International Journal of Political Economy, vol. 42, no. 2, Summer 2013, pp. 3–41.

ISSN 0891–1916 (print)/1558–0970 (online)
DOI: 10.2753/IJP0891-1916420201

Thomas Ferguson, Paul Jorgensen,
and Jie Chen

Party Competition and Industrial Structure in the 2012 Elections

Who's Really Driving the Taxi to the Dark Side?

***Abstract**: This paper analyzes patterns of industrial structure and party competition in the 2012 presidential election. The analysis rests on a new and more comprehensive database that catches more of the myriad ways in which businesses and major investors make political contributions than previous studies do. By drawing on this unified database, the paper is able to show that both major parties depend on very large donors to a greater extent than past studies have estimated. The paper outlines the firm and sectoral bases of support for the major party nominees, as well as for Republican candidates who competed for their party's presidential nomination. The paper shows that President Barack Obama's support by big business was broader than hitherto recognized. A central conclusion is that the sectors most involved in the recent controversies over surveillance were*

Thomas Ferguson is a professor of political science at the University of Massachusetts, Boston, senior fellow at the Roosevelt Institute, and director of research at the Institute for New Economic Thinking. Paul Jorgensen is an assistant professor of political science at the University of Texas Pan American and a lab fellow of the Edmond J. Safra Center for Ethics, Harvard University. Jie Chen is university statistician at the University of Massachusetts, Boston. An earlier version of this paper was presented at the annual conference of the Institute for New Economic Thinking, Hong Kong, April 2013, and was posted on the Institute's Web site, though the data and analysis have since been extensively revised. A later version appeared as a working paper of the Roosevelt Institute on that institution's Web site. The authors gratefully acknowledge support from the Working Group on the Political Economy of Redistribution of the Institute for New Economic Thinking for preparation of the database, but the paper represents the views of the authors, not the institutions with which they are affiliated. The entire Political Money Project database for this paper will be freely available after work on it is completed. To conserve space, we have consolidated citations where possible.

among the president's strongest supporters. The paper also analyzes patterns of business support for the Tea Party in Congress, showing that certain parts of the business community are more supportive of Tea Party candidates than others. The role of climate change, financial regulation, and other issues in the election is discussed at length.

Key words: *banking, climate change, defense economics, deregulation, financial regulation, political economy, presidential elections, regulation, surveillance, Tea Party*

> The opinion by Judge Eagan . . . noted that no telecommunications company had invoked its legal right to object to turning over its customers' calling records to the government. "To date, no holder of records who has received an order to produce bulk telephony metadata has challenged the legality of such an order," she wrote.
>
> —Savage 2013

Attempts to decipher the meaning of elections while the sound and fury are still dying away are almost always problematic, but the 2012 election is peculiarly treacherous to analyze. All through the campaign and for some time after it ended, the storyline seemed clear, for all the deeply conflicting emotions it evoked.

The narrative centered on partisan conflict. From the moment that President Barack Obama took office in 2009, wrangling between Democrats and Republicans threatened to stalemate policy-making. After the gigantic Democratic losses in the 2010 congressional elections, the political system locked up. Spurred on by the bourgeoning Tea Party caucus in the House of Representatives (the House) and a smaller coterie of like-minded senators, Republicans blocked virtually all the president's policy initiatives and many nominees to key federal agencies. Save for a handful of libertarians, Republican leaders also steadily attacked his foreign policy as limp and inconsistent. Mocking the president for "leading from behind," they strongly defended the national security practices identified with President George W. Bush's administration. They opposed closing down the prison at Guantánamo, defended expansive domestic surveillance, torture, and broad presidential powers, while repeatedly pushing for more and bigger military interventions abroad, along with higher levels of military spending.[1]

The Republicans did more than posture: They waged vigorous campaigns to roll back every vestige of New Deal programs and regulations at the state and national levels. At times they even threatened to default on the national debt as a tactic to force deep cuts in domestic spending; always they tried to rein in or paralyze key federal agencies such as the Environmental Protection Agency, the National Labor Relations Board, the Securities and Exchange Commission, and the Commodity Futures Trading Commission. In many states, Republican governors led campaigns to end collective bargaining, cut budgets, and roll back regulations that had been in effect for decades.

As the presidential election kicked into high gear, the economy was barely crawling along. Unemployment remained well over 8 percent, with vast numbers of people working much less than full time or dropping out of the workforce in despair. Republican leaders and prospective candidates could hardly disguise their confidence that 2012 would be the party's year of destiny. In the end, despite private doubts, the prospect of retaking the White House convinced most conservatives to rally behind Mitt Romney after his money machine emulsified the rest of the field in the primaries.[2] When the former Bain & Company private equity partner's general election campaign fell just short, disappointment was profound, though the strong Republican showing in House elections and the party's enhanced position in the Senate tempered the grief.

For Democrats, by contrast, Obama's reelection signaled that the worst had been averted. Many stalwarts came out of the campaign convinced that the structural composition of the electorate was moving slowly in their favor and that the gravest threats to their domestic priorities might even be receding as the short-run federal budget position gradually improved. Everyone on all sides believed that big new foreign interventions would face higher hurdles, while Democrats took comfort from the conviction that efforts to undermine the Bill of Rights and the Constitution via the doctrine of the "unitary executive" associated with the administration of George W. Bush and Dick Cheney appeared firmly contained.

But the 2012 election was in fact a postmodern thriller, in which the main characters that everyone thought they knew abruptly turned into their opposites and the plot ramped up again just when you thought it was finished. In early June 2013, the *Guardian,* with help from journalists at the *Washington Post* who soon came under attack within their own establishment, electrified the world. Drawing on documents and testimony from Edward Snowden, an employee of Booz Allen Hamilton working under contract with the National Security Agency (NSA) who had fled the country, the journalists broke the story that the U.S. government had been collecting vast amounts of information not only on foreigners, but also on U.S. citizens.[3] Moreover, it had been doing this for years with the cooperation of virtually all the leading firms in telecommunications, software, and high-tech electronics, including Google, Apple, Microsoft, Verizon, and Facebook.[4]

The firestorm triggered by these revelations has set off alarms around the world. Clumsy U.S. threats to countries weighing offers of asylum to Snowden stoked further indignation, as did heavy-handed efforts to intercept him, including some that contravene longstanding conventions of international law (Palliota 2013). Tortured legal arguments about why the programs are consistent with the Fourth Amendment's insistence on "probable cause" in searches and the realization that top-level national security policymakers probably lied to Congress and appear to have used secrecy laws to criminalize whistleblowers for revealing obvious official misconduct have shaken many.[5] So did revelations that violations of NSA guidelines, such as using the system to track one's romantic partners, occur frequently enough to generate a special bureaucratic taxonomy (Gabbat 2013). The sense of outrage is particularly high in Germany, which Snowden revealed to be of special concern to U.S. intelligence, but the news powerfully affected perceptions of the United States in many countries.

