

GOP \$\$\$ talked; did voters listen?

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Down through the ages, survivors of truly epic catastrophes have often recounted how their first, chilling presentiment of doom arose from a dramatic reversal in some feature of ordinary life they had always taken for granted. In his memorable account of the destruction of Pompeii and Herculaneum by an eruption of Mount Vesuvius in A.D. 79, Pliny the Younger remarks how, in the hours before the volcano's final explosion, the sea was suddenly "sucked away and apparently forced back... so that quantities of sea creatures were left stranded on dry sand."

Sudden, violent changes in an ocean of money around election time are less visually dramatic than shifts in the Bay of Naples. But long before the Federal Election Commission (FEC) unveils its final report on the financing of the 1994 midterm elections, it is already clear that in the weeks before the explosion that buried alive the Democratic Party, changes in financial

flows occurred that were as remarkable as anything Pliny and his terrified cohorts witnessed 2,000 years ago: a sea of money that had long been flowing reliably to Congressional Democrats and the party that controlled the White House abruptly reversed direction and began gushing in torrents to Republican challengers.

Throughout most of the 1993-94 election cycle a reversal of these proportions seemed about as likely as the sudden extinction of two important Roman towns did to Pliny's contemporaries. The Republican Party, virtually everyone agreed, normally enjoyed a lopsided overall national advantage in campaign fundraising. But in Congress, incumbency was decisive. Because big business, the Democratic Party's putative opponent, ultimately preferred "access" to "ideology," Democratic Congressional barons could reliably take toll — enough to make them all but invulnerable for the indefinite future.

In addition, the Democrats now also controlled the White House. By comparison with its recent past, the party was thus exquisitely positioned to raise funds for the '94 campaign. The party could extract vast sums of "soft money" (funds allegedly raised for state and local purposes but in fact closely coordinated with national campaigns) from clients (i.e.,

patrons) in the business community. It could also exploit the unrivaled advantages occupants of the Oval Office enjoy in hitting up big-ticket individual contributors.

The glib contrast between access and ideology was always at best a half-truth. Particularly if one reckons over several election cycles, the differences in total contributions flowing to Democratic leaders who literally opened for business, such as former House Ways and Means chairman Dan Rostenkowski, and populist mavericks like outgoing House Banking Committee chairman Henry Gonzalez, are quite fabulous. Between 1982 and 1992, for example, FEC figures indicate that Rostenkowski succeeded in raising more than \$4 million in campaign funds. Over the same period, Gonzalez's campaigns took in less than \$700,000. (Among Democratic Congressional leaders, Rostenkowski's was far from a record-setting pace. Not including funds formally raised for his forays into presidential politics, Richard Gephardt, formerly House majority leader and now minority leader, raised over \$7 million in the same stretch.)

Differences of this order demonstrate that in the long run, access eventually results in favorable policy outcomes or the money goes

The Republican Party is traditionally referred to as the "Grand Old Party." This essay was adapted by *The Nation* from the author's *Golden Rule: The Investment Theory of Parties and the Logic of Money-Driven Politics*. Copyright 1995 by the University of Chicago Press.

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elsewhere. Airy talk about mere "access" also subtly diverted attention from the historically specific stages of the accommodation between the Democrats and big business as the New Deal system died its painful, lingering death of 1,000 contributions.

Early reports by the FEC for the 1993-94 election cycle appeared to confirm the conventional wisdom. In August, the FEC released a survey of national party fundraising efforts, which indicated that the Republicans were continuing to cling to their overall lead. Fundraising by the national Democratic Party, however, was up by 34 percent compared with the same period in 1991-92, when George Bush was President.

In the bellwether category of soft money (one of the best available indicators of sentiment among America's largest investors), the contrast was even sharper: Democratic receipts had doubled, to \$33 million, while for the Grand Old Party (GOP) receipts were down 28 percent, to a mere \$25 million.

Early statistics on Congressional races showed much the same trend. One FEC report released during the summer showed the early flow of contributions to Democratic candidates in all types of races (incumbents, challengers and, especially, open seats) running well above 1992 levels. By contrast, House Republican candidates in all categories of races trailed their Democratic counterparts in median total receipts. Other FEC statistics also indicated that in House races corporate political action committees (PACs) were tilting sharply in favor of Democrats.

As late as October, reports continued to circulate in the media of persisting large Democratic advantages in fundraising in regard

both to Congressional races and soft money.

