

Corporate Funding of the Upcoming US Mid-Term Congressional Elections

By [Kevin Zeese](#)

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Voter Beware Concentrated Corporate Power is Creating Deceptive Elections

The Republican Party is Being Replaced with Secret Donors and Unlimited Donations as Concentrated Corporate Interests Spend Hundreds of Millions in the Mid-Term Elections

In the last week Democrats were gloating about how little money the Republican Party had in its campaign coffers. The Republican National Committee [has just over \\$5 million in the bank for the final stretch](#) of the 2010 midterm election campaign and is carrying over \$2 million in debt.

These figures have Democrats jumping for joy, but their excitement is misplaced. The combination of Michael Steele and *Citizens United* is creating a paradigm shift in how elections are funded among Republicans. Rather than giving to the Republican Party, where Michael Steele controls the money, their name is made public and they are limited by regulation as to how much they can give, major donors have abandoned the RNC and are giving to 527 and 501(c)(4) organizations, which can also take money directly from corporations. This new approach to campaign finance will alter U.S. politics reducing the power of political parties and increasing the power of concentrated corporate wealth.

The best example is the “Shadow RNC” American Crossroads, a Republican 527 and American Crossroads, GPS, a sister 501(c)(4) organization. These organizations are being run by Karl Rove, Ed Gillespie and Michael Duncan. Gillespie was the former chair of the Republican Party and Duncan, also a former RNC Chair, was a challenger to Michael Steele for Chairman of the Party. Duncan had the most votes in the first round but Steele won the contested nomination in six rounds.

Steele’s missteps, gaffes and embarrassments have led major donors to American Crossroads which has become known as the “[Shadow RNC](#).” Others have described American Crossroads as [a coup of the RNC](#). The former political strategist for President Reagan, Ed Rollins, has described Michael Steele as [a “disaster” who “has failed miserably](#) in the things you’re supposed to do [as Chair of the RNC] — raise money and basically go out and articulate the message.” Despite that, he concluded: “what he says or does in the next 11 weeks is not going to matter.” He described Steele and the RNC as irrelevant.

Indeed, American Crossroads will be doing the functions normally done by the RNC. This includes [the nuts and bolts of political campaigns](#): advertising for and against candidates, polling, opposition research, data base acquisition and management as well as get out the

vote efforts. They have even created [a party platform](#) which they call the “7 in 11” plan, consisting of blocking and obstructing taxing the rich, preventing stimulus spending, cutting back spending on Medicare and Social Security, preventing implementation of health care reform, aggressive immigration enforcement, and speeding up nuclear, coal, oil and other energy production.

American Crossroads is like the RNC except, unlike political parties where there are [limits to the amount of money](#) political parties can take from individuals and are required to report their donors; American Crossroads is not limited on the size of the donations and in many cases do not have to report the names of the donors. American Crossroads can also take money directly from corporations which under *Citizens United* can spend as much as they want on elections.

The two American Crossroads organizations [have raised \\$17.6 million through mid-August](#). The initial fundraising of the 527 organization came from [just four individual billionaires](#) cited as donating over 97 percent of the 4.7 million total. Their 501(c)(4), American Crossroads GPS, [raised \\$5 million in June](#), its first month of operation. [The source of those funds is not reported](#) and once again, there are no limits to how much an individual can give to a 527 or (c)(4). American Crossroads [plans to raise and spend over \\$52 million](#) to influence the 2010 elections.

The American Crossroads strategy is not only built on the failure of Michael Steele, but *Citizens United* which opened up unlimited campaign spending by corporations. During a July broadcast on Fox News Rove acknowledged that the American Crossroads groups would benefit from the Supreme Court’s *Citizens United* decision that ruled corporations could donate unlimited amounts of money to political organizations which can purchase unlimited amounts of political advertising. The “Shadow RNC” of Rove and Company seeks to elect candidates loyal to the GOP’s wealthiest donors.