For the companies, the fallout from the revelations has been no less heavy. The realization that Google's banal "don't be evil" sloganeering and Silicon Valley's breathless exaltation of consumer choice, freedom, and even libertarian values cloaked the most far-reaching surveillance program in history has clearly dismayed many citizens inside and outside the United States. Together with the revelation that the U.S. government pays companies to change their technologies to its specifications and indications that in fact the firms have been sharing "sensitive information" with government agencies and "in return receiving benefits that include access to classified intelligence," the news has tarnished the companies' carefully cultivated images as near-stateless engines of consumer desires (Riley 2013).[6] Many Americans are becoming aware that nation-states and giant corporations exist in reciprocal dependence after all.

The companies are frantically backpedaling and trying to blow smoke about details of their cooperation with the programs.[7] But despite an unending litany of attacks by officials and most of the media on Snowden's character and motives, polls show that many Americans see him as a whistleblower, not a traitor (Aylward 2013), though it is to be expected that polls fluctuate. Even Congress, where leaders of both parties initially formed a phalanx in support of the NSA, is wavering; with an amendment that would have cut off funding for the program failing only narrowly in the House of Representatives. A former judge on the Foreign Intelligence Surveillance Court (FISC, commonly called the FISA [Foreign Intelligence Surveillance Act] court), the secret tribunal that considers requests for court orders, has sharply criticized the process, while former president Jimmy Carter attacked the program in a closed-door meeting in Atlanta (Roberts 2013; Schmitz 2013).

For a paper focused, as this one is, on understanding the dynamics of the 2012 election, the still-cascading revelations pose a challenge. Everyone's interpretative frames inevitably carry a lot of baggage from the past. There were a whole series of warning signs, including Obama's rapid-fire decision to step up the war in Afghanistan right after he took office, the alacrity and severity with which his administration prosecuted national security whistleblowers after promising greater transparency, and the administration's sweeping claims about the government's right to hold citizens without trial for indefinite periods. But there was also the Justice Department's insistence that killing U.S. citizens without any kind of court hearing is lawful, the efforts to prosecute journalists for simply posting links to leaked documents, the overkill that attended official responses to the Occupy Wall Street movement and protests at the national party conventions, and the administration claims that press freedoms enshrined in the Bill of Rights do not cover bloggers in an era in which that form is ubiquitous, including in the *New York Times*.[8] Yet the suggestion that the Obama administration embodies a distinctively new form of extensively privatized national security state organically linked with the famously contentious Bush-Cheney structures takes some getting used to.[9] In particular, many readers are likely to wonder what can a bitter, partisan stalemate possibly mean in a situation in which Big Brother and Big Money are working hand in hand through it all.

This paper attempts to unravel some of these complexities. As the storm over surveillance broke, we were completing a statistical analysis of campaign contributions in 2012. Because we are broadly familiar with the history of government investment in high tech and electronics, we never credited free market accounts of the sources of innovation in those industries or the conduct of their businesses—the success of these companies owed a great deal to earlier public investment.[10] But we acknowledge some surprise at the size and scale of the cooperation between Silicon Valley and the Obama administration, as well as details of the vast, secret judicial processes used to rationalize it.

In light of what has transpired, our quantitative analysis of presidential election funding invites closer scrutiny, particularly of the finding that we had earlier settled on as perhaps most important: in sharp contrast to endlessly repeated claims that big business was deeply suspicious of the president, our statistical results show that a large and powerful bloc of "industries of the future"—telecoms, high tech, computers, and software, as discussed below—showed essentially equal or higher percentages of support for the president in 2012 than for Romney.

Though documenting the claim would take us beyond the scope of this paper, we believe that the emergence of these new industries is a key factor in transforming the old national security state into its new, even more sinister twenty-first-century model. They are not the only important influence—obviously, these would include not only 9/11 but the growth of the rest of the homeland security "industry," comprising private prison companies and many other non-obvious players focused on data collection in particular domains; the vast infrastructure built to service and support U.S. interventions in Iraq and Afghanistan; and macroeconomic austerity itself, which made privatization of the old national security state so seductively attractive to policymakers under pressure to cut government expenditures. But what this paper documents that is perhaps most instructive is that many of the firms and industries at the heart of this Orwellian creation have strong ties to the Democrats. Bush and Cheney may have invented it, but national Democratic leaders are full-fledged players in this twenty-first-century national surveillance state and the interest group pressures that now help to sustain its defenders in Washington work just as powerfully on Democrats as on Republicans.[11]

It should be obvious, however, that our discussion cannot end here. Comprehending the 2012 election requires tackling a broader range of questions posed by the logic of the situation or by other election analysts—among them the role played by small donations in presidential campaigns, relations between big business and the Tea Party, and exactly what kinds of industries and firms support "no new taxes" and fiscal austerity in the Republican Party. At the heart of everything, though, is the issue that has shadowed all discussions of American politics for more than a decade:

How are we to make sense of the steadily intensifying partisanship that is paralyzing so much domestic policy-making and shaping so much public rhetoric?

In a Nutshell

Part of our answer to this question rests on earlier work, which we have space only to summarize. Most of the myriad factors advanced as causes of this polarization by commentators in both the mass media and the academy plainly cannot be the real drivers. Congressional redistricting, growing partisan divisions within the electorate, the persisting legacy of the Civil War or, more precisely, the persistence of a uniquely reactionary South—all are pretty flimsy, at best adding an epicycle or two. For example, redistricting, that favorite chestnut of editorial writers, surely happens but cannot be anywhere near the whole story: The Senate is not that different from the House in partisanship, and no one has messed with state boundaries.[12] And public opinion surveys are conclusive: By enormous majorities, the U.S. population rejects the budget proposed by Representative Paul Ryan (R-IL) and notions of cutting Social Security or even Medicare. On those issues, the bulk of the electorate is not divided; it is united to a rare degree (Page, Bartels, and Seawright 2013). Studies of public-opinion trends over the long run reinforce this skepticism: Changes in mass ideology over time are too small and inconsistent to produce effects on the scale required. Indeed, a number of shifts go in a liberal direction, as recent publicity about changes in attitudes toward gay rights and immigration attests (for a discussion and extensive references, see Ferguson 2011).

In our view, the primary explanation for the accelerating polarization of American politics is not complicated. It is political money or, more precisely, changes in the way major investors think and act in politics and the responses of Congress and the two major political parties to those changes. Essentially, as earlier work by one of us argues in detail, the Republican Party's trajectory from Richard Nixon to Ronald Reagan to Newt Gingrich and George W. Bush was driven by a vast, constantly growing corps of increasingly extreme business blocs determined to roll back the New Deal as a whole (ibid.). The mantras of these groups (note that mantras scarcely exhaust real behavior) are precisely the watchwords of the Beltway discourse of the past generation: deregulation, cuts in top-bracket taxes, free enterprise, anti-unionism, and gigantic levels of "defense" spending. Concerns about either privacy or the growth of the national security state were not on the radar screen of these groups; indeed, the favorite defense spokespeople of this bloc, notably former vice president Dick Cheney and former defense secretary Donald Rumsfeld, championed sweeping views of presidential power.

