

## The Money & Media Election Complex

John Nichols and Robert W. McChesney | November 10, 2010

Like the wizard telling the people of Oz to "Pay no attention to that man behind the curtain," Karl Rove used media appearances at the close of the 2010 midterm campaign to dismiss President Obama's complaints that Republican consultants, led by the former White House political czar, were distorting Senate and House races across the country with a flood of money—hundreds of millions of dollars—from multinational corporations and billionaire conservatives into Senate and House races. "Obama looks weirdly disconnected—and slightly obsessive—when he talks so much about the Chamber of Commerce, Ed Gillespie and me," Rove mused. "The president has already wasted one-quarter of the campaign's final four weeks on this sideshow."

The "sideshow" from which Rove sought to distract attention was, in fact, the most important story of the most expensive midterm election in American history: the radical transformation of our politics by a money-and-media election complex that is now more definitional than any candidate or party—and that poses every bit as much of a threat to democracy as the military-industrial complex about which Dwight Eisenhower warned us a half-century ago. This is not the next chapter in the old money-and-politics debate. This is the redefinition of politics by a pair of new and equally important factors—the freeing of corporations to spend any amount on electioneering and the collapse of substantive print and broadcast reporting on campaigns. In combination they have created a "new normal," in which consultants dealing in dollar amounts unprecedented in American history use "independent" expenditures to tip the balance of elections in favor of their clients. Unchecked by even rudimentary campaign finance regulation, unchallenged by a journalism sufficient to identify and expose abuses of the electoral process and abetted by commercial broadcasters that this year pocketed \$3 billion in political ad revenues, the money-and-media election complex was a nearly unbeatable force in 2010.

Of fifty-three competitive House districts where Rove and his compatriots backed Republicans with "independent" expenditures that exceeded those made on behalf of Democrats—often by more than \$1 million per district, according to Public Citizen—the Republicans won fifty-one. Roughly three-quarters of all GOP House gains came in districts where independent expenditures by groups like the Chamber of Commerce and Rove's American Crossroads gave Republican candidates, some of them virtual unknowns until the outside money flowed in, the advantage. The money is powerful, of course, but that power is supercharged because of the decay, and in many cases disappearance, of independent and skeptical journalism at the state and regional levels, where elections are decided. Campaign narratives used to be created by reporters who, imperfectly but seriously, pulled together the multiple threads of an election season to give voters perspective. Now that narrative is driven by commercials—millions of them, most negative. The narrative for the most part still comes from broadcast and cable TV stations, as it has for some time, but it is now produced and paid for by economic elites that seek to define not just the results of an election but the scope and character of government itself. To neglect the money-and-media election complex or, worse yet, to imagine that progressive forces can compete within it will make the 2012 election season look like 2010 on steroids. Determined and dramatic responses are the only options if we hope to maintain anything more than the remnants of a functioning democracy.

The immediate cause of the crisis was the Supreme Court's January 2010 *Citizens United v. Federal Election Commission* ruling, which wiped away a century of campaign finance regulations designed to prevent

corporations and business alliances from using their immense resources to buy the results that best serve their interests. There was bipartisan shock at the ruling, with protest across the spectrum. National Voting Rights Institute founder John Bonifaz declared that the freeing of corporations to tap general treasury funds would allow them to spend so freely that they could "effectively own our democracy."

The critique was right, but even serious analysts tended to underestimate the speed with which corporate interests and wealthy conservatives would take advantage of the severe damage done to campaign finance laws. The corporate intervention was unapologetic. "The big three stepping into the batter's box are the financial services industry, the energy industry and the health insurance industry," chirped veteran GOP operative Scott Reed, whose Commission on Hope, Growth and Opportunity spent millions, perhaps tens of millions, this fall on thousands of commercials attacking Democratic lawmakers in battleground states all over the country. Reed's operation was identified by the Media Matters Action Network as a "small fry" player among the more than sixty nonparty groups that by late October had paid for nearly 150,000 commercials and an untold number of direct-mail attacks in a frenzy of spending that would make the 2010 cycle (price tag: \$4 billion and counting) more expensive than either the 2006 midterms or the 2004 presidential race.

To be sure, Democrats tried to play the game and raise corporate money too, but the balance was off from the start; by one measure, that of the Center for Media and Democracy, "spending by outside interest groups [was] up at least 500 percent since the last midterm election, with pro-Republican groups outspending those favoring Democrats by seven-to-one."

