“The question for monopoly capitalism is not whether to stimulate demand.

It must, on pain of death.”

*(Monopoly Capital* p. 111)

The central problem in capitalism today is not one of scarce resources clashing against innate, insatiable wants. Rather, the modern problem of monopoly capitalism is one of abundance of production clashing against scarcity of consumers. In order to exhaust productive resources and forestall excess capacity, business interests must continuously search for new markets to exploit or entice ever more fanatic loyalty from existing customers who stand ready to buy the latest product iteration or service permutation. The key to business survival within all capitalist systems is continual expansion of market share and reach. Grow or die.

The efforts applied to this relentless drive undermine the conventional wisdom of market determined pricing – were a competitive price system in place, the funds for these expenditures would not exist (Stanfield 1984; Holleman 2009). Resources and expenditures executed in this quixotic endeavor to grow – as will be discussed in greater detail below – can be broadly referred to as the economic surplus. Evidence of the economic surplus and furthermore, that the competitive law of value is not operable under the context of monopoly capitalism is obvious in the amount spent for the purposes of marketing and political maneuvering.

In *Monopoly Capital*, Baran and Sweezy dedicate four of the eleven chapters – over a third of the book – to exploring the non-productive, non-productivity enhancing means deployed in “The Absorption of Surplus” (abbreviated TAS). Two of those four chapters – “TAS: Capitalists’ Consumption and Investment” (chapter four) and “TAS: the Sales Effort” (chapter five) examine surplus exhaustion within the firm. The latter two chapters – “TAS: Civilian Government” (chapter six) and “TAS: Militarism and Imperialism” (chapter seven) examine
how the government assists the firm with surplus exhaustion with particular focus on the military industrial establishment. With the rise of neoliberalism in the decades after its publication, the theoretical core of *Monopoly Capital* remains ever relevant, although the categories and means of absorption have shifted to accommodate this latest incarnation of monopoly capitalism. The present focus is on that of surplus absorption/exhaustion within the firm, for which two new categories suited for the neoliberal era are proposed: marketing efforts and political efforts.

**The Economic Surplus**

The concept of the economic surplus in its most basic form consists of the difference between what is produced and that production which is needed to reproduce society in the next period. The economic surplus so defined is not contextually specific and therefore is applicable to all societies and production forms (Heilbroner 1985). The production of an economic surplus hence requires production beyond the subsistence level of output for a society (Lichtenstein 1983). Within the context of monopoly capitalism, the economic surplus is more specifically defined as what is left from *potential* output once essential consumption – that is, the consumption necessary for social and material reproduction – has been met. Potential output is not the amount of output produced in a period, but rather consists of the total productive capacity, whether utilized or not, for the given level of capital stock and workforce talent in a society. In other words, potential output is the output that is attainable if all the available factors of production in a society are employed (Stanfield 1984). That actual output often falls short of potential is a tendency of monopoly capitalism; i.e., a tendency towards excess capacity.

Any expenditure that contributes to the social and material reproduction of society, including maintenance of an individual’s previous standard of living as well as maintenance of the previous period’s productive capacity constitutes essential consumption. Consumption that
increases capacity or more than reproduces society should be considered investment rather than consumption per se and as such, a potential catalyst to economic growth and development. Since it is through the economic surplus that this investment is funded, it is clear that the potential for the direction and content of growth resides in the deployment of the economic surplus (Stanfield 1992; 1984). The economic surplus should therefore be considered a fund, regardless of what the fund might finance.

*Crises in monopoly capitalism*

Because of the insatiability of the accumulation cycle which drives all capitalist systems, business interests must constantly and consistently expand production. Given the similar drive to contain costs, specifically labor costs, structural imbalance is created by the gap between productive capacity and consumption limits; the former defined by the state of technology, the latter by the prevailing social and political institutions and the distribution of income (Stanfield 1977). The structural inequality of the distribution of income endemic to all varieties of capitalism constrains the amount of production that can be consumed within a given society. The problem of ineffective demand or underconsumption thus plagues modern business, which coupled with downwardly rigid pricing, forces cuts in productivity and thus poses the problem of excess capacity or capital overhang (Foster 2000).