With unions in precipitate decline and big money directly propelling more and more of political life, the Democrats responded to these Republican shifts by chasing money, too (Ferguson 1995, esp. chaps. 5 and 6; Ferguson and Rogers 1986; Hacker and Pierson 2010). They redoubled their traditional appeals to preeminently capital-intensive, free-trade oriented businesses, especially in finance, telecommunications, electronics, and defense. These sectors were open to defending federal initiatives, especially those that they benefitted from, and were prepared to temper deregulation, tax cuts (which they, too, favored) and bigger defense outlays with a leavening of social welfare expenditures. What they were not prepared to do was to assert the protection of privacy, which for many would have meant forgoing vast revenues derived from sales of data about their customers. Both parties, not just the Republicans, were essentially transformed into business parties, and national party leaders increasingly mounted campaigns by striking deals with blocs of major investors for enormous sums of money that fund highly stylized appeals on a few hot-button issues that promise to mobilize subsets of increasingly turned-off voters (Ferguson 1995, 2011).

Public focus on the inflammatory "wedge" issues convinces unsophisticated observers that the steady shift to the right must result from some inchoate ideological change. In fact, however, since the collapse of the seniority system, congressional party leadership slots and major committee chairs and places have been sold like so many pig futures, with the Democrats sometimes actually compiling Sears catalogs of prices. The requirement that aspirants for committees raise large sums for national party campaign committees feeds this nationalization and centralization of political finance and puts ever more power in the hands of national party leaders, who control those committees (ibid.).[13]

Among Republicans, the pattern is more complex. The gale-force winds remorselessly propelling the whole political system rightward sweep through the Republican Party virtually unchecked, for the simple reason that it has no mass constituency in a position to offer any effective resistance to such shifts. As a result, the Republican Party resembles one of those giant storm fronts that sometimes form over the hot, flat, landscapes of the American Great Plains and Midwest that throws off one gigantic cyclone after another: The changing world economy spurs the formation of increasingly extreme investor blocs, which then subsidize challengers to more "mainstream" incumbents, pushing the entire party further rightward. In the 1980s, such forces produced Newt Gingrich as speaker of the House; in the 1990s, Dick Armey, Tom DeLay, and other Republican House leaders; as shown below, the Tea Party rides the latest whirlwind of insurgent money.

Methods

Because of space limitations, we must focus almost entirely on our empirical findings. But, obviously, our results depend crucially on the tools we have fashioned. Although we cannot detail these either, they require brief explanation.

In our view, studies of money and politics have for some time been stuck on a plateau, despite some notable individual accomplishments. We consider most of the literature in political science excessively preoccupied with formal-legal considerations. It is easy to understand why: A generation of court decisions, Federal Election Commission (FEC) rulings, and legislation has erected a maze of different kinds of political money, with often jarringly inconsistent rules regarding allowable amounts, uses, and reporting requirements. It goes without saying that most legal scholarship only accentuates this tendency to lose track of the forest for the trees.

A few political scientists and economists do try to test hypotheses, but their efforts are almost entirely defeated by data problems, and they only occasionally touch on core issues of political power. In many instances, they use theoretical frameworks that make it difficult to recognize the effects of money in politics because they try to model only deviations from some illusory median-voter norm, despite the mounting evidence that when the preferences of the affluent are controlled for, policy preferences of poor and middle-income Americans commonly count for little or nothing.[14]

The major sources of data on political money are the FEC and the U.S. Internal Revenue Service (the IRS is responsible for compiling data on so-called 527 committees, which have become prodigious sources of funds). Partly for understandable reasons, neither agency makes any serious effort to standardize names or addresses of people on their rosters. For less comprehensible reasons, though, both agencies routinely accept seriously incomplete reports and obviously inaccurate or misleading entries. For example, they let many business executives who are still active on the boards of large firms get away with claiming to be “retired.” The two agencies also present their data in different formats, which makes record linkage difficult. And, as we discovered, and the FEC acknowledged, it sometimes deletes important data from its records without notice (Ferguson, Jorgensen, and Chen 2012b, 2012c).[15]

Into this breach have stepped the Center for Responsive Politics (CRP); a handful of related organizations such as the Sunlight Foundation; and a few private, for-profit subscription services. Everyone concerned with political money owes the Center and Sunlight a great debt for their efforts to translate the forbiddingly complex FEC and IRS data into usable form. Their data (most of it originating from the CRP) has nourished a generation of journalists and a few scholars.

But the data’s shortcomings have long been apparent. The biggest problem is fragmentary presentation. Every source compiles different subsets of data but none integrate them, with the result that a single file of clean, research-quality data that reflects true totals is unavailable. Coupled with some occasionally mystifying gaps in coverage and the rolling disappearance of records for many past elections from the CRP’s Web site, the deeply engrained habit of serving up data like slices of salami makes it virtually impossible to test broad hypotheses. It also tempts scholars to rely overmuch on the data subseries that are easiest to use—such as political action committee (PAC) contributions—and neglect the far less tractable, but more revealing, data on individual contributions, independent expenditures, and 527 donations. When the woefully incomplete easy sources are tapped by social scientists to construct indices of the political orientations of contributors and politicians, confusion is compounded; at times we wonder if a kind of Gresham's Law of bad data driving out good, operates in parts of the social sciences.

What might be termed "flow of funds" (after the Federal Reserve's well-known summary of financial sources and uses of funds) inconsistencies in the FEC data pose further obstacles. Much political funding resembles the interbank market for loans before the bankruptcy of Lehman Brothers in 2008. Donor A gives to Organization B, which shuffles it over to Conveyer Organization C, which hands it off to Final Recipient D to finally spend it. In theory, all these transactions are traceable through FEC records. In practice, they often fail to add up, including, often, the separate reports of PACs and candidate committees. We isolate original PAC donations by sorting through reports from both and take extreme pains to avoid double counting.

Perhaps the greatest data stumbling block, though, is the complexity of the contribution rosters. Investors who make multiple contributions rarely use exactly the same form of their name. Many maintain several different offices and residences in different parts of the country. When reporting contributions, they list first one and then the other in no consistent fashion. "Mr." and "Mrs." and "Senior" and "Jr." also flit back and forth like the Cheshire cat. Hyphenated names can place people in entirely different parts of the alphabet, depending on whether they use the hyphen or not. And so on. The toxic combination of wild diversity and incompleteness also characterizes the reported names of corporations, regardless of whether they are referenced merely to indicate the affiliations of individual contributors or record direct expenditures out of their treasuries to Super PACs, 527s, and similar vehicles. Large concerns, especially big banks, have vast numbers of subsidiaries and subunits; often those names, rather than the parent's, are reported. In 2012 we even found contributions from one "too-big-to-fail" bank reported as coming from financial institutions that it had absorbed at the height of the 2008 crisis.