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To some extent, this is a story as old as the nation itself. Founding father John Jay thought "those who own the country ought to govern it." The battle to establish a credible system of "one person, one vote" instead of "one dollar, one vote" has been a running theme in American history. The stakes have always been the same: the less democratic our elections, the more corrupt our governance. But the current moment sees the country accelerating toward the edge of a cliff. "We can have democracy in this country, or we can have great wealth concentrated in the hands of a few, but we can't have both," observed Supreme Court Justice Louis Brandeis. America is being put to the Brandeis test: democracy or plutocracy. The money-and-media election complex is creating a radically different electoral landscape than anything Americans have known since the Gilded Age. That landscape is characterized, pundits tell us, by an "enthusiasm gap." No kidding. Americans are not stupid. They knew their relatively paltry contributions, and even their votes, were unlikely to stop a \$4 billion onslaught. To those bankrolling the system, voter cynicism and apathy are welcome. The more that the 2008 surge of youth participation in electoral politics dissipates, the better for them. Their interests are best served by narrowing the range of debate and participation, since that makes it easier to buy the government. As much as commentators like Jon Meacham might want to believe that "we are now living with a political class which has a financial and cultural interest in conflict rather than in governing," the hard truth is that we have a corporate class that funds electoral conflict for the purpose of forging a political class that will govern in its interest.

The emerging money-and-media election complex is perfectly designed to make participants conform or suffer the consequences. It should come as no surprise that some of the most troubling results of 2010 involved the defeats of independent players of both parties who had battled hardest for clean politics and ethical government—Wisconsin Senator Russ Feingold, the leading progressive Democratic reformer, was defeated, as was Representative Mike Castle, a moderate Republican beaten in Delaware's GOP Senate primary by Tea Party heroine Christine O'Donnell. Nor should it get better in 2012. "It's a bigger prize in 2012, and that's changing the White House," says Robert Duncan, chair of American Crossroads. "We've planted the flag for permanence, and we believe we will play a major role for 2012."

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But it's not just corporations and consultants who are setting the new agenda. The most important yet least-recognized piece of the money-and-media election complex is the commercial broadcasting industry, which just had its best money-making election season ever. Political advertising has become an enormous cash cow for it—roughly two-thirds of the campaign spending this year flowed into the coffers of TV stations; the final figure is likely to be well above \$2 billion. Whereas in the 1990s the average commercial TV station received about 3 percent of its revenues from campaign ads, this year campaign money could account for as much as 20 percent. And station owners are not missing a beat; thirty-second spots that went for \$2,000 in 2008 were jacked up to \$5,000 this year, according to the *Los Angeles Times*. Much of this money will go to stations owned by a handful of Fortune 500 firms. No wonder station owners oppose campaign finance reform; their lobby role in Washington is similar to the NRA's in battling bans on assault weapons.

Yet commercial broadcasters receive monopoly licenses for their scarce channels at no charge from the government under the condition that they serve the public interest. By any account, the most important role of our media is to make the electoral system serve the voters, who, as surveys continue to demonstrate, rely on local TV as their main source for news. However, local TV covers far less than it did two or three decades ago; according to the Norman Lear Center at the University of Southern California, a thirty-minute newscast at election time has more political advertising than campaign news. Even when politics does get covered, the focus, increasingly, is on "analyzing" ads. And the cumulative effect of endless advertising overwhelms what little remains of independent on-air coverage. What incentive do commercial stations have to cover politics when they can force candidates and players to pay for it? Nice work if you can get it.

This contradiction is magnified by the aforementioned decline of political journalism across all media. If the United States had a vibrant and credible news media, the problem of the money-and-media election complex would be less pressing, as citizens could use news coverage and dismiss much of the brazen deception of ads. Instead, our news media, in decline for decades, is in free fall [see Nichols and McChesney, "[The Death and Life of Great American Newspapers](#)" [1], April 6, 2009]. The shuttering of dozens of papers and the wholesale layoff of tens of thousands of journalists and support staffers, the shuttering of Washington and statehouse bureaus and the shift of radio and cable TV from traditional campaign coverage to one-sided talk formats that often reinforce rather than sort through the spin have allowed money to speak more loudly than ever before. New-media initiatives are encouraging, but they have not begun to fill the void, in large part because few have developed business models that can pay for serious independent journalism.

The changes taking place in how campaigns are paid for and covered provides the most meaningful explanation for otherwise incomprehensible shifts in our politics. We know and respect the multitude of theories being advanced for why 2010 went so horribly awry for Democrats and particularly for progressives, but we would argue that the key factor is the emergence of the money-and-media election complex. Recognizing how this system works is necessary if we are to recognize the absurdity of the suggestion—advanced by former Clinton administration aide and veteran Democratic fundraiser Harold Ickes, among others in the consultocracy—that Democrats can somehow buy their way back into the game by getting progressive donors to give as generously as Rove's billionaires and the wealthiest multinationals. Only an insider with no sense of history could willingly embrace this system. And if Democrats somehow "succeed" in the money-and-media election complex, it will be at the price of the party's soul and of any prospect that progressive ideas will get a hearing.

