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Barking Louder: Interest Groups in the 2012 Election

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Abstract: This essay compares interest group activity in the 2012 federal elections with the previous two cycles. We examine the role of interest groups in financing campaign activities and influencing voters. Coming in the wake of the Citizens United case and other court decisions that relaxed campaign finance restrictions, the 2012 election marked an explosion of outside spending by organized interests, particularly independent expenditure advertising. While outside spending may not have produced the outcomes some expected in 2012, it blurs the distinction between candidates and outside groups and may be shifting the balance of power in campaigns away from candidates and toward organized interests. We conclude with a series of predictions about the nature of interest group activity in future election cycles.

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Introduction

What a difference a new election cycle makes. Interest groups typically play an important role as attack dogs in federal campaigns. After being somewhat less noticeable in the 2008 presidential election, interest groups announced their presence loudly in the 2012 campaign. This essay compares interest group activity in the 2012 federal elections with the previous two cycles. We examine the role of interest groups in financing campaign activities and influencing voters.

The dominant feature of the interest group milieu during the 2012 cycle was the explosive growth of the independent expenditure-only Super PAC. Unlike traditional PACs, these committees are not allowed to donate to, or coordinate their expenditures with, campaigns or parties that they support. But more importantly – and also unlike traditional PACs but like their predecessors, 527s, so-named for the special tax code provision allowing them – Super PACs are allowed to accept unlimited donations. This allowed them, in many cases, to overwhelm the spending of actual candidates and exert outsized influence on races, and to do so in ways that continually pushed the envelope regarding the definition of "coordination."

Defining Coordination

Although many scholars, journalists, and practitioners did their best to explain this new Wild West environment, no one was able to distill it quite as well as comedian Stephen Colbert. Colbert satirized the concept of "independently" operating Super PACs by plotting on air with Trevor Potter, former Federal Election Commission chairman, to transfer the reins of his amply-funded Super PAC so that it could support his impending presidential candidacy. Potter informed Colbert that anyone other than Colbert could run such a PAC, provided they did not coordinate on strategy:

> "Well, I wouldn't want to even create the *appearance* of electoral skullduggery," said Colbert, "but I think I know just the guy."
>
> Suddenly, Jon Stewart appeared on stage. Colbert and Stewart asked Potter if the fact that they were already business partners would prohibit Stewart from running the PAC.
>
> "Being business partners does not count as coordination, legally," Potter replied.
>
> "I assume there's reams of complicated paperwork to be executed before we transfer over the reins of power of something as critical to our democracy as this?" Stewart deadpanned.
>
> "I brought the document with me," replied Potter, handing Stewart a single sheet of paper which named the new entity, "Definitely Not Coordinating with Stephen Colbert Super PAC."
>
> "Now that I have the Super PAC, may I legally hire his current staff to produce these ads that will be in no way coordinated with Stephen?"
>
> "Yes," said Potter, "as long as they have no knowledge of Colbert's plans."
>
> Colbert thought for a moment and concluded, "OK, from now on I'll have to just talk about my plans on my television show and just take the risk that you might watch it."

When Colbert mocked the ease with which campaigns are able to circumvent the laws prohibiting coordination with Super PACs, he had no idea that real-world events would quickly seem more surreal than his satire. For instance, just before his breakthrough victory in the South Carolina primary, Newt Gingrich met privately with benefactor Sheldon Adelson at Adelson's Las Vegas resort. Adelson and his wife had recently donated $11 million to a Gingrich-supporting Super PAC called Winning Our Future (not to be confused with Romney-backed Restore Our Future PAC, whose fundraisers Romney himself sometimes attended). Gingrich and Adelson emerged from their meeting and insisted that they did not discuss Winning Our Future. Days later, Adelson contributed another $5 million (Haberman 2012). Adelson actually donated more to Winning Our Future than Gingrich's official presidential campaign committee raised *during his entire candidacy* (Allen and Adelson 2012).

Gingrich was not alone in relying on a single donor to keep his presidential campaign afloat – or in stretching the bounds of credulity in asserting that neither he nor his campaign had coordinated with his Super PAC. When Rick Santorum's campaign could not afford a single television ad in the run-up to February 7 contests in Minnesota, Missouri, and Colorado, billionaire donor Foster Freiss stepped up to the plate with a seven-figure donation to Santorum's Red, White, and Blue Super PAC, which ran ads that helped power Santorum to victory over Mitt Romney in all three states. As with Adelson and Winning Our Future, Friess's donations comprised the bulk of support received by Red, White, and Blue (Rutenberg and Confessore 2012). And Freiss seemed even less concerned than Adelson about potential accusations of illicit coordination: while underwriting Red, White, and Blue's ad campaign, Freiss traveled with Santorum on his campaign bus for 3 weeks.