These problems are at least dimly recognized and the object of all kinds of expedients. But the bottom line is that existing data management tools that try to match up the data commonly fail to recognize multitudes of contributions coming from the very same sources. Our experience is that total contributions from particular individuals are routinely far larger than suggested in accounts by either journalists or scholars, and the true scale of contributions originating from many corporations is often invisible. It is no accident that even scholarly studies rarely try to summarize the latter. Journalistic conventions, such as focusing on contributions to formal presidential campaign committees or Super PACs alone, further obscure matters.

This veil of ignorance, of course, has weighty consequences: It nourishes illusions that small donors play bigger roles in campaigns than they really do and hides the reality of just how concentrated American political finance really is. Or, in other words, it encourages the notion that while wealth and income in America are fabulously concentrated, somehow political money is not. The incompleteness of individual records also masks important structure in the data, especially where data on firms and occupations are incomplete or misleading.

The data we use for this paper come from our "Political Money Project," which tries to remedy these shortcomings and others that we lack space to discuss here. Starting from the original FEC and IRS data, we have intensively applied modern database management methods to sort out name problems. Our methods are certainly not foolproof, but they represent substantial improvements over anything else we have seen. Resolving the identities of individual contributors and corporations has the collateral benefit of substantially raising the percentage of contributions whose sources we can identify, since one correct identification sometimes makes it possible to complete many laconic entries. Sifting flows of funds also identifies many previously lost or doubtful contributions. For example, these methods allowed us to identify additional contributions of some $110 million in 2008 and $73 million in 2012.[16]

For this paper, we have gone a step further. We have created unified datasets that attempt to group together all the disparate sources of funds—from individuals, PACs, Super PACS, 527s, "independent" expenditures, and so on—that flowed into 2012 races and identify them by their final origins under single "investing unit IDs." Do not be put off by the cumbrous terminology: Think "firm," where that term is stretched to include major investors listed in the Forbes 400. Provided that one recalls the cautions appropriate for results of procedures that involve scoring systems and cutoff points applied to literally millions of individual cases (we still do enormous amounts of real-time checking), this approach permits analyses of the behavior of individual firms and major investors in greater detail than any other method.[17] Suddenly, in place of myriad apparently unrelated individuals and disconnected corporations, the behemoths appear as they are, often towering over the rest of the landscape.

We are the first to acknowledge that our compilations of total contributions by individual firms remain incomplete. Even more important, they comprise only a portion of the full spectrum of politically significant money.[18] But they offer a picture that is substantially closer to the reality that confronts candidates as they scramble for funds. The resulting change in scale is dramatic, as will become obvious below, when we compare size breakdowns of individual contributions (perhaps the most common type of analysis in studies of presidential election funding) with "firm" contributions analyzed in our terms.

Our dataset also tries to overcome what we consider the Achilles' heel of most efforts to study political money: They do not include enough economic data to reveal many important patterns. We have made a determined effort to integrate economic data about firms and individuals (including Standard Industrial Classification [SIC] codes for members of the Forbes 400) that we believe are vital for finding the golden needles that are scattered all through the haystacks of big data on money in politics.[19] Because we think that major firms and investors in many respects live in a different political universe than most other political contributors, we also separately break out donations from "big business" from our larger sample.

Money's Role in Elections: The Value of a Comprehensive Approach

The utility of a comprehensive approach along these lines becomes clear as soon as one considers the controversies over political money engendered by the 2012 election. In our view, few elections have so vividly shown the decisive importance of big money as that record-breaking slugfest. Considering the Super PACs and the way in which Mitt Romney kept entering one primary after another while still trailing in the polls, only to open his mighty bankroll and win or sharply close the gap, one might suspect that what sounded like the voice of the people often was mostly money talking.

Nevertheless, within hours after the polls closed on Election Day, a wave of commentary began to downplay the role of big money. Even a study by the Sunlight Foundation, which is keenly aware of how money distorts American democracy, investigated "the emerging post-campaign narratives" according to which "all the outside money (more than $1.3 billion) that poured into the 2012 election didn't buy much in the way of victories,"concluding that "the story holds up: we can find no statistically observable relationship between the outside spending and the likelihood of victory" (quoted in Ferguson, Jorgensen, and Chen 2012d).

Our dataset allows us to move past artificial efforts at separating "outside" from "inside" spending, in which the latter refers simply to expenditures by candidates' formal campaign committees. We can therefore look at total spending by or on behalf of candidates and then ascertain whether relative, not absolute, differences in total outlays were related to vote differentials. The result is shown in Figure 1. This shows a strongly linear relationship between Democratic candidates' shares of total spending in House elections and the percentage of votes that they won. (At the bottom left, Democrats spend no money and get no votes; at the top right, they spend all the money and garner all the ballots, calculated as proportions of totals for both major parties.)

We were surprised when we first noticed this result. The pattern struck us as uncomfortably close to a paranoid version of an investment approach to political party competition. We simply did not believe that other variables were not also important. Thus in our first presentation, we took pains to recite the litany of customary qualifications made whenever anyone approaches the subject of money in politics, especially the admonition that correlation does not necessarily imply causation. On a more technical plane, as soon as we were able to locate a spatial matrix for House districts in 2012, we also tested to see whether spatial autocorrelation might affect our results. (House districts occupy distinct areas in space, which can make statistical correlations appear weaker or stronger than they really are. Although curiously few political science papers actually test for such effects, we have found

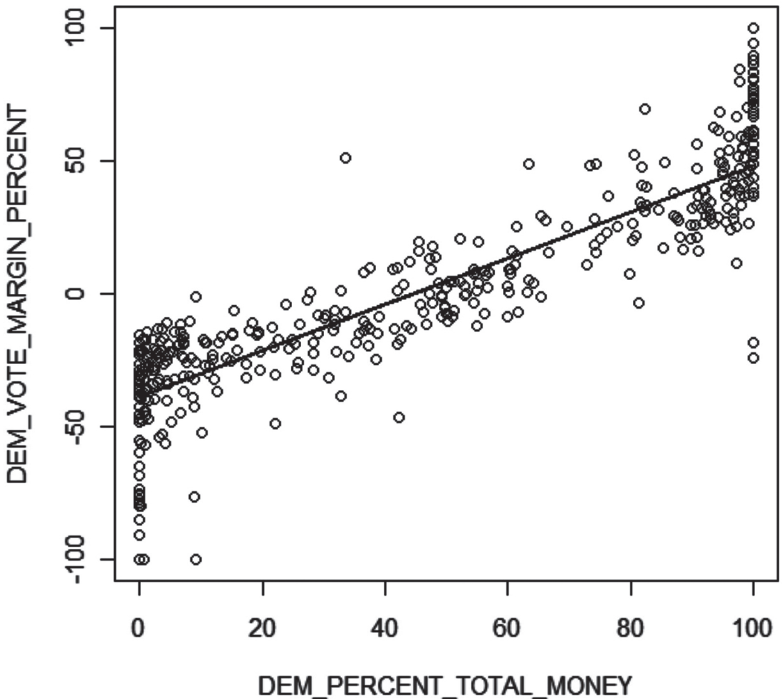

Figure 1. Spatial Regressions for House Elections (2012)
Note: Pseudo $R^2 = .80$.