Democrats in anything more than name only cannot win the money race. As Michael Vachon, an adviser to George Soros, correctly notes with regard to the consultants who organize "independent" expenditures on behalf of Republicans (and perhaps of corporate-friendly Democrats), "Their resources will always be too great because the funds come from those who are acting in their economic self-interest." Fundamental reform is going to be necessary. And it will not be easy, as we are talking about changing our entire political process in a way that frightens economic elites. Opposition from entrenched, procorporate Republicans will be intense, as evidence suggests that their corrupt and unpopular policies can prevail at the polls only with the sort of depressed and selective turnout and lack of critical scrutiny that the money-and-media system encourages. How ironic that, just as demographic trends are moving in a decidedly progressive direction—as minorities begin to

form majorities in our states, and as young people move increasingly to the left on social and economic issues—the electoral system is becoming a bastion of reaction.

Rove, Reed and their allies—including Senate Republican leader Mitch McConnell and soon-to-be House Speaker John Boehner—would have us believe that more spending is good and that ads can be educational. This is an extension of the "money is speech" argument that has underpinned a series of Supreme Court rulings, beginning with *Buckley v. Valeo* in 1976 and culminating in *Citizens United*, that initially undermined but have by now made a mockery of campaign finance reform. It's an absurd construct. But it is being reinforced by consultants—veteran Democrats as well as Republicans—and TV executives who are cogs in a permanent campaign apparatus.

The counsel of the self-interested "players" is always the same: raise money, more money and more money still—and don't do or say anything that makes it harder to raise money. This thinking has bled into what is left of our journalism, such that political reporters today spend more time covering the money that candidates, parties and interest groups raise and spend than examining their records and intentions. Whereas journalists once wrote stories about issues, and candidates cut commercials in response to them, now some journalists go through entire campaigns doing little more than fact-checking commercials. On many days, reviews of ads are all that appear in print and broadcast reports. And what do new-media outlets bring to the table? An opportunity to watch ads on YouTube!

As ads become the primary source of political information, we create a politics based on lies or, at best, decontextualized quarter-truths. Campaign ads are unregulated for truthfulness, unlike commercial advertising. Three decades ago Ogilvy and Mather executive Robert Spero determined that if political ads had to meet the same Federal Trade Commission criteria as commercial ads, all of them would be rejected as fraudulent. The regulation of commercial ads may be more lax today, but we doubt that any study of political ads in 2010 would regard them more favorably than Spero did.

The journalists who want to cut through the lies are having a harder time doing so. One of the truly unsettling developments of this election season was the decision by prominent candidates either to avoid the press, as Nevada Senate candidate Sharron Angle did, or to refuse opportunities to debate. Once upon a time challengers hungered to debate incumbents; in 2010 incumbents like Florida Representative Alan Grayson found themselves chasing after well-funded challengers. Feingold offered to debate his millionaire opponent in forums across the state, but Republican Ron Johnson, who had no record in public life and who even avoided interviews with newspaper editorial boards, refused. Instead, Johnson let his advertisements and those paid for by the Chamber of Commerce, American Action Network and sundry organizations that flooded the state with anti-Feingold ads do his talking. Even when Johnson did debate in a handful of forums available for broadcast by the state's TV stations, many stations avoided airing them in prime time. Wisconsin lawyer Ed Garvey, a former Democratic nominee for governor, tried to tune in to a much-anticipated Feingold-Johnson debate, only to find it was not being aired. He called the station and was told he could track it down on a website. "As a citizen, I was left with no option but the ads. I got nothing of substance from television stations," griped Garvey. "I thought they were supposed to operate in the public interest."

That should be the starting point of any response to the money-and-media election complex. We have to stop thinking about the crisis of our politics merely in terms of reforming the campaign finance system (though of course it's important to fight for reforms). It's a media ownership and responsibility issue as well. It goes to the heart of why freedom of the press is enshrined in our Constitution. And regulatory agencies that are empowered to protect the public interest should be the first to intervene. The Federal Communications Commission and the Federal Election Commission have a duty to figure out exactly how much was spent, by whom and to what end. That examination should start with dollar amounts, but it shouldn't stop there. It should explore the issue of whether TV stations that made a fortune running campaign ads met even the most basic public-interest requirements of companies that obtain broadcast licenses. How much campaign journalism have these stations been doing, compared with a generation ago? How many debates are they airing in prime time? FCC member

Michael Copps understands the crisis and intends to press ahead this fall with demands for stronger public-interest requirements for broadcasters. Copps is no fool; he knows this is the hardest of all fights. That's why he will need support from Congress as well as citizens.

