

Millions poured into South Carolina primary campaign

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Spending in the Republican presidential primary in South Carolina has broken all records, as multi-millionaire candidates and their billionaire backers pour in resources to influence the comparative handful of people who will participate in the January 21 voting.

The State, the biggest daily newspaper in South Carolina, reported that more than \$11 million had been spent on TV ads alone, with more than a full week of campaigning still to go. The majority of the ads attacked former House Speaker Newt Gingrich on behalf of former Massachusetts Governor Mitt Romney, who has a narrow lead in the polls.

Total outlays could well top \$20 million, in a state where a bit more than 440,000 took part in the Republican presidential primary four years ago. The price tag of \$50 a vote would make South Carolina less expensive than the Iowa caucuses, where nearly \$100 per vote was spent by the rival candidates and the “super PACs” backing them.

The super PACs are secretive organizations made legal by the Supreme Court’s *Citizens United* decision in early 2010, which barred any restrictions on spending by corporations and wealthy individuals on behalf of their favored candidates. While the rich cannot give the unlimited sums directly to the candidates, they can funnel the money to a political action committee that is nominally independent of the candidate, usually established by former aides and associates.

The best-funded super PAC is Restore Our Future, chartered by former Romney aides, which has spent \$7.8 million in Iowa, New Hampshire and South Carolina through last week. At least four donations of \$1 million have been reported in the press: from John Paulson, the wealthiest hedge fund operator; Edward Conard, a former executive with Bain Capital,

Romney’s private equity firm; Paul Edgerley, another financier with Bain ties; and J. Willard and Richard Marriott, the two brothers who control the giant hotel chain.

Sheldon Adelson, the billionaire proprietor of the Sands casino and other Las Vegas properties, has given the largest single donation to a super PAC, a \$5 million check to Winning Our Future, which backs Gingrich. This single donation revived the Gingrich campaign after it was devastated by Romney-inspired attack ads in Iowa.

The Red, White and Blue Fund has spent at least \$800,000 already in South Carolina promoting former Pennsylvania Senator Rick Santorum. The super PAC is largely funded by Foster Friess, a billionaire mutual fund manager from Wyoming. Friess is a longtime associate of the Koch brothers, the ultra-right oil billionaires who are the biggest single financial backers of the Tea Party movement.

The Our Destiny super PAC spent \$2.5 million for the campaign of former Utah governor Jon Huntsman, who abandoned the race Monday and endorsed Romney. Much of the funding for this outfit came from Huntsman’s father, the billionaire founder of the giant Huntsman Corp. packaging and chemicals firm.

The Make Us Great Again super PAC finances ads for former Texas Governor Rick Perry, while the Endorse Liberty super PAC has expended more than \$1 million for Texas Congressman Ron Paul, mostly for attack ads against Santorum and Gingrich.

The cynicism of the whole process is impossible to exaggerate. Organizations established by billionaires spend millions of dollars for attack ads vilifying targeted candidates as the tools of billionaires.

Thus the Gingrich super PAC has spent more than \$3 million denouncing Romney for his depredations as the

head of Bain Capital, focusing on four companies bought, squeezed and destroyed by Bain, all paid for by the billionaire Adelson.

Similarly, the Ron Paul super PAC has sponsored an ad in South Carolina that denounces the 2008 bank bailouts, showing President Obama, Treasury Secretary Geithner, a cigar-smoking banker and Mitt Romney, while the announcer intones, “They took your money and gave it to their Wall Street friends.”

Both ads make accusations that are true—that Romney is a ruthless asset-stripper and the bank bailout plundered the US taxpayer on behalf of Wall Street—but appeal to popular hostility to the super-rich on behalf of equally reactionary defenders of big business.

All the candidates in the Republican presidential contest, like their Democratic opponent Obama, combine adamant defense of corporate America and indifference or outright hostility to the plight of working class Americans.

Thus at last Monday night’s debate, every one of the five Republicans called for slashing taxes on the wealthy to rates even lower than those established under George W. Bush and continued by Obama in his December 2010 deal with congressional Republicans.

Romney called for lowering the top income tax rate from 35 percent to 25 percent, while Santorum offered 28 percent, Gingrich called for a flat tax of 15 percent, and Perry called for a maximum tax on income of 7 percent. Ron Paul outbid all of them by proposing complete abolition of the income tax, and reducing taxation on the super-rich to zero.

In his personal finances, Romney is already well below the top rate he proposed. After baiting by his opponents, who demanded that the multi-millionaire release his tax returns, he conceded that he pays an effective rate “probably closer to the 15 percent rate than anything,” because the bulk of his income—estimated at more than \$10 million a year—comes from investments rather than salary, and receives the 15 percent rate for capital gains.

Romney’s comments about his tax payments also inadvertently revealed the vast social gulf separating all the millionaire politicians from working people. Describing his sources of income, he mentioned speakers’ fees he collected in 2010 while he was gearing up for his presidential campaign. He described the amount as “not very much,” but his financial

disclosure forms showed \$374,000 in such fees during a 12-month period ending in February 2011.

This “not very much” is seven times the income of the average American household, though it is significantly less than the \$61 million in speaking fees pulled in by former president Bill Clinton since 2001.

According to a report in the *Charlotte Observer* January 16, Romney has overwhelming support from officials of the five biggest US banks, with more than \$600,000 in campaign contributions through the first nine months of 2011. The report, based on reports filed with the Federal Election Commission, showed that Obama was the second largest recipient of banker donations, with \$200,000.

The Center for Responsive Politics, which tracks and analyzes FEC filings, reported that commercial banks have given more than \$10 million through September 30, the latest period for which data is available, while the finance, insurance and real estate sector as a whole has provided Democratic and Republican candidates a staggering total of \$135 million.

The Obama reelection campaign is likely to out-raise even Romney’s haul, with estimates that the campaign itself will spend more than the \$750 million total from the 2008 primary and general election campaign, and countless hundreds of millions more in super PAC spending.

Priorities USA Action, one of the early pro-Obama super PACs, has been kicked off with a \$2 million donation from Hollywood billionaire Jeffrey Katzenberg. The Obama campaign had earlier said that Obama and his aides would not raise money directly for super PACs, but on Wednesday it was reported that the campaign will ask its top fundraisers to solicit contributions for Priorities USA Action and similar groups.



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