through experience that spatial effects are ubiquitous in such data.) Our Moran tests showed that spatial autocorrelation was indeed present, but that the relationship remained strong. (Figure 1 takes spatial dependence into account.)[20]

Fairly soon, however, we began to have cautious second thoughts. As one scholar commented to us, the approximately linear relationship was far more interesting than any of the qualifications. We thus examined some other elections. We looked first at the earliest one for which we had the requisite data, the House elections of 1980, and then for an election at the midpoint of the interval between 1980 and 2012: 1996. Both showed essentially the same linear pattern despite the quite different numbers of marginal districts involved in close elections.

The next query was whether the pattern holds for Senate elections. Many fewer senators run for reelection than House members, so we knew that results for a single year would likely be less reliable. Yet our study of 2012 showed basically the same pattern with more scatter, just as one might expect. Not long after we published our study of 2012 House elections, Nate Silver (2013), then of the *New York Times,* published a graph for Senate elections between 1990 and 2010. This used exactly the same proportional approach we took to analyze relations between Democratic spending and vote shares except that Silver used total receipts, presumably of senatorial campaign committees, rather than total spending per se. He arrived at similar, linear results.[21]

Our own study of 2012 Senate races, which includes not only formal campaign committees but also outside expenditures by parties and interest groups on behalf of candidates, shows that spatial autocorrelation is present, suggesting that it is likely to be present in Silver's sample, too. But all these results point clearly in the same direction. Quite possibly a broadly linear approach to spending in both House and Senate races is a sensible working hypothesis. Claims that money did not matter in the 2012 elections are not consistent with this evidence, even if it can still be queried.[22]

These stark findings also raise a question about how Senate, House, and presidential elections compare. Our hypothesis is that the relationship between money and outcomes is somewhat different in each for institutional reasons. The fit between money and House elections appears to be substantially tighter than in Senate contests, where correlations evidently run lower. Because presidential elections are one-time events, they do not easily permit comparisons with elections for either legislative chamber. But to the extent the comparison makes any sense, the fit between money and direct voting appears to be even looser in presidential races. Our conjecture is that these differences reflect, in part, substantial differences in press attention, which we believe is greater for the Senate than for the House, and even greater for presidential elections.[23]

Big Money and the Presidential Election of 2012

Regardless of precisely how the presidential election of 2012 compares with elections for Congress, our data throw a great deal of light on the real political forces that shaped that race. We begin with a fundamental point: the relative importance of large versus small contributors. Here our unified dataset makes a much more precise diagnosis possible and points to several striking conclusions. Analysts of political money have known for a long time that comparatively few Americans contribute any money at all to campaigns. More or less clearly, they also recognize that the number of Americans who contribute substantial amounts—say, donations of $250 or more—is even smaller. Yet, in virtually every election, candidates attempt to portray themselves as champions of ordinary Americans and convey the impression that the money fueling their campaigns comes mostly from them. In some cases, the press plays along. Journalists and political scientists excitedly talk up the importance of "small donations" in propelling one or another candidate's campaign.

In 2008, for example, the Obama campaign trumpeted its support from small donors. Many in the press indulged the claim. Eventually, however, reports circulated that the campaign was nourishing this illusion by encouraging big contributors to break their donations into smaller amounts and emphasizing the number of contributors rather than proportions of total contributions. Some analysts began to become suspicious. They started to question the claims and look harder at the evidence. But after pondering the question, many continued to treat such reports credulously (see, e.g., Campaign Finance Institute 2008, 2010).

In 2012, the president's campaign once again touted its support from the grass-roots (e.g., Reader 2012). Some analysts inflated these claims by eliding the fact the president's formal campaign, like the Republican Party's, used its national party committee, with its much higher limits, as an auxiliary piggy bank to which large donors could make substantial supplementary contributions. They reported only results for the candidate's principal campaign committees, to which even the richest Americans could not contribute more than the relatively low legal limits.

Some Republican candidates made similar appeals. Recalling the famous moment in the Republican debates when all eight candidates on stage pledged to reject a budget package that would raise even a single dollar in new revenues for every ten dollars in spending cuts, we are wary of ordering the Republican field in strict left/right terms (see the memorable video at www.washingtonmonthly.com/political-animal/2011_08/tentoone_isnt_good_enough_for031484.php). But we think it fair to say that essentially all of Romney's opponents save Jon Huntsman, Jr. (former governor of Utah), ran to Romney's right, in many cases with an eye toward attracting Tea Party support. Minnesota Representative Michelle Bachmann, for example, was a certified member of the House Republican Tea Party Caucus and appealed regularly to communicants. Gingrich and former Pennsylvania senator Rick Santorum, but especially Gingrich, memorably portrayed themselves as champions of Main Street in contrast to what they implied was the vulture capitalism associated with Wall Street and Romney. To the extent that he offered any appeal beyond the number nine repeated three times ("9–9–9"—said to be a tax "plan"), Herman Cain, a businessman, came from this wing of the party, too. The platform of former Texas representative Ron Paul transcended the Tea Party, but it also certainly embraced that movement and, with its sharp critique of the Federal Reserve (the Fed) and interventionist foreign policies, clearly distinguished itself from the gigantic naval buildup and muscular foreign policy championed by Romney.

Our analysis of data for 2008 led us to a skeptical view of Obama's small donations. Campaigns are required to itemize contributions from donors that total more than $200. Below that level, no information about contributors is required. The Obama campaign did collect about $276 million in unitemized contributions below that limit; these were reported as lump sums, and no further analysis is possible.[24] But with our data management programs, we can analyze all itemized contributions by individuals in detail. Our best estimate is that less than 10 percent of the (then) record-breaking sums that the campaign raised in individual itemized contributions came from donors contributing less than $250 in the aggregate. By contrast, we found that fully 61 percent of the campaign's money coming from individual itemized contributions came from donations totaling above $500, with 38 percent coming from donations of $1,000 or more. For comparison, in the 2008 election, 40 percent of Republican presidential candidate Senator John McCain's money represented donations totaling at least $1,000, while contributions over $500 made up 63 percent of his totals.