By then, however, little puffs of smoke were appearing over Mount Vesuvius. Leaks in the press began to appear suggesting that the Republicans, led by the redoubtable Newt Gingrich, were staging virtual revivals with enthusiastic corporate donors, lobbyists and especially PACs.

On November 2 came what could have become the first public premonition of the coming sea change: new figures for soft money published by the FEC indicated that between June 30 and October 19, the Democrats had only managed to raise the almost laughable sum of \$10 million, while the Republicans had pulled down almost twice that much. Alas, the media and most analysts concentrated on each party's now closely similar take over the full two-year cycle. No one asked what had happened to dry up money to the Democrats in a period in which most observers still took for granted continued Democratic control of at least the House. Neither did anyone think to project the new trend, which was undoubtedly gathering momentum in the final, delirious weeks of fundraising as the GOP scented victory.

Two days later, the commission published data on Congressional races through October 19. Though almost no one noticed, the new data pointed to a startling turnabout: funds to House Republican challengers and candidates for open seats were now pouring in at twice the rate of 1992. Democratic totals were up only slightly, save for a somewhat larger rise among candidates in races for open seats (which, unlike 1992, left Democrats' median receipts well behind their GOP rivals). The ceaseless drumbeating by Newt

Gingrich and other Republicans was beginning to pay off. Only a few months before, corporate PACs investing in House races had been sending 60 percent of their funds to Democrats. By October, however, the PACs, along with other donors, were swinging sharply to the GOP.

The trend was strongest where it probably mattered most: in races waged by challengers and candidates for open seats. A study by Richard Keil of the Associated Press (AP) indicates that in 1992 PACs as a group favored Democratic challengers and open-seat aspirants by a two-to-one margin. By October 1994, however, the AP found that PACs had switched dramatically. More than half their donations to challengers and open-seat contestants were going to GOP candidates. (The AP figures are for all PACs. They thus include contributions from labor PACs, which give lopsidedly to Democrats. The real size of the shift within the business community and related ideological PACs is, accordingly, significantly understated.)

Pressed by Gingrich, who wrote what the AP described as a "forceful memo" on the subject to would-be Republican leaders of the new House, the GOP also made efficient use of another emergency fundraising vehicle: the shifting of excess campaign funds from Republican incumbents with a high probability of re-election. Additional last-minute spending against Democratic candidates also appears to have come from organizations "independent" of the parties but favoring issues firmly associated with Gingrich and the Republicans, such as the recently founded Americans for Limited Terms.

With so many races hanging in the balance (the Republicans, in the end, garnered only 50.5 percent of

the total vote, according to a study by Stanley Greenberg for the Democratic Leadership Council, DLC), the tidal wave of late-arriving money surely mattered a great deal. The AP's striking analysis of the effects of this blitz underscores just how wide of the mark were the establishment pundits who rushed to claim that "money can't buy everything" in the wake of (razor thin) defeats suffered by high-visibility, high-spending Republican Senate candidates in California and Virginia.

The AP examined sixteen House contests decided by four percentage points or less. Campaign funds from Republican incumbents to other Republican candidates came in at three times the rate of donations from Democratic incumbents to their brethren. The Republicans won all sixteen races. Even more impressive, of the 146 Republicans who the AP estimated had received \$100,000 or more in PAC donations, 96 percent were victorious—a stunning result when one reflects that much of the late money was clearly funneled into close races.

Most election analysts in the United States habitually confuse the sound of money talking with the voice believe of the people. Thus it was only to be expected that as they surveyed the rubble on the morning after the elections, many commentators gleefully broad-jumped to the conclusion that the electorate had not merely voted to put the Democratic Party in Chapter 11 but had also embraced Newt Gingrich's curious Contract With America. But the evidence is very strong that "it's still the economy, stupid," and that the 1994 elections were essentially the kind of massive no-confidence vote that would have brought down the

government in a European-style parliamentary system.

Let us start with some obvious, if once again relatively neglected, facts. As an anointed representative of massive blocs of money, Newt Gingrich may indeed be on his way to becoming a figure of towering significance in American politics. But until the sunburst of publicity that followed the elections, he was just another face in the crowd to most Americans. In a Yankelovich poll of 800 adults taken for *Time/CNN* immediately following the vote, 68 percent of respondents said they were not familiar with Gingrich. (Another 3 percent were unsure of their response; of those who were, slightly more people—16 percent versus 13 percent—viewed him unfavorably rather than favorably.)