American Crossroads is building a campaign team. It “is [currently hiring operatives](#) with state-specific campaign knowledge to bolster the operation.” It is [spending millions](#) on advertisements in key House and Senate races. They have already [aired advertisements](#) in the Ohio, Colorado and Nevada senate races and have [targeted 11 Senate races](#) — Ohio, Missouri, New Hampshire, Pennsylvania, Nevada, Arkansas, Colorado, Kentucky, Florida, Illinois and Washington State. American Crossroads will be hiring a media consultant and pollster to develop a tailored message for each campaign.

The election watchdog group for which I serve as spokesperson, [Protect Our Elections](#), is seeking an Advisory Opinion [from the FEC](#) finding that American Crossroads is subject to the same rules that govern the RNC since it is functioning as political party. We have also [written the Attorney General](#) urging him to make a public statement that all electoral activities will be closely monitored, requiring organizations involved in elections or issue advocacy related to elections to preserve all documents and emails, set up a task force to monitor, investigate and prosecute illegal electoral activities, set up a tip line for whistleblowers to report campaign finance violations and impanel a grand jury to investigate these matters during the campaign season. The actions of Rove and Company should be examined as a coup d’état of the Republican National Committee.

At the same time that the RNC is being minimized and the less regulated American Crossroads is taking over party functions, corporations are getting heavily into the mid-term

elections. The Chamber of Commerce, led by Rove ally Tom Donohue, seeks to spend as much as either political party on the mid-term elections - [\\$75 million](#) - focusing on [10 senate races and 40 House races](#). The Chamber has already weighed in on Senate contests, [spending more than \\$4 million so far](#) in Massachusetts, Arkansas, Colorado, Pennsylvania, Illinois and Ohio with California next. The Chamber is the largest corporate player leading 15 conservative organizations planning on [spending \\$300 million](#) in the mid-term elections.

I recently received a letter from an insider-whistleblower at the Chamber of Commerce [in response to a reward](#) offered for information leading to the prosecution and conviction of the Chamber's president, Tom Donohue. The whistleblower described how the Chamber promises business donors that it will protect their identity and describes fraud, campaign finance violations and financial impropriety that could be proven with a criminal investigation. We have shared this information in a [letter to the Department of Justice](#) and urged them to conduct a criminal investigation of the Chamber.

Individual industries are also planning to spend big. The [Center for Public Integrity reports](#) that five insurance giants, Aetna Inc., Cigna Corp., Humana Inc., United HealthCare Inc. and WellPoint Inc., plan to spend \$20 million on close House races. The coal industry is also [planning on spending millions](#) to influence races in Kentucky and Tennessee.

On the Democratic side, the political party apparatus is holding its own in fundraising, and the Dems will get their usual support from union and other Democratic leaning groups. [The Service Employees International Union](#) will spend \$44 million on the mid-term elections. [The AFL-CIO](#) is planning on spending more than \$50 million and is focusing its efforts on six states: California, New York, Illinois, Nevada, Ohio and Pennsylvania. But the Republicans have adapted to *Citizens United* more quickly, in part due to necessity created by the shortcomings of Michael Steele. As a result concentrated corporate funding will dwarf unions and others allied with the Democrats.

And, with the failure thus far of the Congress to pass the DISCLOSE Act voters will not be told who is funding advertising campaigns. The Chamber has a history of this deceptive approach, creating front groups that sound like citizen groups but which are really funded by concentrated corporate interests. As a result Americans may need to learn a new Latin phrase, one that goes along with *caveat emptor*, buyer beware; the new phrase when it comes to voting — *caveat suffragium*, voter beware. Due to the massive spending by concentrated corporate interest's deception will even more so become the foundation of American elections.

Kevin Zeese is executive director of Prosperity Agenda (www.Prosp erityAgenda.US) and spokesperson for Protect Our Elections (www.ProtectOurElections.org).

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