This analysis takes us only so far, however, because the figures come with major qualifications: They include donations to each candidate's national party committees after each secured the nomination, but they do not include the enormous amounts spent on both sides by 527 committees and other "independent" campaign vehicles. These donors were mostly far more concentrated as will be evident in our discussion of 2012. Even these incomplete figures, though, make it obvious that both candidates were more reliant on big money than many observers acknowledged, though our tabulations may exclude some unitemized funds that flowed into the campaigns from smaller campaign organizations.

For 2012, we have tried to piece together the whole picture or as much of it as current reporting requirements permit. This time, our figures include not only the regular presidential campaign committees but also the 527s, Super PACs, and other forms of independent expenditures that supported those campaigns. We also combed the reports of these latter expenditures for unitemized contributions and include such contributions in Table 1, which displays the outcome of our research.

The new figures throw important light on many hotly discussed features of American politics. If campaigns truly represent a groundswell of the sentiments of ordinary Americans, then the profile of campaign donations by size should be shaped rather like a pyramid—with most money streaming in from small contributors. Over that wide base might then rise ever smaller layers of bigger contributions. If, by contrast, candidates reflect preeminently the interest of a handful of larger donors, we should expect to find the reverse—a structure resembling the Seattle Space Needle or even perhaps an upside-down pyramid. An interesting halfway situation might look like the weights on a barbell, with blocs of giant contributors perching at the top of a distribution reflecting serious input from many smaller contributors. A shape of this kind would inevitably raise suspicions that the campaign really functions like publicly owned corporations in the stock market, in which masses of smaller shareowners are typically dominated by blocs of deep-pocketed donors owning enough shares to maintain effective control.

At the same time, important differences may exist either between the parties or within each regarding small donors. According to a venerable tradition, for example, Democrats differ from Republicans in the roles afforded labor and groups representing ordinary voters. But similar claims have been made within the Republican Party by champions of the Tea Party.

Judgments about whether political candidacies embody the spirit of the people thus reasonably begin with an assessment of the unitemized contributions. Table 1 pins down the facts. Look first at values for the major parties' final candidates. Small donations comprised almost twice as large a percentage in President Obama's campaign as in Romney's. This is important and, on its face, appears to support claims advanced by the president's campaign.

Table 1
Breakdown of All Itemized Contributions, Grouped by "Firms," Percentages of Totals Including Super PACS, Independent Expenditures, and Other Forms of Big Money (in %)

Total amount	Obama	Romney
$200 (unitemized)	37	18
≤ $250	2	1
$ 250–500	2	1
$500–1,000	3	3
$1,000–10,000	15	17
$10,000–100,000	21	23
>$ 100,000	20	36

Amount	Santorum	Perry	Paul	Huntsman	Gingrich	Cain	Bachmann
$200	38	4	48	4	29	57	73
≤ $250	4	1	4	1	3	6	3
$250–5,000	5	2	4	1	2	7	4
$500–1,000	6	6	6	4	4	9	4
$1,000–10,000	16	57	2	16	13	15	14
$10,000–100,000	3	10	4	5	1	1	0
>$100,000	29	20	11	67	47	5	0

Source: FEC and IRS, see text.
Note: Rounding makes 0 mean less than 0.5% of total money. Because of rounding, columns may not sum to 100%.

But there is more to the picture. The second take is different. When one takes into account all contributions to the presidential campaign from whatever source, including corporations, and groups them by their final sources in individual "investing units" (again, think "firms" in the special sense earlier explained, which includes individual investor contributions too), the extent to which both campaigns depend on big donations emerges. For both parties, contributions of $10,000 or more loom larger than unitemized donations.

Many discussions of political finance brush off donations of $250 as though they are inconsequential. We disagree sharply; we continue to believe that contributions on that scale, particularly if they are not one-time payments, represent a lot of money for most households. But for the sake of argument, let us set that issue aside. We think it is safe to conclude that relatively few American households earning less than about $500,000 make many political contributions of $500 or more.

Estimates of who qualifies as a member of the now-famous 1 percent of top income earners vary, not least because of the staggering inequalities at the top of the pyramid. Citing a Congressional Budget Office study, *The Economist* (2012) suggested on the basis of figures for 2007 that the cutoff might be as low as $347,000; other, perhaps less careful estimates put the threshold higher—at somewhat over $500,000 (e.g., Bell 2011). In any case, we think it is reasonable to treat contributions over $500 as coming largely from the 1 percent. This leads to a significant conclusion that both major party campaigns float their campaigns on the basis of appeals to the 1 percent—fully 59 percent of the president's campaign funding came from that quarter (56 percent if one applies the higher threshold of $1,000) while 79 percent of the funds mobilized by Romney's campaign originated there.

If one reckons, as we suspect many politicians and campaign fundraisers do in practice, simply in terms of the itemized contributions (because those are so much easier and cheaper to chase quickly in campaigns),[25] the major party candidates' dependence on the 1 percent becomes breathtaking: Almost two-thirds of the itemized financing for the president's campaign came from donors contributing more than $10,000, while more than 70 percent of the Romney campaign's financing came from donors of that scale (not shown in Table 1). By that metric, both major party presidential hopefuls relied on donors giving $1,000 or more for about 90 percent of their funding.

This is what has been hidden by the inability to frame true totals embracing both corporate and individual money. What both major investors and candidates have long known intuitively—that a relatively small number of giant sources provide most of the funding for successful major party candidates—is true. The relatively thin stream of small contributions simply does not suffice to float (conventionally managed) national campaigns, and all insiders know it.[26]

At the same time, we caution that the two major (presidential) parties are not identical in their reliance on small donations. More than a dime's worth of difference still separates them—smaller donations appear to be almost twice as important to the Democrats. Direct financial contributions to the presidential race by labor unions are relatively low—about $47 million in 2012 according to our data.[27] If one assumes that the unitemized funds come mostly from unorganized average Americans, then something recognizably like a second-generation, bleached-out model of the old New Deal party system still appears to function in the twenty-first century party system: The 1 percent largely funds both parties, but average Americans continue to have a more substantial foothold among the Democrats (see Ferguson 1995).[28]

Perhaps unsurprisingly, in the general election the two major party presidential campaigns resembled each other in another way as well: Contrary to what we at one time expected, their total spending ended up to be fairly similar. The wide range of other committees that also spend for ostensibly different reasons during presidential campaigns makes a single estimate difficult and double counting an occupational hazard. But a reasonable summary that takes a wider view of total receipts than we do here suggests that the differences between the campaigns in the end may have amounted to as little as $6 million out of nearly $3 billion spent between them (Blumenthal 2012).[29]

The dependence on the 1 percent immediately raises questions about the precise nature of each campaign's "base." Before we take up that puzzle, it is necessary to resolve the question of the differences within the Republican Party, in particular whether Romney's opponents, especially the Tea Party candidates, represented a popular upsurge from below or were in whole or in part cat's paws of major investors, big business, or some other segment of the 1 percent.