Modern day crisis under the monopoly capital system is thus the crisis of chronic excess capacity, which cannot be used to produce more consumer goods, given the inequality of the distribution of income, and cannot be used for investment, i.e., to produce productivity enhancing capital, as this compounds the problem of excess capacity (Foster 2000). While the economic surplus consists of the gap between potential output and essential consumption, the gap between productive capacity and the limits to consumption might be conceptualized as the
structurally determined portion of the economic surplus fund and thus directly reflects the degree of excess capacity within a given time period. Chronic excess capacity and idle capital stock brought about by the accumulation of surplus funds and underconsumption creates a systemic tendency towards stagnation under monopoly capitalism. This tendency coupled with the power of monopoly capital to administer mark-up pricing (and by extension, downwardly rigid pricing) creates macroeconomic instability and a predisposition for stagflation (Foster 1984; Wrenn 2010).

Compounding the problem of excess capacity and tendency towards stagnation is the structural maladjustment resulting from neo/New Keynesian advocated remedies for relieving excess capacity by stimulating the economy through government investment financed through deficits. Government spending, especially within the growing movement to privatization, exhausts the economic surplus fund by closing the gap between productive capacity and now increasing public sector consumption (Wrenn 2015b). As early as 1957, Baran pointed out that such stimulation within the monopoly capitalist system encourages business overestimation of demand elasticity which in turn encourages production beyond the limits of consumption, thereby amplifying the economy’s tendency toward stagnation and consequently cycles back the need for further government stimulus of the economy. Moreover, financing unstructured investment through government deficits especially in non-capital stock increasing investment, such as military armaments and technological research would result in precarious inflationary overhang (Baran 1957; Foster 1984).

The key consequents of a monopoly capitalist system therefore are structural maladjustment and stagnation (Mott 1992). The systemic tendency towards stagflation emerges from the underlying tendencies of modern monopoly capitalism toward chronic excess capacity,
idle capital stock, and surplus funds in frozen suspension awaiting government assistance, correlated with the tendency to inflationary overhang, worsened by unstructured government deficit financing in order to commission output to forestall the threat of the former (Foster 1984). Given these tendential laws, it would seem as though the modern monopoly capitalist system would eventually be swallowed by its own stagnationist crises. The neoliberal social structure of accumulation, however, has proven quite adept at forestalling such crises through the creation of non-productive venues of expending economic surplus funds.

**Neoliberal Monopoly Capitalism**

Neoliberalism is the prevailing ideological operant of the most recent stage in the evolution of monopoly capitalism over the last five decades since the publication of *Monopoly Capital*. Neoliberalism embodies the ideological shift in the purpose of the state from one that has a responsibility to insure full employment and protect its citizens against the exigencies of the market to one that has a responsibility to ensure protection of the market itself (Harvey 2005). With the evolution of the economy into neoliberal, monopoly capitalism, the annexation of personal space for commercial communication becomes more invasive and ever-present, while the political courtesy extended to business pursuits becomes ever more transparent, particularly when examined within the context of the economic surplus funds framework.

The primary purpose of neoliberalism is to empower the institutions of monopoly capital, continually increasing the control of those institutions over economic surplus funds. The neoliberal ideology proposes that the ultimate and only necessary regulator of economic activity is the market, that the economic sphere runs its course naturally and with ruthless objectivity under laws of logic; a conceptualization that further supports the subordination of political and social spheres to the blind and natural mechanics of the economy.
Given the limits on consumption imposed by the inequality of the distribution of income and the consequent need to expand productive capacity while avoiding the creation of idle capital, the neoliberal-driven system of monopoly capitalism expands existing and creates new means of producing waste. The concept of ‘waste used by Baran and Sweezy in *Monopoly Capital* and used here is not intentionally pejorative; waste specifically addresses those resources which are applied to the production or sale of goods and services which do not meet the needs of the general populace:

In general, the largest part of (waste in the business process) is associated with the process of selling the output of business. This includes much of such expenditures as advertising, market research, expense account entertaining, the maintenance of excessive numbers of sales outlets, and the salaries and bonuses of salesmen. Closely related are outlays for such activities as public relations and lobbying, the rental and maintenance of showy office buildings, and business litigation (Phillips 379-380 in *Monopoly Capital*).

The term waste as used by Baran and Sweezy – and even earlier by Veblen (2005) – underscores that economic surplus funds could also be otherwise applied to the production of goods and services which sustain and enrich the lives of all – in other words, funding social welfare projects – such as healthcare, housing, and education.