House and Senate committees should hold hearings about the money-and-media election complex. How about calling Representative Pete DeFazio to testify? The Oregon maverick was one of many Democratic incumbents facing marginal challengers who suddenly found himself battered by attack ads paid for by a shadowy group no one had heard of. DeFazio pushed back, taking a camera crew to the Capitol Hill condo from which the group operated and exposing the source as a single New York-based hedge fund gazillionaire who was apparently angered by the Congressman's ardent advocacy for holding Wall Street speculators to account. That's the stuff of a good hearing. But don't stop with DeFazio; call the hedge fund manager who went after him. Then call Karl Rove. The 111th Congress has been lame when it comes to oversight; it should finish with a bang. And state legislative committees around the country should do the same.

Gathering the data and grilling the guilty players will make the case for fundamental reform, which must come at multiple levels. The FCC could require stations to grant equal advertising time to any candidate who is attacked in an ad paid for by corporations, with the free response ad to immediately follow the hit job. The FCC should consider requiring free TV ads for every candidate on the ballot if any candidate buys his or her own spots. This would allow wealthy candidates access but would prevent them from shouting everyone else down. Let the stations jack up rates to cover all the time, if they want. We suspect the appeal of TV ads will decline if the result is simply to open an equal debate rather than allow one side to dominate. And of course there is the long-overdue matter of providing free airtime to candidates and requiring debates to be broadcast.

Radical ideas? Hardly. Much of what we're talking about was outlined in the original version of the McCain-Feingold bill of the 1990s and in other proposals advanced over the years. It's time to renew them. At the same time, we need a public policy commitment to the rejuvenation of news media. A supercharged public and community broadcast system would be a good start. It's no accident that the corporate right is taking dead aim at public broadcasting, as it remains the one institutional force not under its direct control.

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Ultimately, however, Americans have to get serious about addressing the *Citizens United* ruling. We have no problem with legislative remedies, especially if they embody proposals like those advanced by the Sunlight Foundation to establish online transparency at every level of influence, from independent expenditures to lobbying to bundled campaign contributions. We agree with Lisa Gilbert of the U.S. Public Interest Research Group, who says Representative Grayson has proposed "pieces of good policy" with his Business Should Mind Its Own Business Act, which would impose a 500 percent excise tax on corporate contributions to political committees and on corporate expenditures on political advocacy campaigns; his Corporate Propaganda Sunshine Act, which would require public companies to report what they spend to influence opinion on any matter other than the promotion of their goods and services; and his End Political Kickbacks Act, which would restrict contributions by government contractors. And we have no doubt that Grayson's advocacy for these reforms helps explain why "independent" groups spent more than \$1.2 million on attack ads targeting him.

However, we don't see any way to avoid the requirement of a constitutional amendment to overturn the *Citizens United* ruling. Representative Donna Edwards has proposed a sound one, backed by the Free Speech for People campaign. Another approach, proposed by Move to Amend, would begin the process at the state level, where grassroots activists may have more of an opening to demand that legislatures call for an amendment. It's not necessary to choose a specific strategy at this point, but we do have to recognize that the money-and-media election complex defined the 2010 election, and that its reach is extending to 2012. Taking it on will require boldness, creativity and determination. We will be told it is impossible to beat, but we're with Lisa Graves, the former Justice Department lawyer who as executive director of the Center for Media and Democracy has

become a leader in the fight for a constitutional amendment. She says, "If we don't seize it as an opportunity because it's so discouraging, they win."

Even if only out of self-interest, this is what Obama and his Democratic allies should have been talking about during the 2010 campaign and what they should be shouting about now—not with vague rumblings about contributions from foreign corporations but with shout-it-from-the-rooftops populist rage at a threat to democracy every bit as serious as the military-industrial complex that Eisenhower identified. His charge to Americans with regard to the machinery of military dominance—"We must never let the weight of this combination endanger our liberties or democratic processes"—translates with chilling precision to the new media and money machinery of political dominance.

Scholars of American history have acknowledged for a long time that the United States is far from a true democracy, or even an especially effective representative democracy. Most political decisions are made with precious little input by average citizens. What the government does with wealthy individuals and powerful corporate interests is largely removed from popular control. This is part of the reason voter turnout has for so long been among the lowest in the world. But two things give us confidence in our system. First, we have core civil liberties, especially the right to freedom of speech. And second, we have elections, as flawed as they may be, and that gives the citizenry the periodic capacity to replace whoever is in power with someone else. It is our ultimate and last remaining check.

The money-and-media election complex has transformed longstanding problems into an existential crisis: we are about to lose the democratic promise of elections. It is hard to see how our cherished freedoms can then survive, except to the extent that they are trivial and unthreatening to those in power. What hangs in the balance is democracy itself, along with the promise of the American experiment.

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