The statistics in Table 1 provide the answer, which is somewhat surprising. Bachmann, Cain, and Ron Paul attracted truly significant percentages of unitemized funds—essentially half or more of their funds. Though we suspect that Republican donors are likely to be somewhat wealthier than most Democratic donors, we do not doubt that most of this money streamed in from people reasonably described as "average Americans," too. Gingrich and Santorum also attracted significant amounts from this quarter. By contrast, Huntsman's and Perry's contributions of this type were plainly derisory.[30]

When one includes the other, typically much larger, eddies of money that float real presidential campaigns, as Table 1 does, the impression of an upsurge from below for Bachmann and Cain remains. Both campaigns lived mostly off smaller donations. There was, however, a fatal catch to their "populism": The sums raised were not nearly enough to keep them competitive—possibly a warning about the fate of such candidacies in the Republican Party—while their attraction to the legions of the party's heavy hitters remained minuscule. Their thin support made them vulnerable to even slight reverses, as indicated by Cain's being forced out of the race before a single primary by a series of revelations suggesting possible problems with some of the Ten Commandments, not long after evangelical Christian leader Ralph Reed proclaimed him and Bachmann the choices of the religious right (Mantyla 2011).

The campaigns of Gingrich and Santorum were different. Both attracted substantial support from small donors. But in financial terms both campaigns were clearly barbells in shape, with very large contributions pouring in from superrich donors. Ron Paul also attracted substantial support from donors who contributed more than $100,000. PayPal cofounder Peter Thiel and other large contributors backed several Super PACs that waged vigorous campaigns on the Texan's behalf (Paul 2012). This suggests to us that the stereotype of libertarians representing an affluent strand of antimainstream thinking (that is strongly anti-union) holds true, but it is equally clear that Paul's main support came from smaller donors.

By contrast, Perry's and Huntsman's campaigns look like inverted pyramids. Neither attracted small contributors. Huntsman embodies the stereotype of Republican moderates—they are few, far between, and rich. His campaign was top-heavy with donations from a handful of supporters almost as wealthy as his family, which operates a major chemical company and holds a place on the Forbes 400 list. One suggestion in Table 1 about Perry's campaign is interesting. Though some press reports inferred the opposite, his campaign did not succeed in attracting large numbers of really big contributions—evidently big donors had reservations about the Texas governor's attacks on the Fed or, perhaps, his problems with short-term memory in the debates.

Looking Deeper: Sectoral Breakdowns

The evidence thus far indicates that far-right Republicans tapped into real veins of support from ordinary Americans. But that support was thin. Calling it a revolt of ordinary Americans is perhaps a bit of a stretch. Gingrich and Santorum, the two strongest challengers to Romney in the sense that for brief moments each injected at least some suspense into the race, come close to caricaturing an investment theory of party competition, in that politically extreme 1-percenters and other, almost equally affluent Americans were clearly furnishing funds for political appeals that mostly disguised their wealthy origins. But the discussion is perhaps not dispositive, since we have not yet considered evidence about Congress.

Before we take up that topic, we consider the obvious question raised by the evidence of the top-heavy character of the two major party campaigns, one on which conventional electoral analyses of elections cannot shed any light: to what extent do their affluent political bases differ?

We can only scratch the surface of this topic here. Many methods can shed light on this question, including comparisons of geographic origins and analyses involving both amounts and sheer numbers of contributions. This paper has to stick to essentials and present only key results obtained from what we consider the most robust and generally revealing methods.

Here we analyze contributions by investing units, or "firms." The executives and the firms' direct contributions are lumped together under a single rubric because it is important for statistical reasons not to multiply contributors artificially and to ensure that they are not counted twice. Independent private investors with no other controlling firm affiliations are also treated as "firms" in this sense.[31]

Focusing on the percentage of firms that make contributions to candidates rather than the percentage split of total reported money between them is a method that is robust to many common pitfalls afflicting campaign finance analysis. But in an era of big data, older objections to comparing totals do not carry quite the weight that they did when donations by corporate executives had to be tracked down one by one. We present results for both, though we caution that the warnings about totals still have great force.[32]

We first break out average levels of contributions for each candidate in Table 2. Then, in Table 3, we compare percentages of financial support for various candidates across sectors. In both, we report (some) results for two different datasets: the first for the entire sample of firms and the second limited to big business, defined as the top 350 concerns in the *Fortune* listing for 2011 along with firms of equivalent

Table 2
Support for Candidates Full Sample and Big Business Only (% of firms contributing)

Candidate	% All (*N* = 25,306)	% Big Business (*N* = 776)
Obama	24	56
Romney	41	76
Bachmann	2	14
Cain	3	16
Gingrich	3	18
Huntsman	2	10
Paul	5	30
Perry	4	18
Santorum	3	21
Pawlenty	2	12

size listed in *Forbes*' roster of privately held firms for the same year, along with the Forbes 400 wealthiest Americans.[33] This second dataset, obviously, amounts to a direct cross-section of Olympus itself and, for reasons spelled out elsewhere, we think it is uniquely useful for understanding politics and policy, though it would be beyond the scope of this paper to delve into that topic.[34] Depending on precisely which question is asked, the number of firms varies because we do not have complete information on every entry in the larger sample and the information required for various analyses differs.[35]

In Table 2, as one might expect, support levels for President Obama and Governor Romney tower over those for rest of the candidates. We are particularly impressed by two facts disclosed in the table. First, Romney does splendidly across many sectors; in that sense, the cliché that the Republicans are the party of business comports with the facts. Second, however, we are also struck by how well the president did with big business even though the customary pattern of patchier Democratic strength across business as a whole holds this time as well. Nothing in all the commentary about the antipathy between "business" and the Obama administration really prepares one for these results or the evidence that some major sectors actually preferred Obama to Romney. Though the evidence is less than perfect, we suspect that the president probably enjoyed substantially higher levels of support within big business than most other modern Democratic presidential candidates, even those running for reelection.[36]

When one examines differences between the two candidates in specific sectors, the picture becomes subtler and more interesting. Here we have far more evidence than we have space to present, though we also need to caution that the smaller number of big businesses often leaves more room for statistical uncertainties. Table 3 breaks out three clustors of sectors that we think are particularly important to understand. Support for Romney is extremely high in industries that have been heavily engaged in battles over climate change, alternative energy, and regulatory policy, including oil (where the Romney advantage in both big business and the sample as a whole approaches Himalayan dimensions), mining (including many coal companies), chemicals, paper, and utilities.[37] (Note that in Table 3, Romney's percentage of the money total is simply Obama's percentage subtracted from 100 percent and that the percentage of the money total in chemicals and paper is heavily tilted toward Romney. The statistical tests that Table 3 reports are for differences in the percentage of firms supporting Obama and Romney in each sector, not the money split. Where no level is reported, the difference is not statistically significant.)