Of course, these campaigns may well have avoided actual coordination. Savvy operatives – with the aid of election-law attorneys – argue that it is relatively easy to comply with the law even while achieving the ultimate goal of coordinating attacks on opponents. One method pioneered by the National Republican Congressional Committee in 2010 was to release advertising plans publicly, allowing independent groups to run their own advertisements in a way that would complement the NRCC's ads (Vogel and Smith 2011).

Although Democrats essentially ceded the Super PAC terrain to Republicans during the 2010 cycle, President Obama's wink and nod brought them onto the field in February 2011. Democrats quickly learned to "coordinate without coordinating" in many of the same ways Republicans did. In one unique case, they took it to a new level: while John Lapp ran the Democratic Congressional Campaign Committee's traditional independent expenditure effort (a PAC bound by limited contributions), his wife Ali ran House Majority PAC (the Super PAC charged with an identical mission but able to accept unlimited contributions).

In one striking product, the DCCC operation aired an ad attacking the Republican candidate for a New York congressional seat, followed almost immediately by a similar House Majority PAC spot. Though the ads cited the same line from a *Wall Street Journal* article asserting that the Republican candidate's budget plan "would essentially end Medicare," Ali assured a reporter that she and her husband never discussed campaign strategies because they had other things to talk about. "John and I were much more excited about the serious progress our 2 ½ year old made in potty training that day," she said (Vogel and Smith 2011).

As the cases of Sheldon Adelson and Foster Freiss illustrate, the alpha males of independent expenditures announced their presence during the Republican nomination contest. Wealthy donors helped lift outside spending to drastically higher levels in 2012. The more relaxed campaign finance environment that exists in the wake of recent Supreme Court decisions may blur the lines between candidates and outside groups when it comes to prominent politicians and their affiliated Super PACs. However, in congressional elections the surge of outside spending may be shifting the balance of power in campaigns away from candidates toward organized interests.

Financing Election Activities

Each federal election cycle tends to break the campaign spending record set in the previous cycle, and 2012 was no different. Interest groups typically engage in two major election finance activities: 1) donating money to candidates and parties, and 2) outside spending on their own campaign advertising. After the 2008 election, we predicted that interest groups would continue to challenge campaign finance restrictions in court, especially those codified in BCRA (Kimball 2009, 9). This proved correct in 2010, when the Supreme Court struck down part of BCRA and enabled corporations and unions to fund electioneering activities directly from their treasuries in the Citizens United case. While there is some dispute about the impact of the Citizens United decision (Goldstein, Schweidel, and Wittenwyler 2012; Herrnson, Deering, and Wilcox 2012), there has been a clear surge of independent expenditure activity since the decision.

With the important caveat that the 2012 campaign finance totals may increase as final reports come in after the end of the year, Table 1 compares the campaign finance activities of interest groups and presidential

Table 1 Federal election spending by interest groups and presidential candidates, 2004–2012.

Election cycle	2004	2008	2012
PAC contributions to federal candidates	$320 million (8%)	$425 million (8%)	$400 million (7%)
Non-party outside spending	$191 million (5%)	$286 million (5%)	$1.1 billion (18%)
Presidential candidate spending	$880.5 million (21%)	$1.7 billion (32%)	$1.4 billion (23%)
Total spending on federal elections	$4.2 billion (100%)	$5.3 billion (100%)	$6 billion ($100%)

Sources: Refs. (Ashkenas et al. 2012; Center for Responsive Politics 2012a,b,c; Franz 2013).