**Absorption of Surplus: Marketing Efforts**

Under monopoly capitalism, price competition fades and in its place emerges the competition to expand market share as well as to find new markets and new or more fiercely loyal consumers. An increasing portion of surplus funds is thus funneled into marketing efforts: research and development of new, marginally improved, or slightly more specialized/personalized products, packaging and re-packaging design and materials, and general
promotional efforts such as advertising campaigns, public relations events, and consumer relationship management, to name but a few on the ever-lengthening list (Lippit 1992; Adcock 2001). Under consideration here are the specific categories of advertising and product differentiation as the data available allow examination of trends within each, leading up to and through the rise of neoliberal monopoly capitalism.

Advertising

In as much as advertising shapes the needs and wants of consumers, it also plays a critical role in the socialization and education of the population. Advertising specifically within neoliberalism attempts to conflate individual agency and self-expression with the choice of purchase among commodities and personal identity with branding and trademarks (Craig 2012; Sussman 2011; Wrenn 2015a). Through the medium of advertising, material goods transform into cultural artifacts and physical proof of an individual’s agency, identity, and belonging, which are both uniquely chosen by the individual and shared with a larger community with similar ideals.

Furthermore, up-market or luxury brands and products aren’t just status symbols – they are signals of respectability; that the benefit of the doubt extended to the privileged should also extend to the individual bearing these ethnographic markers (McMillan Cottom 2014). The commodification of respectability permeates beyond the marketplace, into cultural institutions and phenomena as well. For instance, the “prosperity gospel movement” preaches and the self-help “law of attraction” insists that the individual has the power to make success manifest not the least by pre-emptively purchasing outward symbols of success, which is by and large defined financially (Ehrenrich 2010). The adage, ‘dress for the job you want’ communicates this imperative to consume in order to demonstrate respectability and express ambition – indeed,
dressing well is considered a pre-requisite for achieving the means to pay for dressing well. Beginning in the 1970s, the neoliberal deregulation of credit markets alongside advertising efforts and broader cultural reinforcement, encouraged consumption on credit cards and in the housing market beyond the individual's immediate means, at least leading up to the 2008 financial crisis (Craig 2012; Williams 2004).

Culled and pieced together from different historical data sets, a century’s worth of data on advertising revenues (Chart 1) makes it possible to examine overall trends in the exhaustion of the surplus in advertising efforts throughout the rise of monopoly capitalism and to compare pre- and current- neoliberal activity.

**Placeholder Chart 1**

During the first part of the twentieth century, advertising revenues exhibit steady but continual growth. Interestingly, it isn’t until the publication of *Monopoly Capital* in 1966 that advertising revenues break the $100 billion mark (all Chart 1 figures adjusted to 2015 dollars). The years that follow *Monopoly Capital*’s publication and the rise to dominance of neoliberalism reveal approximately two and half times the growth of the previous five decades. Absorption of the economic surplus through advertising efforts clearly has intensified during the neoliberal era of monopoly capitalism.

*Product Differentiation*

Another reaction of monopoly capital in the increasingly saturated neoliberal market place has been to develop finer market segmentation to support further product differentiation. Such marketing endeavors serve a two-fold purpose: one, to act as a means of economic surplus fund expenditure in a non-productive capacity, and two, to further invidious distinctions and commodity-driven identity. Expenditure of economic surplus funds in research and development...
efforts serves similar purposes: the creation of new products permits further monopoly profits to accrue as well as provides a venue for alleviating excess capacity (Heilbroner 1985; Holleman 2009). The economic surplus fund continues to be diverted into the research and development of ‘new and improved’ product differentiations that flood choices to increasingly overwhelmed consumers as well as introduces and suggests previously non-essential or unknown wants. The planned obsolesce and “creative destruction” of new, but more importantly, disposable products serves to relieve the economic surplus fund while it threatens the ecological balance of the planet (Dawson and Foster 1992).

Although admittedly imperfect, patent and trademark applications stand as a reasonable proxy measure of product differentiation (Shautschick 2016). Using data collected, assembled, and made publicly available through the World Intellectual Property Office, it is possible to track the growth of patent and trademark applications in the US throughout the twentieth century as well as the preceding and succeeding decades into the nineteenth and twenty-first centuries (Chart 2).

