually trying to get across? What is the root issue that they are trying to address? Doesn’t this charge bring up the problem of ‘where to draw the line?’ Why or why not? What else is wrong with this type of claim? What would your response be to those who make this claim?
- Mr. Will explains that, “They [reformers] admit that what they want – to restrict free speech – is incompatible with the Constitution. So, for the first time in American history, reformers calling themselves Progressives are proposing to change the First Amendment in order to empower Congress to decide the quantity, content and timing of political speech.” Why do you think they are trying to do this? Do you agree with their proposal? Why or why not? Isn’t limiting ANY freedom directly contrary with traditional, American ideals?
- We learn in the video that, “The New York Times constantly says that money is not speech and therefore the spending of money can be restricted without restricting freedom of speech.” What are the problems with this argument? How is the reasoning flawed? Doesn’t the fact that ‘money’ is not the same as ‘spending’ significantly affect the argument? Why or why not?
- Mr. Will ends the video by correctly informing us that, “Contributing to candidates is one of the most common forms of political participation. So restricting campaign contributions reduces participation,” thus, “The only constitutional way to reduce the amount of money invested in politics is to reduce the role of politics in the distribution of money. If government were not so big, if it were not so busy allocating wealth and opportunity to the politically well-connected, then politics would be less important in our lives, and less money would be spent on it.” What exactly does Mr. Will mean by ‘reduce the role of politics in the distribution of money?’ How can that be done? Should it be done? Why or why not?

EXTEND THE LEARNING:

CASE STUDY: Dianne Feinstein

INSTRUCTIONS: Read the article, ““Dianne Feinstein Still Dogged by Allegations of Conflicts of Interest,” then answer the questions that follow.

- What are the specific allegations against Sen. Feinstein? Do you think they have any merit? Why or why not?
- How does Sen. Feinstein ‘get away with’ directing significant amounts of taxpayer money to projects and corporations that could, and would likely, benefit her monetarily? What is the cause and effect of such relationships (between politicians and their connections), and how does the current system incentivize them to occur?
- Do you consider this case to support Mr. Will’s assertion that, “If government were not so big, if it were not so busy allocating wealth and opportunity to the politically well-connected, then politics would be less important in our lives, and less money would be spent on it.” Why or why not?



QUIZ

MONEY IN POLITICS: WHAT'S THE PROBLEM

1. "Campaign finance reform" is actually a veiled attack on free speech.
 - a. True
 - b. False

2. People say there is too much money in politics. This translates to which of the following?
 - a. There is too much political speech.
 - b. They know just the right amount of political speech
 - c. The government should enforce the limits they want on the amount of political speech.
 - d. All of the above

3. What is the only constitutional way to reduce the amount of money invested in politics?
 - a. Reduce the role of politics in the distribution of money
 - b. Give the government more power to regulate speech
 - c. Write laws that would make fundraising more difficult
 - d. Write laws that would make it more difficult for incumbents to be re-elected

4. Incumbents need to spend _____ than their challengers on their election campaigns?
 - a. Less money
 - b. The same amount of money
 - c. More money
 - d. Significantly more money

5. To solve the money in politics problem, we need _____.
 - a. To realize there is no problem
 - b. More speech advocating less government
 - c. More government regulation
 - d. Less money spent on political campaigns



QUIZ - ANSWER KEY

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<http://www.breitbart.com/big-government/2012/06/06/dianne-feinstein-still-dogged-by-allegations-of-conflicts-of-interest/>

Dianne Feinstein Still Dogged by Allegations of Conflicts of Interest



by [Jeffrey Scott Shapiro](#) 6 Jun 2012

The victor in yesterday's California primary in the U.S. Senate, incumbent Democrat [Sen. Dianne Feinstein \(D-CA\)](#), has long faced questions about potential conflicts of interest in Congress, according to Breitbart News sources. Specifically, for at least 15 years, Feinstein has appeared to support government contracts that push federal funds toward companies co-owned or governed by her powerful, billionaire husband, [Richard C. Blum](#).

Breitbart News found evidence of possibly inappropriate influence from the period when Feinstein served on the [Military Construction Veterans Affairs and Related Agencies Subcommittee \(MILCON\)](#), which supervises military construction and oversees quality of life concerns for veterans, including the building of clinics and hospitals for wounded soldiers and housing for military families.