candidates during the last three election cycles. Traditionally, interest groups have sought to influence federal elections by forming a PAC and making contributions to their favored candidates. The catch is that traditional PACs have to comply with limits on the donations that individuals and other committees make to the PAC. Table 1 indicates that in the 2004 and 2008 cycles, PAC contributions to federal candidates constituted the dominant form of interest group spending, far outpacing non-party outside spending (such as independent expenditures on television ads). PAC contributions also exceeded outside spending in the 2010 midterm election cycle (Herrnson, Deering, and Wilcox 2012; Franz 2013). However, that relationship is turned on its head in 2012, as the roughly $1.1 billion in outside spending more than doubled the $400 million spent on PAC contributions. This is due primarily to the dramatic growth in outside spending in 2012. Although the Bipartisan Campaign Reform Act (BCRA) of 2002 did not raise contribution limits for PAC donations to candidates (as it did for individual contributions), total PAC contributions to federal candidates reached similar amounts in 2008 and 2012. In each of the election cycles, PAC contributions comprise a similar share of total campaign spending in federal elections. Instead, it is the dramatic growth in outside spending that jumps out of Table 1, increasing from 5% of federal spending in 2004 and 2008 to 18% of federal spending in 2012. The 2012 election extends a trend of increasing interest group activity, even exceeding the share of federal campaign spending by political parties (Franz 2013).

Presidential candidate spending accounts for a similar share of total spending in 2004 and 2012, the two cycles with an incumbent president running for re-election. Candidate spending was a larger share of the pie in 2008 when both parties had open contests for the presidential nomination. Comparing candidate and interest group spending in Table 1 is instructive as well. Overall interest group spending appears to exceed presidential candidate spending in 2012 after falling well short of candidate spending in the previous two cycles. Outside groups spent almost $100 million in the final week of the presidential campaign (Merlin 2012). This may indicate a shift in the balance of campaign messages that voters receive in federal elections. In certain contests, voters may see more ads from outside groups than from the candidates.

In the wake of the Citizens United decision, several organized interests formed Super PACs or other entities (501(c) or 527 groups) designed to accept unlimited donations from corporate or union treasuries or wealthy benefactors. Super PACs basically did not exist prior to Citizens United, but over one thousand had formed by the end of the 2012 election cycle. One consequence of the rapid growth of Super PACs is a blurring of the distinction between candidates and outside groups in campaigns. For example, Restore Our Future, the prominent Super PAC supporting Mitt Romney, was formed by several staff members from Romney's 2008 presidential campaign. Priorities USA Action, a leading Democratic Super PAC that spent most of its budget on ads criticizing Mitt Romney's tenure at Bain Capital, was headed by Bill Burton, a veteran of President Obama's 2008 campaign and the White House press office (Franz 2013).

Overall, Super PACs spent more than $640 million on federal races in 2012.[1] There are several parallels between the 2012 and 2004 cycles in terms of outside spending. The Super PACs in 2012 continued a pattern of outside groups trying to bring the challenger to parity with the presidential incumbent. In 2004, outside spending by unions and other liberal groups helped compensate for John Kerry's financial deficit against the Bush campaign (Institute of Politics 2004, 213). In 2008, however, outside groups did not help Republicans overcome Obama's massive spending advantage over John McCain.

Anticipating another financial juggernaut from the Obama reelection campaign in 2012, Republican leaders and allied groups seemed determined to avoid a repeat of 2008. The Super PACs on the Republican side with the largest expenditures in 2012 were Restore Our Future

1 The spending totals for Super PACs and individual groups below come from The Center for Responsive Politics (http://www.opensecrets.org/outsidespending/index.php, accessed December 14, 2012).

($143 million) and American Crossroads ($105 million), founded by Karl Rove and Ed Gillespie, key players in the presidential campaigns of George W. Bush. The biggest Super PACs supporting Democratic candidates in 2012 included Priorities USA Action ($66 million) and Majority PAC ($38 million), founded by former staff to Senate Majority Leader Harry Reid.

It appears that 501(c) groups constituted a larger portion of outside spending activity in 2012 than in previous cycles, likely due to the appeal of weaker disclosure requirements for 501(c) organizations (Franz 2012). Some Super PACs or traditional PACs formed 501(c) affiliates in order to shield the identity of donors. In 2012, the biggest 501(c) organizations on the GOP side included American Crossroads affiliate Crossroads GPS ($71 million) and Americans for Prosperity ($39 million), heavily supported by Charles and David Koch and the US Chamber of Commerce ($36 million). There were no Democratic-supporting 501(c) organizations that spent that much money in the 2012 cycle.

Outside spending helped the Republican Party level the financial playing field in the 2012 presidential election. Table 2 shows the total spending in the presidential campaign by the candidate, national party, and outside groups. Despite Mitt Romney's fundraising prowess, if he had been left on his own, he would have been badly outspent by the Obama campaign. However, spending by the national GOP and, especially, outside groups, allowed the Republican side to slightly outspend the Democrats in the presidential campaign. Despite the overall spending parity, Obama still enjoyed two significant financial advantages over Romney in the 2012 campaign.

