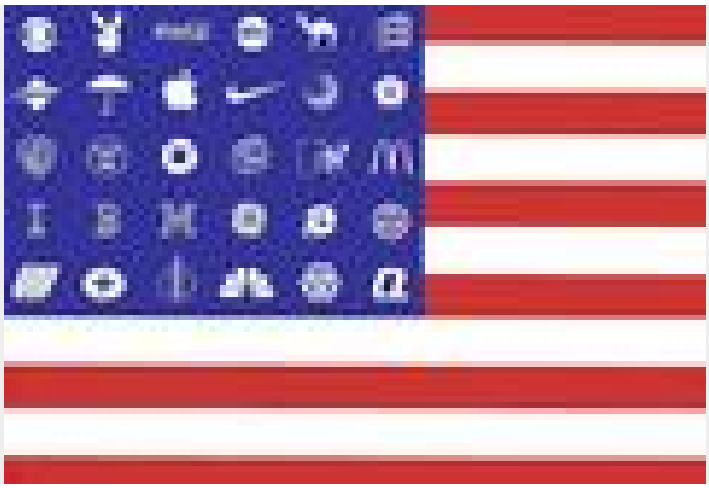
CORPORATE CASH FLOODS US CONGRESSIONAL ELECTIONS

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By Patrick Martin, GlobalResearch.ca, 10 October 2010

Big business and the wealthy are pouring unprecedented sums of money into the US congressional elections, according to data reported in the media over the past several days. While the lion's share of the money is going to candidates of the Republican Party, Democrats are also raking in millions, underscoring the status of both parties as political instruments of the financial aristocracy.

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Much of the spending is fueled by the Supreme Court decision in the Citizens United case, handed down in January, which reversed 80 years of precedent and declared that corporations—as well as labor unions—had the right to spend unlimited amounts of money on behalf of their favored candidates.
While individuals and organizations are limited in what they can give directly to a candidate, there is no limit on what they can spend on their own, as long as the advertising is not directly coordinated with the candidate.

The result is the sudden emergence of numerous organizations with vague and misleading titles—American Future Fund, Americans for Job Security—disposing of vast resources from billionaires and corporate donors, and launching a barrage of attack ads against the opponents of their favored candidates.

An analysis published by the Washington Post Monday found that outside organizations are spending five times as much in the 2010 campaign as during the last midterm election in 2006. These groups spent $16 million at this point in the 2006 election, but have spent $80 million so far this year. Two Republican-linked groups, American Crossroads and Crossroads GPS, have spent $18 million each already on campaign advertising.

Groups that incorporate as nonprofits are not required to disclose their financial backing, under rules set by the Federal Election Commission. The amount of money for which the donors' identity was kept secret, a negligible $1.5 million in 2006, has leapt by a factor of 30 in 2010, passing the $40 million mark already.

The spending by newly formed "nonprofits" has favored Republicans over Democrats by a ratio of 7 to 1. Two examples are detailed in the Post report.

The American Future Fund, which has already spent $7 million to support Republicans in two dozen contests, including $800,000 in a single congressional race in eastern Iowa, with the incumbent Democratic congressman bombarded with ads claiming he "supports building a mosque at Ground Zero," the site of the World Trade Center in New York City, destroyed in the 9/11 attacks.

The 60 Plus Association has been bolstered by right-wing money to rival the American Association of Retired Persons. Although reporting only $2 million in revenue in 2008, the group enjoyed an influx of big donations from unidentified sources. It spent $9 million last year attacking Obama's health care legislation, and $7 million so far this year on the elections.

The Democratic Party remains competitive financially, in part because, with majorities in both the House and Senate, it has plenty of favors to trade with wealthy donors for "campaign contributions," the legalized form of bribery that drives day-to-day legislative activity in Washington. Most industry lobbies are splitting their donations 50-50 or 60-40 between the two big business parties.

Until recently, the major Democratic Party campaign committees for House and Senate candidates had raised significantly more money than their Republican counterparts. As of reports filed August 31 with the FEC, the Democratic Congressional Campaign Committee, which aids candidates for the House of Representatives, had $39 million on hand, while the National Republican Congressional Committee had banked $25.6 million.

The typical two-party contest for a congressional seat now costs several million dollars on each side, at least 10 times more than two decades ago. The result is that only candidates with substantial personal wealth—or entrenched incumbents who raise money from business groups 365 days a year—can hope to compete in a House race.

According to a report in the Los Angeles Times Wednesday, spending by congressional candidates on media alone rose from $124 million at this point in 2006 to $209 million so far this year, an increase of 70 percent. In many of the tightest races, candidates have purchased the entire inventory of advertising space on local television for the last month of the campaign, insuring that viewers will see campaign messages at every commercial break around-the-clock.

Total spending by all candidates and their supporting groups is expected to smash the previous midterm record of $4.2 billion, set four years ago. Former eBay CEO Meg Whitman, the billionaire Republican candidate for governor of California, has long since broken the record for outlays by a single candidate, having spent at least $130 million by mid-September, according to press estimates.

Outside spending for Democratic Party candidates has badly trailed the Republicans, at least in part because two of the principal backers of the Democrats in the past three elections, billionaire financial speculators George Soros and Peter Lewis, are largely sitting on the sidelines in 2010.

The AFL-CIO unions, while mobilizing the organizational resources of the bureaucratic apparatus,

have not been able to match the flood of cash from ultra-right billionaires like the Koch brothers, the Kansas oil bosses who have provided much of the financing for the Tea Party groups.

The Internet-based MoveOn.org group has largely given up buying advertising because it cannot compete, its officials said, attempting to mobilize individual supporters to join in local Democratic Party campaigns.

The health insurance industry has switched the balance of its funding from the Democrats to the Republicans, although it still gives substantially to both sides. In June, for instance, the industry lobby gave $544,000 to Republican candidates and $354,000 to Democrats.

According to a report by the Politico.com website, "Health care professionals have quietly become the biggest supports of the nascent Tea Party Caucus, a movement by and large catalyzed by opposition to the health reform law. They donated a little more than $2.7 million to Tea Party Caucus members, making them the group's most supportive industry."

AdvaMed, the trade group of medical device makers, openly admitted that a major purpose of its campaign contributions was to repeal or scale back an excise tax on medical devices, scheduled to take effect in 2013.

The Chicago Tribune, in an analysis published Tuesday, reported, "The insurance industry is pouring money into Republican campaign coffers in hopes of scaling back wide-ranging regulations in the new health care law but preserving the mandate that Americans buy coverage."

In other words, having backed the Obama health care legislation because it forced 30 million Americans to buy insurance or face fines, the insurance industry wants a Republican-controlled Congress to write more business-friendly rules for the new coverage, so that it can offer cut-rate, high-profit plans to this new captive market.

The Tribune noted that this might include increasing the already stiff penalty for individuals and families for being uninsured, which begins at $95 a year and rises rapidly to $695. Jeff Fusile of the consulting firm PricewaterhouseCoopers told the newspaper, "The one thing that insurance companies would love to see are penalties that are actually stronger."