It is true that a few late Democratic ads targeted the Contract With America and that the White House briefly attacked it. But the Contract itself was essentially an inside-the-Beltway gimmick, publicized in the closing weeks of the campaign to answer the charge—coming mostly from desperate rival elites who saw all too clearly what was happening—that the GOP stood for nothing in its own right, and was simply trying to win by opposing Clinton and the Democrats. Based on what we know about the way ideas play off personalities in American politics, it is hard to believe that in such a short, distracted time-stretch the Contract could have become much more visible or attractive than Gingrich himself.

Nor does survey evidence about the public's attitudes support sweeping claims about a sharp new right turn by the mass public. Virtually all the polls released so far rely on various forms of so-called

"forced choice" questions. Because these squeeze the respondent to make choices between alternatives selected by the survey designer, they are not always a happy tool for sorting out views and opinions that were actually important to voters as they made up their minds from the welter of other convictions they have. (For example, it does not automatically follow that because voters do not care for a President's foreign policies, their distaste will carry over to their voting decisions. Many may simply vote their pocketbooks.)

Forced-choice questions also lend themselves to misinterpretation, by posing options that the electorate (or pollsters) may not realize are in fact incompatible, or by omitting alternatives that voters consider important. Depending on which responses receive emphasis, the electorate can appear to be moving in almost any direction.

Eighty-five percent of those interviewed in the Yankelovich poll, for example, attached a "high priority" to reducing the federal budget deficit. Seventy-five percent attached a similar priority to a constitutional amendment to balance the budget. Fifty-four percent agreed that legislation to limit the terms of members of Congress to twelve years was also a "high priority" item; 82 percent thought tougher law-enforcement legislation was also. The same poll showed that large majorities favor placing a "high priority" on actions to limit welfare payments (66 percent) and legislation authorizing a line-item veto for the President (59 percent).

But this particular survey (which is quite well crafted, by the standards of the trade) did not ask voters a number of other questions. Respondents were not asked, for

example, whether they ranked deficit reduction above economic growth. In all polls known to me, whenever that question is asked, growth is the landslide winner.

Nor was the public asked its views about cutting Social Security or the wisdom of making many specific budget cuts (for example, in Medicare and Medicaid) that the affluent sponsors of the balanced budget are seeking to impose by what is, in reality, stealth. (In a post-election poll by Greenberg for the DLC of people who said they had voted, 62 percent indicated that protecting Social Security and Medicare should be either the "single highest" or one of the "top few" priorities of the President and next Congress. Sixteen percent placed increasing military spending within those two categories.) Gingrich and the GOP's stalwart opposition to raising the minimum wage is also unlikely to echo strongly with most Americans.

One also needs to remember that many Americans have been ideologically conservative and pragmatically liberal for decades. At no time before, during or after the New Deal, were new taxes, more bureaucracy or "big government" ever anyone's idea of shrewd political appeals. This is one of several reasons for skepticism about the meaning of the discovery by Greenberg that if respondents are forced to choose between "traditional Democrats who believe government can solve problems and protect people from adversity" and "New Democrats who believe government should help people equip themselves to solve their own problems," 66 percent say they identify with the latter.

To the extent that the answer does not reflect unalloyed familiarity with Beltway buzzwords, I suspect

strongly that one would find roughly the same pattern of responses at any point in the high New Deal. (Who now remembers, for example, that in the very first Gallup Poll, published in 1935, 60 percent of respondents said too much money was being spent on "relief and recovery"?) On the other hand, Greenberg's survey shows clearly enough that, whatever the public mood about government action (which, as indicated below, has hardened), a majority of respondents flatly reject what certainly qualifies as the guiding idea of the Contract With America, that "government should leave people alone to solve their own problems."

Nor is this all. Fifty-four percent of respondents in the Yankelovich poll also came out for tougher legislation to regulate lobbying, which Gingrich staunchly opposed as he solicited corporate cash. (This news was reported in a pre-election leak to *The Washington Post*; a Democratic Party less hopelessly mortgaged to pecuniary interests could have trumpeted it until the heavens resounded.) Forty-five percent also indicated campaign finance reform as another "high priority." In the great tradition of predictive social science, one can venture that Mount Vesuvius will freeze over before House Republicans offer anything except cosmetics on this decisive issue.

Surveys also suggest that the Clinton Administration's own Rube Goldberg scheme for health care reform did finally become unpopular with many voters. In the later stages of the mammoth onslaught against health care reform by industry groups, opinion also wavered on related health issues. Still, 72 percent of those polled by Yankelovich wanted health care "reform" to be a "high priority" in the next Congress. Health care reform

also topped all other responses in the poll when respondents were asked to pick one issue as the top priority of the new Congress. Whatever senses of "reform" respondents read into those questions, most surely intend something quite different from anything Gingrich and the new GOP majority in Congress have in mind.