First, Obama faced no opposition for the Democratic nomination while Romney and the Restore Our Future Super PAC spent significant resources to win the Republican nomination. Thus, the Democratic side probably outspent the GOP during the final 6 months of the presidential campaign. Second, the "lowest unit rate" rule for campaign advertising applies to candidate ads but not to party or interest group ads. Since a much higher portion of the spending on the Democratic side came from the Obama campaign, they were able to take greater advantage of the lower ad rates. As a result, the Democrats were able to air more television ads than the Republicans in the final months of the presidential campaign (Wesleyan Media Project 2012).

Table 2 Spending on the 2012 presidential election by source.

Source	Obama	Romney
Candidate	$684 million (61%)	$433 million (34%)
Party	$286 million (25%)	$379 million (29%)
Outside spending	$155 million (14%)	$478 million (37%)
Total	$1.1 billion (100%)	$1.32 billion (100%)

Source: Ref. (Center for Responsive Politics 2012d).

The Impact of Outside Spending

While it is early to make very definitive assessments about the impact of interest groups in the 2012 election, we do offer some tentative ideas about areas where interest group activity likely had some influence. We begin with the Republican presidential nominating contest described above. Typically, when candidates for a party nomination run low on funds or fare poorly in primaries or caucuses, they are forced to drop out of the race (Polsby et al. 2012, 111). In 2012, the Super PACs supporting Gingrich and Santorum helped those two candidates survive longer than otherwise would have been the case. It is difficult to prove this counterfactual, but we suggest examining two somewhat comparable candidates from the 2008 Republican nomination contest as a thought experiment.

Rudy Giuliani raised much more money in 2008 than Newt Gingrich did in 2012. But Giuliani finished sixth in Iowa and fourth in New Hampshire and dropped out of the race by the end of January. Gingrich saw his staff resign en masse in the summer of 2011, and he followed that up by finishing fourth in the Iowa caucuses and fifth in the New Hampshire primary. Yet Gingrich did not withdraw from the race until early May of 2012.

Mike Huckabee raised a bit less in 2008 than Rick Santorum did in 2012. While both candidates finished first by a close margin in Iowa and both won roughly 12% of the delegates to the national convention, Huckabee withdrew from the race in early March, while Santorum campaigned until the middle of April. Could Gingrich and Santorum have survived as long as they did without a Super PAC? One observer likened the GOP candidates challenging Mitt Romney in 2012 to "zombie candidates" who were being "kept alive" by their Super PACs (Schmitt 2012). The pro-Romney Super PAC needed to spend $40 million to help dispatch those candidates. To further make this point, it appears that potential 2016 presidential candidates are already seeking the support of wealthy Super PAC donors (Vogel 2012a).

We can also examine the impact of interest groups in the general elections of 2012. Some observers note the heavy outside spending by pro-GOP groups that targeted the presidential contest and several Senate seats. Since the Democrats gained two seats (and retained their majority) in the Senate and President Obama was reelected, this outside spending is sometimes described as a "bad investment" (Eggen and Farnam 2012). While American elections are a bottom-line enterprise judged by wins and losses, it is hasty to evaluate interest group activity in 2012 by that criterion alone. As noted above, outside spending by conservative groups in the presidential contest was mainly intended to mute the large financial advantage of the Obama campaign.

At the same time, we do have reason to question the efficacy of some conservative independent expenditure efforts. Both individual mega-donors and national groups made decisions that even at the time seemed vexing. First and most widely mocked, casino mogul Adelson dropped as much as $150 million overall during the cycle and nearly all of his favored candidates lost. He pumped $10 million into Gingrich's Winning Our Future vehicle *after* Gingrich had effectively lost the primary campaign (Hoffman 2012; Resnikoff 2012; Smith and Cramer 2012).

Second, some outside groups underestimated the logistical challenges of grassroots mobilization, a far more complex process than simply contracting with a media consultant to produce television ads. One journalist who spent time in the field with Americans for Prosperity (AFP) canvassers chronicled the following complications in just a single afternoon: 1) the expectation that senior citizen volunteers could operate tablet computers 2) the inclusion of strong Obama supporters on canvassing lists; 3) the inclusion of businesses on canvassing lists; 4) the loss of battery power for the tablets on which voter information was stored after just 1 hour of canvassing (Weigel 2012). While AFP spent $62 million on the ground, in addition to millions spent by Ralph Reed's Faith and Freedom Coalition and Dick Armey's FreedomWorks, there was little evidence of success on Election Day. Turnout among historically Republican groups (most notably, rural whites) was down from 2004 and even 2008, when the Republican base was uninspired by moderate nominee John McCain (Trende 2012).