Placeholder Chart 2

The growth of both patent and trademark applications, much like that of advertising revenues, appears steady and continual throughout the first part of the twentieth century, with minor fluctuations which appear to correlate with periods of economic crisis and the World Wars. During this period, the number of applications remained consistent and under 100,000 per year. What is remarkable in this data is the precipitous climb in patent and trademark applications, although more sharply for patent applications, in the decades following the publication of Monopoly Capital.
The number of applications starts to climb more steeply with the beginning of the Reagan administration, which logically correlates with the Reagan administration’s ideological drive toward deregulation. What is less obvious but of key consequence in these expenditures is the waste that is extant in spending economic surplus funds on the development of non-quality enhancing product features, such as a new scent of soap, color of paper towel, or ethnic identification commodities; or in the creation of products which do not substantively enhance the quality of living.

**Absorption of Surplus: Political Efforts**

Business interests seek protection from the intensified market setting of neoliberal monopoly capitalism. Indeed, despite the free market rhetoric, neoliberalism does not advocate complete abstention of government intervention in the market; business interests still rely upon the state to provide refuge from the exigencies of the market. To stem stagnation, business interests depend on the state to help exhaust excess capacity and to ameliorate underconsumption through government commanded production; preferably production that is contracted out to the private sector. Likewise, business interests pursue regulatory restructuring in order to pare away specific regulations that diminish profitability or impede the movement of capital while maintaining interventions that support or create markets. The state is also relied upon as a resource in cost containment with respect to labor; the depressed wages and rising inequality which are products of the neoliberal project work to the advantage of business interests by acting as a disciplinary device for labor to insure loyalty and productivity and as a means for keeping inflation down (Piven 2004; Wrenn 2015b). Access to and time spent with politicians and their advisers is not cheap, and thus represents a substantial outlet for economic surplus funds. In order to capture that portion of surplus funds which are applied toward political efforts, an
examination of two categories – political campaign contributions and lobbying follows. The data used in this exploration comes from the Center for Responsive Politics (CRP) which compiled the data on campaign contributions made available through the Federal Election Commission (FEC) as well as the lobbying data reported to the Senate Office of Public Records. The CRP also classified both contributions and expenditures by assigning each to one of ten broadly defined ‘business sectors:’ agribusiness; communications/electronics; construction defense; energy and natural resources; finance, insurance, and real estate; health; lawyers and lobbyists; miscellaneous business; and transportation.

**Campaign Contributions**

Running a political campaign is an expensive prospect, particularly a campaign for a federal office in the US government. The 2012 US Presidential campaign was especially pricey, ringing up a tab of over $2.5 billion between both parties’ candidates (CRP). Expensive campaign price tags necessitate relentless fundraising efforts. During the 2012 election cycle alone, election winners to the US House of Representatives raised on average, $2,315 per day, while election winners to the US Senate raised on average $14,351 per day (Costa 2013). For the present purposes – based on the amount of data available – political campaign contributions are examined through two categories of spending: political action committees and outside spending groups.

Political action committees (PACs) are sponsored by an organization that represents a body of people – whether it is a corporation, labor union, trade association/industry group, or a group organized around a set of shared personal interests. Contributions are collected from individuals, corporations or other PACs; the funds are used for political activities of various sorts, such as pro-/anti- issue or political candidate advertisements or can be contributed directly
to the campaigns of a particular candidate or party. Under current US legislation, PACs are required to disclose who donates to them and to where the PAC donates, and there are limits to the amount that an individual or organization can contribute to the PAC as well as limits to how much a PAC can contribute directly to political campaigns. From reports made to the Federal Election Commission (FEC), over the eighteen year period of 1998 to 2015 (inclusive) PAC contributions topped $2.2 billion.

With the 2010 ruling by the US Supreme Court on the *SpeechNow.org v. FEC* case, the ‘Super PAC’ was born and outside spending on political campaigns was unleashed. Super PACs are technically referred to as ‘independent-expenditure only’ political action committees, which are designed to campaign for or against political issues, candidates, or parties without coordination with – i.e., independent from – any particular candidate’s campaign. Super PACs are not allowed to contribute directly to political campaigns, but there are currently no limits to how much a Super PAC is allowed to spend on its independent campaigns nor are there limits to how much individuals and organizations can contribute to a Super PAC. Under current legislation, Super PACs must disclose their donors to the FEC.