More abstract—and hence, perhaps, less clear-cut—indicators also show no sudden new turn to starboard. While Election Day surveys do not exhaust the complicated question of how the public labels itself, the party identification figures in the (very large) *New York Times* Election Day exit poll actually moved the wrong way for a new "right turn" hypothesis: this year the percentage of self-described Democrats was 41 percent, compared with 38 percent in 1992. (The percentage of self-described Republicans did not change, while the percentage of Independents dropped 1 percent.)

Based on the percentages of the population who—in contrast to Democratic presidential candidates—remain willing to identify themselves with a specific political ideology, even the dreaded "L-word" does not seem quite ready to join the spotted owl on the list of endangered species. In 1994, 18 percent of respondents in the *Times* Election Day survey described themselves—or perhaps, confessed to being—"liberal." A drop of 3 percent from 1992, this looks provocative, until one realizes that the figure in, for example, 1988 was also 18 percent. (The trend in the percentage of self-described "conservatives" was essentially a mirror image of these small zigs and zags: 34 percent in 1994, 29 percent in 1992, but 33 percent in 1988; the only other choice given in all three years was "moderate.")

It may also be suggestive that some Democrats who were sagging dangerously in the polls—including Massachusetts Senator Edward Kennedy—but who still commanded sufficient financial resources to make effective counterarguments rallied to victory as they attacked the Contract.

Polls by the Los Angeles Times Mirror Center suggest that opinions about race have hardened somewhat since 1992, when the publicity and protests surrounding the Rodney King case led to sharp increases in the percentages of respondents reacting sympathetically to African-American concerns. Yet despite the noise about Republican gains in the South (which have a solid basis in that region's changing industrial structure and institutional obstacles to unionization and community organizations, which the press and most scholars virtually ignore), one cannot plausibly blame the staggering Democratic losses nationwide on some inchoate perception that the Administration was "excessively" partial to minorities, or even to cities. The Clinton Administration too obviously turned its back on all such concerns and the people associated with them.

A number of Republicans, of course, made a major issue out of illegal immigration. But this scarcely explains the across-the-board GOP victory. First, the issue in fact cuts across party lines, both in Congress and the states (as in Florida). During the campaign, Republican elites divided sharply on the question, not least because so many see it as intimately bound up with "economic growth" (translated into plain "English only": low wages).

Most fatefully, however, immigration's emergence as an object of mass political concern in American politics very much

resembles the gathering trend toward greater hostility to government activity or the various other (most far smaller) rightward shifts in public opinion mentioned above or documented in other recent polls. It is essentially a reactive phenomenon, an emergent, constructed reality that grows out of the persisting failure by (money-driven) governments to do much more than talk about problems such as high unemployment. This, along with the federal reluctance to share revenues with states receiving large numbers of immigrants, surely is the key to the upsurge of anxiety about immigration.

Dianne Feinstein's narrow victory in the California Senate race, which will—at least until 1996—go down in the *Guinness Book of World Records* as the most expensive non-presidential campaign in world history, is one more proof that, where there are resources and a will to counterargument, issues of this sort can be effectively engaged.

What destroyed Bill Clinton and the Democrats in 1994 however, was precisely what derailed his Republican predecessor only two years ago: in the midst of a steadily deepening economic crisis, it is impossible to beat something—even a fatuous, heavily subsidized something—with nothing.

But this was the hopeless task Clinton set for himself and his party after he—precisely as some of us predicted on the basis of the outpouring of Wall Street support for his "New Democrat" candidacy in 1992—betrayed his campaign promise to "grow out" of the deficit by "investing in America" when he assumed office in 1993. By deciding to make the bond market the supreme arbiter of economic policy, by ostentatiously refraining from

jawboning the Federal Reserve to restrain rises in interest rates, by abandoning his much-touted plan for an economic stimulus and instead bringing in a budget that was contractionary over the medium term, the President embraced precisely the program of continuing austerity that the electorate elected him to break with.

Once he had embarked on this course, almost everything else he tried to do was doomed. No amount of PC posturing, homilies about values or pathetically funded demonstration schemes for worker training or education could long disguise the fact that 5.5 or 6 percent unemployment is not really full employment and, a fortiori, not a "boom." (Note that, as usual, no one in the Administration spoke up in public to support Alan Blinder, the President's own nominee to the Federal Reserve Board, during the firestorm of criticism that followed his few brief remarks in a non-public speech about the weakness of the case for the vaunted "natural rate of unemployment" hypothesis. Because of this incident's chilling effect on future discussions of Fed policy, it may well be every bit as significant as the 1994 election itself.)