Finally – and this is the challenge inherent in uncoordinated expenditures – the messaging by conservative outside groups sometimes seemed to miss the mark. Whereas Obama-supporting Priorities USA focused like a laser on working-class Ohioans with the message that Romney was a callous "vulture capitalist," to borrow Rick Perry's pungent phrase, messaging by conservative outside groups was all over the map – literally and figuratively. First of all, some groups such as the American Future Fund dumped millions into states Romney never seriously contested, such as Minnesota, Michigan, and Pennsylvania (Joseph 2012; King 2012). Others stressed messages that seemed more aligned with the pet issues of donors than the concerns of voters. One rival Super PAC operative hissed that Americans for Prosperity's messaging was determined by "whatever the Koch brothers had for breakfast" (Smith and Cramer 2012).

The diffusion of responsibility characteristic of the 2012 conservative independent expenditure model meant that often an array of disparate and even conflicting messages simultaneously bombarded voters. Before the Republican convention, the Romney campaign pushed what seemed like its most effective ad of the cycle, attacking Obama on welfare reform. That very week, American Crossroads whacked Obama on the deficit, Restore Our Future on jobs, and Americans for Prosperity on Solyndra. At one point, the American Future Fund spent $4 million to portray Obama as a crony capitalist, contradicting the widespread conservative depiction of Obama as a "socialist" (Smith and Cramer 2012).

Moving Down the Ballot

Another notable trend in interest group activity during the 2012 cycle was the movement of big money down the ballot. In the pre-Citizens United era, almost all 527 activity, such as that of 2004's George Soros-funded entity America Votes and the infamous Swift Boat Veterans for Truth, occurred at the presidential level. The 2012 election marked an upheaval. Interest group activity exploded in congressional campaigns after courts struck down BCRA restrictions on outside spending.

In many races, Republican-supporting Super PACs spent far more on television ads than both candidates combined, not to mention millions of dollars spent by Americans for Prosperity on grassroots mobilization efforts (Vogel and Isenstadt 2011). One reporter, focusing on a House race in the rural South in which Super PACs made $9 million dollars of independent expenditures, wondered if American politics had reached a "new normal" in which power, control, and top-flight talent have abandoned party committees and candidates to join flush outside groups not bound by donation limits (Vogel 2012b).

In 2012, more than $5 million in independent expenditures was made in 13 Senate races, basically all of the competitive seats.[2] Since Republicans were trying to regain a Senate majority, much of the outside spending from conservative groups was directed at races where a Democratic incumbent or a strong Democratic open seat candidate had significantly outraised the GOP challenger.

2 Data on outside spending in 2012 Senate races come from the Sunlight Foundation (http://reporting.sunlightfoundation.com/outside-spending/candidates/, accessed December 19, 2012).

Conservative outside spending may have been perceived as being more effective in 2010 Senate races because it was tilting the playing field toward Republican candidates. In 2012, however, outside spending by conservative groups was mainly attempting to level the playing field.

For example, in challenging Democratic incumbent Sherrod Brown in Ohio, Josh Mandel was outspent by roughly $4 million. Meanwhile, outside spending on Mandel's behalf exceeded outside spending by pro-Brown groups by $9 million. While Mandel still lost the Ohio Senate race, the outside spending likely helped him fare better than if he had been left to fend for himself. A related difficulty for pro-Republican groups in 2012 is that Republicans nominated weak candidates in a couple of key Senate races in Missouri and Indiana.[3]

Beyond wins and losses, outside spending may alter the relationship between a candidate's campaign and the electorate in several ways. Outside spending tends to fund substantially more negative messages than candidate advertising (Wesleyan Media Project 2012), so outside spending may change the tone of campaigns. Outside spending may also alter the campaign agenda and mobilize additional voters. Outside spending may force candidates to devote more time to campaign fundraising, encouraging more of an arms race in campaign finance. More fundamentally, outside spending may weaken the impact of the candidate's campaign on the outcome.

We examine this possibility in Senate elections held during presidential cycles since 1980. Typically a candidate's share of campaign spending is a good predictor of the candidate's share of the vote in congressional elections [e.g., (Burden and Kimball 2002)]. Candidate fundraising reflects, to some extent, the judgments of donors about which aspirants are high-quality candidates. We estimate a regression equation with the Democratic proportion of the two-party vote in the Senate election as the dependent variable and two independent variables.