Outside spending is not, however, solely relegated to the Super PAC. Non-profit organizations are allowed to receive unlimited donations and spend unlimited amounts on political campaigns for issues or candidates as long as those activities constitute only up to 49.9% of the organizations’ overall activities. Non-profits which are affiliated with business interests and trade associations are called 501.c.6 organizations, while those non-profits that are associated with labor unions are called 501.c.5 organizations. The final political non-profit category is that of ‘social welfare’ with acts as a catch-all category for 501.c.4 listed organizations which do not fall into either of the former two. Out of these three groups, only the
labor unions (501.c.5) are required to disclose their donors. For this reason, the other two are referred to in the press as ‘dark money’ groups. Examination of the FEC reports of donations to Super PACs and political non-profit 501.c.6 organizations (made from 1998 to 2015, inclusive) exceeded $1 billion. It is important to remember, however that the data only include the donor information disclosed from Super PACs and those 501.c.6 business/trade associations which voluntarily disclose the sources of their donations ix.

Lobbying

Despite the popular perception of campaign contributions as the price paid for political influence or power, the connection is between the two is not clear nor is it easy to measure. It could reasonably be argued that campaign contributions represent a relatively weak version of economic surplus exhaustion through political efforts. The most these donor groups, whether representing business interests or the interests of workers and general public special interests, can accomplish with their contributions is to sway voters, and there is no promise of pay-out for these efforts, especially if the receiving candidate doesn’t in the end, win the election. Furthermore, winning politicians are not legally bound to the political pledges or promises made prior to the election. As such, it is clear that a more direct line, leading straight to politicians and policy decision-making, is influence through lobbying efforts.

The complexity and volume of legislation that passes over a Congressperson’s desk– as well as all the iterations of any given piece of legislation – necessitates her/his reliance on other individuals both inside and outside of Congressional offices for information and insight on the various and wide-range of issues that might be encapsulated in even a single legislative bill. With an eye toward allowing industry expertise to help guide the Congressperson in making informed decisions, representative advocates – lobbyists – are sent to policy makers to educate
Congress members and to assist in crafting, tweaking, or blockading that legislation which will impact their clientele. And lobbying is itself big business.

Placeholder Table 1

Placeholder Chart 3

Business interests spend more on lobbying efforts than the combined money spent by PACs or donated to outside groups – by a very, very wide margin (see Table 1 and Chart 3). Over the eighteen year period of study from 1998 to 2015, business organizations and trade associations more than doubled the amount of money spent each year on lobbying: from $1.45 billion spent in 1998 to $3.2 billion spent in 2015. It is clear that business interests find lobbying to be a more direct means by which to craft and shape business-friendly legislation than campaign contributions. The stubborn trend of campaign contributions and lobbying money to climb, even in the wake of the financial crisis of 2008, strongly suggests that business interests find both of these means of economic surplus absorption lucrative (Wrenn 2016).

Concluding Remarks

Exhausting the economic surplus through the production of waste by business enterprises may occur in many forms, but the most desirable is that which does not serve to create consumption goods or to increase productive capacity. The threat of excess capacity and idle capital stock makes the creation of wasteful output—be it through marketing expenditures or political jockeying—a necessary and ultimately profitable endeavor. These outlets for economic surplus funds are made all the more attractive by virtue of their inability to expand productive capacity and compound the excess capacity problem (Foster 1984; Holleman 2009).

In as much as neoliberalism produces waste as business interests attempt to exhaust the economic surplus through expansion of market share, waste deployed tactically supports the
institutions of neoliberalism. With the assertion of the dominance of market priorities over those of the citizenry, business interests become the voice of authority that in previous generations belonged to the family, religion, and the state. That voice is communicated throughout all media and mediums and is asserted over the general public by way of marketing efforts and over the governing state by way of political efforts (Sussman 2011).

Indeed, if neoliberalism is the ideological operant of monopoly capital, then marketing efforts are the means of ideological management (Sussman 2011). The institutions of neoliberalism teach and socialize that material wealth and possession is a sign of the (neoliberal) values to which all should aspire: hard work, ambition, and worship of power. Advertising is the medium of this message (Gaddis 2012). Product differentiation reinforces the underlying ethos of neoliberalism, that of individualism. With finer market segmentation and marketing directed with narrowing focus on ever more specific categories of demographic targets, the ideology of individuation as expressed through commodity identification is reinforced and expanded. Nothing less than democracy is at stake when business interests can afford access to legislators and insure the maintenance and expansion of those institutions which sustain and support neoliberalism.