By some estimates, based on census data, the economic situation of as much as 80 percent of the population has not substantially improved since 1989. Such statistics may slightly underestimate the real distribution of economic welfare, particularly as this is affected by the thorny problem of valuing new products and changing quality. But this is arguing about decimal points. What matters is the real "chain reaction" that now threatens to blow apart the political system. This chain

reaction begins with the desperate economic squeeze a largely unregulated world economy now places on ordinary Americans. It leads next to the decay of public services and non-profit institutions that sustain families and communities, including schools, court systems and law-enforcement agencies. In the end, it makes the daily lives of more and more Americans increasingly unbearable.

Given that the Democrats controlled both the White House and Congress, it is scarcely surprising that so many Americans are fed up with them. Or that substantial numbers of people should be increasingly attracted to the only public criticisms of the system that they are consistently allowed to hear (particularly on talk radio or the generally right-wing "new media") —that their real problem is the bell curve, immigrants, welfare or, indeed, the very notion of government action itself, which does inevitably cost money.

That the system is so obviously money-driven and frequently corrupt only enrages people, while the Administration's all-out efforts for NAFTA and GATT underscored the fact that Clinton's priorities and his real constituency were somewhere else.

Sixty percent of those in the Yankelovich poll expressed the belief that the outcome of the 1994 election was "more a rejection of Democratic policies" than "a mandate for Republican policies." Fifty-six percent of the voters in the Greenberg survey claimed that they were "trying to send a message about how dissatisfied [they] were with things in Washington." Invited to be more specific, 15 percent said the message referred to "Bill Clinton," 15 percent pointed to "Congress," 5 percent each

indicated "Republicans" and "Democrats"; while 45 percent said the problem was "politics as usual."

But the most striking evidence about what is now happening in the American political system comes from the *New York Times* Election Day poll. This broke down the vote in terms of whether the respondent reported that his or her standard of living was becoming better or worse. The results are astonishing in the light of the publicity garnered after the election by the eight-point spread between men and women in the overall party vote, as well as conventional views that the Democrats mobilize less-well-off voters.

In both the overall national vote and major state campaigns that were separately reported (including the New York gubernatorial and Massachusetts Senate races), those whose standard of living was improving voted roughly 2 to 1 (66 percent to 34 percent in the national sample) for the Democrats. By contrast, those whose standard of living was getting worse went roughly 2 to 1 (63 percent to 37 percent in the national sample) for the Republicans, while the group in the middle split 50-50.

The contrast with 1992 is glaring: at that time, according to the *Times* exit poll, Clinton lost the former camp 62 percent to 24 percent (with 14 percent going to Perot). He split the group in the middle 41 percent to 41 percent (with 18 percent voting for Perot). But he swept the group whose standard of living had declined by an overwhelming 61 percent to 14 percent (with, suggestively, 25 percent going to Perot).

The 1994 surveys still show a sizable pocket of people with low incomes and relatively little schooling who remain stalwart Democrats, when they do vote. But these numbers show

just how upside-down patterns of mobilization are now becoming in America. Essentially, the 1994 elections suggest that the party that commands by far the most money is now succeeding by mobilizing increasing numbers of disenfranchised poor and middle-class voters against their traditional champions.

This is a voting pattern more reminiscent of some European elections in the 1930s than most American elections. It ought to ring some alarm bells. Asked whether the Republicans would do a better job of running Congress than the Democrats did, 61 percent of respondents in the Yankelovich poll declared that they would either do a worse job (16 percent) or make no difference (45 percent). Sixty-one percent, in other words, expect no major improvement.

Even a quick look at Newt Gingrich's Contract With America indicates that they are right. Nothing in it will do much to solve the problems of a world economy in which many of the biggest American businesses increasingly do not need most of the American work force or even the infrastructure —apart from the defense and foreign relations establishments. Nor will the suggestion by Gingrich and other Republican leaders after the election that price stability should perhaps be legally enshrined as the sole target for Federal Reserve policy.

What will happen as the economic crisis deepens, and voters discover that their suspicions were right? Perhaps for a while, the merry-go-round in Washington will spin with the speed of light. But in the long run? In all probability, I suspect, Mount Vesuvius' greatest blowouts are still to come. As in the thirties, those who scorn Keynes will be astonished at the outcomes for which they will have to accept responsibility. 