APPROPRIATING FUNDS THROUGH THE U.S. SENATE MILITARY-CONSTRUCTION SUBCOMMITTEE

Financial disclosure reports from 2001-2005 indicate that MILCON—under Feinstein’s leadership—[cleared appropriations](#) that were eventually [funneled as \\$1.551 billion worth of military construction contracts](#) to [URS Corporation](#), a San Francisco-based engineering services firm, and Perini (now [Tutor Perini](#)), both partially owned by her husband’s investment firms (and their investors) at the time ([URS reportedly earned \\$791 million, and Perini earned \\$759 million](#)).

Public records [reportedly show](#) that Blum paid only \$4 a share for the Perini stock, but was able to sell three million shares in 2005 for \$23.75 each. (Federal lawmakers are required to file financial disclosure statements under the [Ethics in Government Act of 1978](#). The forms are published each year to disclose any potential conflicts of interest with their or their spouses’ business decisions.)

The [couple earned](#) somewhere between \$500,000 and \$5M from capital gains on URS and Perini stock, and another \$1.3M-\$4M from [CB Richard Ellis](#), a global real estate service company. In total, the couple’s worth rose \$10 million to an estimated \$40 million. According to the *San Francisco Chronicle*, [Blum has served on the corporate boards for both URS and CB Richard Ellis](#).

Brian Weiss, a press spokesman for Feinstein at the U.S. Senate, told Breitbart News that no conflict of interest existed. In a detailed e-mail response to questions, Weiss wrote the following:

Senator Feinstein sought the advice of the Senate Ethics Committee about whether any conflict existed. The committee indicated that Senator Feinstein could consider, debate and vote on appropriations bills in the subcommittee, the committee and full Senate. The Department of Defense awards contracts—not Congress. Senator Feinstein (and her staff) had no involvement in which entities were awarded military construction contracts.

According to [Peter Byrne](#), a veteran, left-wing, anti-war journalist who has spent several years investigating Feinstein on location in California, that’s not true.

“From 2002 to 2005, URS and Perini went from having very little in military construction contracts to [having billions of dollars in such contracts](#),” he told Breitbart News in a series of exclusive interviews. “After December 2005, Feinstein no longer had a discernible financial interest in the contracts that were vetted by MILCON because her husband abruptly divested of his family’s URS and Perini stock—taking a substantial profit worth many millions of dollars that was directly caused by the military construction bonanza.”

In a March 21, 2007 [Metroactive story](#) penned by Byrne, he wrote: “As MILCON leader, Feinstein relished the details of military construction, even micromanaging one project at the level of its sewer design. She regularly took junkets to military bases around the world to inspect the construction projects, some of which were contracted to her husband’s inquiries, Perini Corp and URS Corp.”

And that’s not the only allegation involving MILCON.

According to a 2004 [San Francisco Chronicle report](#), “Feinstein has also received scrutiny for husband Richard Blum’s extensive business dealings with China and her past trade issues with the country.”

The story was that after URS bought a substantial stake in [EG&G](#), a leading provider of technical services and management to the military, from [the Carlyle Group](#) in 2002, EG&G subsequently [received a \\$600 million defense contract](#).

Byrne also reported in his March 2007 expose that according to SEC filings listed in December 2006 report, Blum's entities owned a total of \$1 billion in stock in [three companies](#) that all "won considerable favor from the budgets of the Department of Defense and the Department of Veteran's Affairs,"—[Boston Scientific Corporation](#), [Kinetic Concepts, Inc.](#), and [CB Richard Ellis](#).

[Owen Blicksilver](#), Blum's personal spokesman, dismissed any improper connection between MILCON, Perini and Feinstein: "Positions in Perini and URS were both fully liquidated in 2005. My assumption is they have received government contracts in the last six years and undoubtedly received them in the years prior to Blum Capital's investment."

Surprisingly, MILCON isn't the only shadow haunting the California senator.

ALLOCATING TARP FUNDS TO THE FDIC – THE CB ELLIS CONNECTION

On April 21, 2009, the [Washington Times](#) broke an exclusive story that Feinstein proposed legislation to direct \$25 billion in taxpayer money to the [Federal Depository Insurance Corporation](#).

The alleged Blum connection was that the FDIC had just awarded Blum's real estate firm a profitable contract to resell foreclosed properties at compensation rates higher than the industry norms.

