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Justices, 5-4, Reject Corporate Spending Limit

By ADAM LIPTAK

WASHINGTON — Overruling two important precedents about the First Amendment rights of corporations, a bitterly divided Supreme Court on Thursday ruled that the government may not ban political spending by corporations in candidate elections.

The 5-to-4 decision was a vindication, the majority said, of the First Amendment's most basic free speech principle — that the government has no business regulating political speech. The dissenters said that allowing corporate money to flood the political marketplace would corrupt democracy.

The ruling represented a sharp doctrinal shift, and it will have major political and practical consequences. Specialists in campaign finance law said they expected the decision to reshape the way elections were conducted. Though the decision does not directly address them, its logic also applies to the labor unions that are often at political odds with big business.

The decision will be felt most immediately in the coming midterm elections, given that it comes just two days after Democrats lost a filibuster-proof majority in the Senate and as popular discontent over government bailouts and corporate bonuses continues to boil.

President Obama called it “a major victory for big oil, Wall Street banks, health insurance companies and the other powerful interests that marshal their power every day in Washington to drown out the voices of everyday Americans.”

The justices in the majority brushed aside warnings about what might follow from their ruling in favor of a formal but fervent embrace of a broad interpretation of free speech rights.

“If the First Amendment has any force,” Justice Anthony M. Kennedy wrote for the majority, which included the four members of the court’s conservative wing, “it prohibits Congress from fining or jailing citizens, or associations of citizens, for simply engaging in political speech.”

The ruling, *Citizens United v. Federal Election Commission*, No. 08-205, overruled two precedents: *Austin v. Michigan Chamber of Commerce*, a 1990 decision that upheld

restrictions on corporate spending to support or oppose political candidates, and [McConnell v. Federal Election Commission](#), a 2003 decision that upheld the part of the [Bipartisan Campaign Reform Act of 2002](#) that restricted campaign spending by corporations and unions.

The 2002 law, usually called McCain-Feingold, banned the broadcast, cable or satellite transmission of “electioneering communications” paid for by corporations or labor unions from their general funds in the 30 days before a presidential primary and in the 60 days before the general elections.

The law, as narrowed by a [2007 Supreme Court decision](#), applied to communications “susceptible to no reasonable interpretation other than as an appeal to vote for or against a specific candidate.”

The five opinions in Thursday’s decision ran to more than 180 pages, with Justice [John Paul Stevens](#) contributing a passionate 90-page dissent. In sometimes halting fashion, he summarized it for some 20 minutes from the bench on Thursday morning.

Joined by the other three members of the court’s liberal wing, Justice Stevens said the majority had committed a grave error in treating corporate speech the same as that of human beings.

Eight of the justices did agree that Congress can require corporations to disclose their spending and to run disclaimers with their advertisements, at least in the absence of proof of threats or reprisals. “Disclosure permits citizens and shareholders to react to the speech of corporate entities in a proper way,” Justice Kennedy wrote. Justice [Clarence Thomas](#) dissented on this point.

The majority opinion did not disturb bans on direct contributions to candidates, but the two sides disagreed about whether independent expenditures came close to amounting to the same thing.

“The difference between selling a vote and selling access is a matter of degree, not kind,” Justice Stevens wrote. “And selling access is not qualitatively different from giving special preference to those who spent money on one’s behalf.”

Justice Kennedy responded that “by definition, an independent expenditure is political speech presented to the electorate that is not coordinated with a candidate.”

The case had unlikely origins. It involved a documentary called “Hillary: The Movie,” a 90-minute stew of caustic political commentary and advocacy journalism. It was produced by Citizens United, a conservative nonprofit corporation, and was released during the Democratic

presidential primaries in 2008.

Citizens United lost a suit that year against the Federal Election Commission, and scuttled plans to show the film on a cable video-on-demand service and to broadcast television advertisements for it. But the film was shown in theaters in six cities, and it remains available on DVD and the Internet.

The majority cited a score of decisions recognizing the First Amendment rights of corporations, and Justice Stevens acknowledged that “we have long since held that corporations are covered by the First Amendment.”

But Justice Stevens defended the restrictions struck down on Thursday as modest and sensible. Even before the decision, he said, corporations could act through their political action committees or outside the specified time windows.

The McCain-Feingold law contains an exception for broadcast news reports, commentaries and editorials. But that is, Chief Justice [John G. Roberts Jr.](#) wrote in a concurrence joined by Justice [Samuel A. Alito Jr.](#), “simply a matter of legislative grace.”

Justice Kennedy’s majority opinion said that there was no principled way to distinguish between media corporations and other corporations and that the dissent’s theory would allow Congress to suppress political speech in newspapers, on television news programs, in books and on blogs.

Justice Stevens responded that people who invest in media corporations know “that media outlets may seek to influence elections.” He added in a footnote that lawmakers might now want to consider requiring corporations to disclose how they intended to spend shareholders’ money or to put such spending to a shareholder vote.

On its central point, Justice Kennedy’s majority opinion was joined by Chief Justice Roberts and Justices Alito, Thomas and [Antonin Scalia](#). Justice Stevens’s dissent was joined by Justices [Stephen G. Breyer](#), [Ruth Bader Ginsburg](#) and [Sonia Sotomayor](#).

When the case was first argued last March, it seemed a curiosity likely to be decided on narrow grounds. The court could have ruled that Citizens United was not the sort of group to which the McCain-Feingold law was meant to apply, or that the law did not mean to address 90-minute documentaries, or that video-on-demand technologies were not regulated by the law. Thursday’s decision rejected those alternatives.

Instead, it addressed the questions it proposed to the parties in June when it set down the case for an unusual second argument in September, those of whether Austin and McConnell should

be overruled. The answer, the court ruled Thursday, was yes.

“When government seeks to use its full power, including the criminal law, to command where a person may get his or her information or what distrusted source he or she may not hear, it uses censorship to control thought,” Justice Kennedy wrote. “This is unlawful. The First Amendment confirms the freedom to think for ourselves.”