On January 21, 2010 in a 5-4 decision, *Citizens United v. FEC*, SCOTUS decided that corporations and unions had First Amendment rights to spend in favor or in opposition of candidates for political office. Since the decision, litigation in the area has focused on allowing foreign nationals to make contributions to federal, state and local elections (*Bluman v. FEC*), permitting government contractors to make contributions (*Wagner v. SEC*) and lifting state bans on corporate campaign finance (*Western Tradition v. Attorney General*). See the attached for details.

**The Wealthiest 1% are Creatures of Finance**

It is no surprise that since the late 1970s, the wealthiest bracket of American society has moved increasingly towards finance and entrepreneurship. Once, doctors, lawyers and business executives defined the top 1%. According to recent research, investments bankers, hedge fund managers and private equity chiefs are squarely at the top. University of Chicago researchers, in a study reported in an *Economist* article (attached), argue that the finance sector has been the latest key driver of rising inequality. A study by Northwestern academics, discussed in the same article suggests that the 1%ers are deeply politically active on both ends of the political spectrum.

**Macey v. Buffet, Forbes et al. (in Defense of Private Equity)**

Mitt Romney’s leadership of Bain Capital made headlines recently, mostly for the outrage that it inspired from fellow Republican presidential hopefuls and the media about the role of private equity in capitalism. Even Warren Buffet joined the critics, arguing in a *WSJ* interview that private equity firms over-leverage companies and lead to bankruptcies. But our own Jonathan Macey, denizen of the *WSJ* comment pages, took theses critics on. In a January 13 opinion, Macey argued that because firms with PE investors generally grow rather than shrink because PE investors prefer to exit these companies by taking them public. He also counts Continental Airlines, Orbits and Hertz as examples of turnaround success stories to argue that companies with PE investments generally outperform ones without it. One key element of the positive PE’s impact on firms, Macey argues, is that their interests are well aligned with the firms that they invest in—PE investors get paid only if other obligations are met first. Macey’s article has been called both “deeply informed” and “idealistic”—check out the comments on the *WSJ* page for more.