According to the [Washington Times](#), "Mrs. Feinstein's intervention on behalf of the Federal Deposit Insurance Corp. was unusual: the California Democrat isn't a member of the Senate Committee on Banking, Housing and Urban Affairs with jurisdiction over FDIC; and the agency is supposed to operate from money it raises from bank-paid insurance payments—not direct federal dollars."

Documents obtained by the newspaper exposed that Feinstein had [sent a letter to the FDIC](#) on October 30, 2008 offering to help it secure funds to help them stave off ensuing foreclosures.

That letter was sent only a few days before CB Richard Ellis Group (the commercial real estate firm that Blum serves as board chairman) had won a contract to sell foreclosed properties that FDIC was taking on from failed banks.

According to Weiss, "this is an allegation that has totally been discredited."

Feinstein's explanation was that the senator simply introduced legislation to allocate \$25 billion from the [Troubled Asset Relief Program](#) (TARP) in 2009 because California had the third highest number of foreclosures in the nation.

"Senator Feinstein learned of FDIC Chair Sheila Bair's proposal for foreclosure relief from news reports, [expressed her support in a letter](#), and introduced legislation to implement it," Weiss wrote to Breitbart News. "She was unaware of CBRE's bid for an FDIC contract so it clearly played no role in her decision to introduce legislation. The Inspector General at the FDIC reviewed this and concluded there was 'no improper influence' in the awarding of the contract."

[LaJuan Williams-Young](#), a spokeswoman for the FDIC, declined to explain why CBRE was chosen and instead simply defended the agency: "There are four other contractors that perform similar work for the Corporation."

According to [Tom Fitton](#), President of [Judicial Watch](#), a non-profit organization dedicated to monitoring Washington ethics, Feinstein's explanation isn't adequate. He says that neither the FDIC nor MILCON connections pass muster under the [U.S. Senate Ethics Rules](#) or the [U.S. Criminal Code](#).

“In these cases, she was voting on bills that ultimately benefited her husband’s companies . . . she knew, everyone knew what would come out of those bills, and at the least she should have known where that money could have gone, and that simply doesn’t stand scrutiny.”

When asked about Feinstein and her husband benefitting from all of these contracts as well as the FDIC legislation, Weiss simply responded, “All items referred to above are Richard Blum’s separate property relating to his business . . . Senator Feinstein is not involved with and does not discuss any of her husband’s business decisions.”

Blicksilver mirrored Weiss’ response, saying that, “[Blum Capital Partners](#) has a strict confidentiality policy which Mr. Blum and other members of the firm adhere to. As such, he does not discuss the Firm’s investments with the Senator.”

A MYSTERIOUS GRANT FROM THE U.S. DEPARTMENT OF ENERGY

Feinstein’s most recent controversy emerges from Breitbart News editor [Peter Schweizer’s](#) book [Throw Them All Out](#), which reveals that on November 18, 2009 she and her husband invested \$1 million into [Amyris Biotechnologies](#), a “green” company focused on plant-based renewable fuels and chemicals.

Just weeks after her investment in Amyris, the company received a [\\$24 million grant](#) from the [Department of Energy](#) (DOE) to build a pilot plant where altered yeast would turn sugar into hydrocarbons. Shortly thereafter, [Amyris went public with an IPO that collected \\$85 million](#). It is unknown at this time how much Feinstein’s investment benefited from the grant.

Weiss’ response?

“The purchase of the stock in Amyris by Richard Blum was disclosed on [Senator Feinstein’s financial disclosure in May of 2010](#). In addition, the value of the stock in Amyris is also disclosed on Senator Feinstein’s financial disclosure forms as an asset that is owned solely by her spouse. Senator Feinstein never discussed the purchase of this stock with her husband. Senator Feinstein is not involved with and does not discuss any of her husband’s business decisions.”

Feinstein revealed the Amyris connection in her [May 2010 public disclosure reports](#), but Schweizer says that’s not what’s most important.

“This is the standard politician’s response,” Schweizer told Breitbart News. They say, ‘I disclosed it, so that makes it okay, or ‘I don’t talk to my spouse about their financial decisions so I’m in the clear.’ There’s a reason members of Congress are required to disclose their spouse’s financial transactions. Let’s face it—politicians have been known to be less than straightforward with the truth.”