The main independent variable is the Democrat's share of major-party candidate spending in the race. We include the Democratic share of the state's two-party presidential vote as a control variable.[4] We divide the data into three time periods: the 1980 to 1996 elections; the 2000 and 2004 elections, when the relative share of party spending in federal elections reached its highest point (Franz 2013, 20); and the 2008 and 2012 elections, when interest group activity in Senate races has been unusually high (Franz 2013, 21). Since we are mainly interested in the impact of candidates, we plot the estimated coefficient for candidate spending for each time period in Figure 1.

As Figure 1 indicates, the relationship between candidate spending and vote share in US Senate races is noticeably weaker in the two most recent election cycles than in previous elections. Prior to 2008 we get model coefficients around 0.40, indicating that each percentage point increase in a candidate's share of campaign spending is associated with a 0.4% point increase in vote share. But in 2008 and 2012 the candidate spending coefficient drops to 0.26. These findings suggest that the recent explosion in interest group spending in Senate races has reduced the impact candidates might have on their election outcomes. The shift could also be a result of increased partisanship in the electorate (the coefficient on the presidential vote share increases in size in the most recent period). While these results are tentative and circumstantial, they merit further investigation to determine whether the balance of power in Senate elections is shifting away from candidates toward interest groups.

Playing in Primaries

Another noteworthy trend involves increased financial activity by outside groups during the primary season. Since 2004, when outside groups spent $3 million and $2 million, respectively, to influence Senate and House primary elections, the numbers have steadily escalated. In this cycle, outside groups spent $27 million and

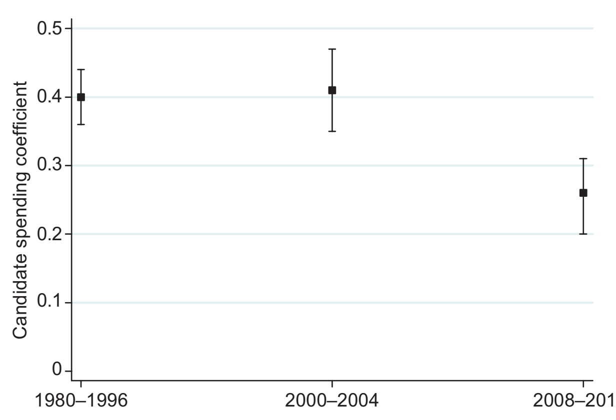

Figure 1 Impact of candidate spending on vote share in senate elections.
Note: Whiskers indicate 95% confidence intervals.

3 Some observers have explained the outcome of the presidential election by finding fault with the Romney campaign and candidacy [e.g., (Hamburger 2012)]. However, Romney received more votes than the GOP Senate candidate in 27 of 33 states with a Senate race. If Romney was such a bad candidate then most of the Republican Senate candidates were subpar as well.

4 We exclude Senate races without a major party candidate and we exclude races with a prominent third party or Independent candidate.

$20 million – nearly a ten-fold increase in less than a decade. Figure 2 (which shows outside spending in millions of dollars during the last several primary cycles) demonstrates the consistent increase in outside spending, one which has exceeded the general rate of increase in overall campaign spending over the last decade. In each cycle, outside spending by conservative groups has exceeded liberal outside group spending. We believe the main reason for that is simply that Republicans have recently suffered through many more divisive primaries.

Will Rogers famously said, "I am not a member of any organized political party. I am a Democrat." However, at least since 2006, Democrats have strongly rebutted Rogers' aphorism. First, in 2006, they installed two top-flight strategists, Rep. Rahm Emanuel and Sen. Chuck Schumer, as chairs of the party's House and Senate campaign committees. Each committee operated with ruthless efficiency, acting very early in the cycle to clear primary fields and starve undesirable candidates of resources.

Cognizant that the road back to a majority ran largely through rural and exurban districts in Southern and border states, Emanuel was ruthless about recruiting pro-gun, pro-life candidates who fit their districts – often to the consternation of the liberal interest groups to whose idealism he once deemed "f–ing retarded" (Percha 2010). Liberal "netroots" activists lambasted Emanual for mocking DNC Chair Howard Dean's 50-state strategy. But when he successfully took back the House and Nancy Pelosi became Speaker, one heard nary a peep from progressive interest groups – and the netroots frequently exalted him (Lambert 2008; Nir 2008).