Waste is a necessary component of capitalism, but not of the economic surplus fund. The economic surplus of a society may be used to fund any number of possible projects. Economic surplus funds could be applied to public infrastructural and social needs, such as transportation thoroughfares, education, or health; changes that would also increase productive capacity. Likewise, economic surplus funds might be directed to the improvement of qualitative facets of living, to increase leisure time by decreasing required workloads, or to the development of culture through dance, theatre, or art. Economic surplus funds could instead be directed towards
ceremonial purposes, to maintain a ruling or elite class, or be expropriated abroad, none of which serve to expand productive capacity or improve the quality of life for the masses.

If economic policy is to be truly instrumental, that is, serve the needs of society then it must be subordinated to society. Likewise, progress should not be measured by expansion of productive capacity, but rather by the expansion of human capacity for creativity, thought, and social relations. Instrumental economic policy should allocate the economic surplus fund to the social provisioning of individuals, including an individual’s development, which necessitates freeing the individual from the illusion of the disutility of work, creating space in which meaningful relationships with other individuals might form, as well as fostering creative and intellectual thought (Stanfield 1984). The choice of how society might utilize the economic surplus was made clear by JK Galbraith back in 1958:

The family which takes its mauve and cerise, air-conditioned, power-steered and power-braked automobile out for a tour passes through cities that are badly paved, made hideous by litter, blighted buildings, billboards and posts for wires that should long since have been put underground. They pass on into a countryside that has been rendered largely invisible by commercial art. (The goods which the latter advertise have an absolute priority in our value system. Such aesthetic considerations as a view of the countryside accordingly come second. On such matters, we are consistent.) They picnic on exquisitely packaged food from a portable icebox by a polluted stream and go on to spend the night at a park which is a menace to public health and morals (199).

Indeed, the economic surplus could instead easily represent a fund from which resources may be drawn to the benefit of society, to each individual, to individuals in need, or to specific individuals or groups. There is no law of nature (or supernature for that matter) which determines
who should accumulate and control surplus funds, and in the modern, centralized capitalist system, we see the accidental historical arrangement in which economic surplus funds accrue to those with already established political and corporate power (Stanfield 1992). When the needs of society and individuals constitute the basis of the distribution of economic surplus funds, invidious distinctions and meritocracy are no longer important (Stanfield 1984). In the end, the economic surplus fund represents society’s potential. This potential can be directed toward change or to maintaining the status quo; to benefiting the masses or the privileged few; to redressing social problems and anxiety or to ignoring, distracting, and anesthetizing society to those social problems (Lichtenstein 1983). How the economic surplus is exhausted or absorbed defines us as a society. It is a measure of progress or decline. Nothing short of human flourishing, sustainability of life on the planet, and civilization writ large hinges on how we might choose to (continue to) waste or invest it.
References


http://www.galbithink.org/cs-ad-dataset.xls


http://www.wipo.int/ipstats/en/#datacenter


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i ‘Capital overhang’ is the phrase used by the W. Bush administration to describe excess capacity: ‘The U.S. economy made notable progress in 2003. The recovery was still tenuous going into the year…it was still struggling against powerful contractionary forces-the capital overhang, revelations about corporate scandals, and uncertainty about future economic and geopolitical conditions…’ (Mankiw, Chairman of the Council of Economic Advisors, 2004)

ii This is not to say that monopoly capital is able to exercise absolute and complete control over pricing; consumer demand still plays a role in the setting of price.

iii For "A List of the Sample Advertisements Portraying Neoliberalism's Vision" see Craig 2012, pp. 247-8.

iv The space that appears at the year 2007 represents the end of the Galbi data set and the beginning of the US Census data set. The break is meant to emphasize that the two data sets measure advertising revenue according to different categories.
Profits accrued due to product differentiation or planned obsolescence are commonly referred to as “Schumpeterian profits” in heterodox circles and “technological rents” in conventional economics circles. See Heilbroner (1985, 73) for further detail.

Prior to the rise of neoliberalism in the 1970s, Polanyi describes this phenomenon as the ‘protective counter-movement’ (1944).

The March 2010 *SpeechNow.org v. FEC* US Supreme Court case was an application of the ruling of the January 2010 *Citizens United v. FEC* US Supreme Court case. The latter allowed traditional PACs to spend money on political issues/campaigns independently of specific political campaigns in addition to making direct contributions, while the former allowed for the creation of Super PACs – independent expenditure only political action committees.

Compliance to this rule falls under the jurisdiction of the Internal Revenue Service, which has not been active in monitoring or enforcing the 49.9% rule.

An additional complication with the reporting of 501 organization donations is that it is difficult to discern how much of the donations are spent for political campaigns.