Schumer was similarly Machiavellian, snubbing progressive prospective candidates in states such as Missouri and Pennsylvania and instead recruiting moderates such as deficit hawk Claire McCaskill over more liberal

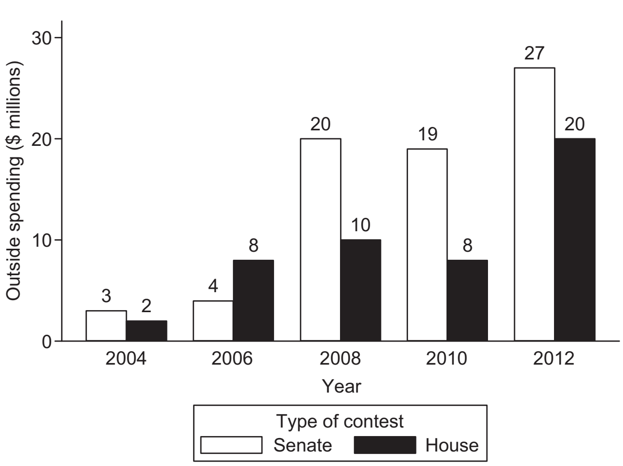

Figure 2 Outside spending in House and Senate primary races. Source: Ref. (Center for Responsive Politics 2012b).

candidates and supporting pro-gun, pro-life Bob Casey over pro-gun control, pro-choice Barbara Hafer in Pennsylvania (Boyer 2005; Goodman and Gonzalez 2005) The latter race in particular raised the ire of national women's groups (Gandy et al. 2005), but was quickly forgotten when Schumer engineered the takeover of the Senate. Conversely, 2010 attempts by Republican Senate Campaign Committee Chair John Cornyn to intervene in primaries – and then not to intervene in 2012 – ended up leaving him with bloody noses both cycles (Cooper 2010; Siegel 2010; Dallas Morning News 2012; Hawkins 2012).

During the 2008 cycle, Rep. Chris Van Hollen emulated Emanuel's style, and Schumer remained at the helm of the Senate Democrats' campaign arm. And although 2010 ended up being a Republican tsunami, Democrats held the Senate. Many observers agree that this was due to the emergence from primaries of inferior Republican candidates who made major gaffes during the fall campaign, such as Nevada's Sharron Angle, Colorado's Ken Buck, and Delaware's Christine ("I'm not a witch") O'Donnell. The 2012 cycle was like déjà vu. Self-destructing candidates like Missouri's Todd Akin, Indiana's Richard Mourdock, and Florida's Connie Mack cost the Republicans seats that were practically considered automatic a year before Election Day. As more than a few pundits noted, these six races alone would have been enough to flip the Senate (Milbank 2012; Tumulty 2012). It was no coincidence that several of these candidates were able to beat establishment-favored candidates in primary elections. Most of the victors had the support of insurgent outside groups such as the Club for Growth, the Tea Party Express, or Jim DeMint's Senate Conservatives Fund.

We recount this recent history because we believe it helps explains the direction of outside money in the next cycle. That is, we anticipate a major acceleration in the activity of the primary "establishment" Republican independent group, Rove's Crossroads GPS, in an attempt to help more electable general election candidates emerge from primaries (Tumulty 2012). While this could create tension with Tea Party groups as well as prominent social conservative groups which generally seek ideological purity, we believe that the Republican powers-that-be are unwilling to see the Senate majority slip through their grasp a third successive time due to the party's failure to bring preferred candidates through the primary.

Our final prediction regarding primaries is that outside group activity will accelerate not only within party primaries, but also in the primaries of the *opposing* party. This would not be unprecedented: California's Democratic Governor Gray Davis aired $10 million of negative ads in the 2002 Republican primary in a successful bid to eliminate his strongest opponent (Schneider 2002), and Claire McCaskill did something even sneakier in 2012 by running faux-negative ads against her preferred Republican opponent (Akin) full of phrases that were designed to stroke conservative erogenous zones (Catanese 2012).

Based on McCaskill's success, the frequency with which ultra-conservative candidates have imploded the past few cycles, Karl Rove's historical interest in Democratic primaries (Newsmax 2003), and the increasingly sophisticated techniques to leverage Big Data and absorb the id of the other party's primary electorate, we would not be surprised to see outside groups on both sides attempt similar machinations in the 2014 cycle.

Conclusion

Interest group election activity took a quantum leap forward in the 2012 cycle. Outside spending increased dramatically, primarily in the area of independent advertising expenditures. We also observe that Super PACs and other forms of outside spending are moving more heavily into down-ballot and primary elections. In some cases, Super PACs blur the distinction between candidates, parties, and outside groups, due to the flimsy rules on campaign coordination. More generally though, the expansion of outside spending threatens to outpace the efforts of candidates and political parties – and, with its unlimited donations and correspondingly higher salaries, to attract the brightest political minds.

What will interest groups do in future campaigns? As a model, independent expenditure groups may emulate New York Mayor Michael Bloomberg, whose newly created Super PAC spent more than $8 million across six congressional races in 2012. Bloomberg's win-loss record was mixed, as his preferred candidate won in three of the six contests. In particular, Bloomberg's Super PAC spent $3.3 million in the 35th congressional district of California to oust six-term incumbent Joe Baca, a gun-rights Democrat. Bloomberg's spending in the contest amounted to three times what was raised by the two candidates, Baca and Gloria Negrete McLeod, a Democratic state senator (Morain 2012).[5] McLeod defeated Baca by 12% points in the general election. If the national debate over gun rights has indeed changed in the aftermath of the school massacre in Newtown, Connecticut, then Michael Bloomberg may be an important source of outside spending in future elections. Longtime political journalist Tom Edsall (2012) describes Bloomberg and other wealthy Super PAC donors as "billionaires going rogue," since their efforts may work at cross-purposes with political parties.

We expect independent expenditure groups to continue moving down-ballot into more House races, judicial campaigns, and other state contests in the next election cycle, for two reasons. First, both houses of Congress are narrowly divided and are likely to be in play. When control of a legislative chamber is at stake, campaign spending tends to rise. Second and more broadly, trends in campaigns typically begin at the presidential level and work their way down. That has been true of the professionalization of campaigns, the differentiation and specialization of campaign work, and the increasingly decentralized nature of campaign operations that rely on outside consultants for most critical tasks. There is no reason to expect the infusion of independent expenditure money would operate any differently.

The reaction to the rapid growth in outside spending on the left has been mixed. In the wake of the 2010 elections, many progressives seemed to be as flummoxed and ambivalent as Obama himself was when, following the kickoff of his reelection campaign in early 2011, he reluctantly decided to bless his former aide Bill Burton's Priorities USA Action Super PAC. Some major Democratic donors refused to participate in fundraising outside of the regulated campaign finance system (MacGillis 2012). "I understand the argument that the bad guys are using this," said one Obama bundler. "But it's a question of moral standing. We should have said, 'This is bad for America,' and we should have appealed to the American people.... Our side gave in to panic for short-term gain." Another mega-donor agreed: "They should have said no to going [the super PAC] route—it's disgusting" (MacGillis 2012).

However, the trend appears to be swinging in the other direction. Rather than work towards public campaign financing, some progressives have gone elsewhere. Illinois Democrats, in possession of supermajority control in both houses but perpetually compelled by survival instincts, have changed state laws to abolish donation limits in races where outside groups spend over a certain threshold (Moroni 2012). Though this constitutes an attempt to ensure their ability to compete with Super PACs, it may have the unintended consequence of advantaging the Super PAC-aligned candidate even further: Once the threshold is met, unlimited amounts of money may be given directly to either candidate, affording the Super PAC-aligned candidate the ability to raise money directly from the Super PAC donors.

5 There were two Democrats contesting the seat due to California's recently adopted top-two primary system.

Democratic acquiescence to this could be read two ways: either as acquiescence to the demise of all campaign regulation, or – given its sponsorship by House Majority Leader Barbara Flynn Currie (D-Chicago) – a perverse sort of embrace of the new era with the bravado of Sean Connery's character from *The Untouchables*:

> You wanna know how to get Capone? They pull a knife, you pull a gun. He sends one of yours to the hospital, you send one of his to the morgue. That's the Chicago way! And that's how you get Capone. Are you ready to do that? I'm offering you a deal. Do you want this deal?

Led by their Chicagoan in the White House, will Democrats nationally set aside their apprehensions to embrace something like the Chicago Way of financing campaigns? The current Supreme Court appears poised to relax campaign finance restrictions further in the US. Moreover, a polarized Congress seems unlikely to pass new campaign finance legislation, except perhaps for reforms requiring more disclosure of donors to outside spending groups. If the 2012 election is any indication of the future, we seem to be moving toward an "interest group centered" system of financing federal campaigns (Franz 2013).

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