Our statistics allow us to pin down an answer to a question that intrigued many observers from the moment that Romney emerged as the president's prime challenger: Exactly how strongly did the financial sector and Wall Street support each candidate? The former Bain Capital executive's appeal to finance was obvious, but many analysts also pointed to repeated interventions by the administration that strongly favored Wall Street and "too-big-to-fail" banks (see Admati and Hellwig 2013; Ferguson and Johnson 2013; Johnson and Kwak 2010). To treat this issue with the precision that its importance merits, we coded firms in the financial sector very carefully. We separated, as much as possible, private equity and similar enterprises from general investment banks and hedge funds, believing the distinction to be important because the former actively manage companies and thus routinely engage on a wide range of labor issues.[38]

As Table 3 shows, the former Massachusetts governor's advantage among private equity firms was enormous. It narrowed among hedge funds and investment houses, but only modestly, when one counts by firms. But the president did attract substantial amounts of money from the investment banks and hedge funds that rallied to him. The result stands in some contrast to 2008 and many previous elections, in which major financiers disproportionately supported Democratic candidates (Ferguson 1995). Among commercial banks in the big business sample, however, there is a fascinating wrinkle. In the sample as a whole, banks were less supportive of the president than other businesses were and they backed Romney strongly. Banks in the "big business" sample—which includes all the "too-big-to-fail" banks—however, show vastly higher levels of support for the president than do most other sectors of big business when reckoned by the percentage of firms that contributed. But by the same measure, their enthusiasm for Romney was even greater and the split in contributions greatly favored him. Indeed, the money split hardly differed from that of banks in the full sample. Because this pattern is unique to banking, conjectures that the large banks were somehow simply trying to hedge their bets can be dismissed. Our conclusion is nuanced: Romney was the clear favorite of high finance in 2012, but the president did garner strong support from a minority on Wall Street, and almost everywhere among the "too-big-to-fail" banks at least some support could be found for the man who promoted Tim Geithner from president of the Federal Reserve Bank of

Table 3
Industry Differences in Major Party Candidate Support 2012: Firm Contributions and Distribution of Money (in %)

Industry (*N*)	Obama % of firms	Obama % of money	Romney % of firms
Mining (41)	20	14	68**
Coal mining (227)	11	3	48**
BB only (6)	33	4	83 (.18)
Paper (48)	42	16	73**
BB only (6)	83	35	83
Chemicals (140)	42	37	65**
BB only (15)	69	33	88 (.08)
Oil (4,057)	23	24	40**
BB only (67)	48	7	85**
Utilities (159)	48	40	58* (.03)
BB only (31)	90	29	100
Insurance (4,072)	13	24	29**
BB only (32)	75	34	88 (.10)
Private equity (181)	38	18	61**
BB only (47)	19	19	57**
Invest. banking & hedge funds (5,253)	26	33	48**
BB only (53)	38	48	60 (.07)
Commercial banking (2,902)	16	28	35**
BB only (20)	75	27	95 (.05)
Health (245)	55	42	65**
BB only (20)	68	89	68
Health insurance (49)	88	70	84
BB only (9)	100	49	100
Pharmaceuticals (574)	47	46	41 (.04)
BB only (15)	73	55	93 (.08)
Defense & aircraft (54)	56	50	67 (.20)
BB only (9)	100	49	78
Electronics (176)	64	37	61
BB only (11)	91	28	91
Telecommunications (202)	60	74	59
BB only (59)	59	62	56
Software & Web (271)	69	53	58**
BB only (28)	57	51	54
Computers (76)	63	68	59
BB only (20)	65	28	65
Manufacturers for Web (67)	64	41	60

Source: See text.
Notes: BB only = only firms in big business in the industry just above. ** differences between percentages of support from firms for Romney and Obama are significant at the.01 level using the McNemar test and repeated logistic model. Other significance levels are reported in parentheses; if nothing is reported, the differences are insignificant.

New York to secretary of the Treasury and reappointed Ben Bernanke as chairman of the Fed (Ferguson and Johnson 2009a, 2009b).

The pattern of presidential choice in various parts of the health-care industry is interesting. Romney did very well in the pharmaceutical industry, but Obama did even better, especially by comparison to his general level of support across business as a whole. Evidently, the famous deal between the Obama administration and the industry that eased passage of the president's health-care legislation left a legacy. By contrast, Romney led the president in most other parts of the health-care industry, with his margin widening among the smaller firms that populate the full sample more heavily. The health-care insurance industry is known to have played a particularly devious game: Leaked documents indicate that the industry made a substantial effort to appear cooperative with the administration, while in fact pumping up opposition to the health-care bill (Fang 2013: 136–46). Our statistics for that sector and probably for the big business end of the health-care industry do not fully reflect the real focus of these industries' election efforts

Results for the final group of industries that we consider here are extremely suggestive about the future of American politics and, alas, the issues of surveillance and cooperation with the government that this paper opened with. We are fairly confident that the behavior of these industries in 2012 differed from their conduct in earlier elections, though the evidence is less than conclusive. Both candidates attracted wide support among firms in telecommunications, computers, telecom equipment manufacture, electronics, and software, but the president led Romney in all of these if one counts the percentage of firms contributing, garnering particularly lopsided support from software and web companies.[39] If one compares levels of contributions, the president's advantage widens in telecommunications and software, though not in all the other industries.

Executives from many of the biggest firms recently revealed to be major players in the NSA's surveillance programs, including Google, Microsoft, Verizon, and Apple, were contributors to Obama's campaign. Given the importance of these sectors in the U.S. economy, the famous Romney remarks associating political support for Democrats with the 47 percent of the population supposedly intent on government handouts or press spins that Republicans promote business while Democrats protect anxious voters look remarkably wide of the mark. On the basis of the thin evidence available, the president also appears to have done better than most recent Democratic presidential aspirants across manufacturing as a whole, and his support from defense and aircraft producers was essentially as high as

Romney's, even among the large firms. It should surprise no one that producers of guns and ammunition, by contrast, lopsidedly favored the Republican candidate, though the number of firms in the industry is small and we do not include it in the entry for the larger sample in the table.

We have more data about the Republican "also rans" than we can display here. We are intrigued by evidence in Table 2 of what we regard as a relatively high level of interest among big businesses in the Republican fringe candidates; certainly there is no evidence their appeal for small businesses was stronger. Other generalizations are necessarily limited because of much smaller numbers of contributions, so we do not summarize our results in a table. No one will be surprised to learn that Gingrich did especially well among casino operators and attracted significant support from defense contractors as well as a small part of the telecommunications industry (he has long excitedly talked up the latter and for a long time enjoyed close relations with some firms [see, e.g., Ferguson 2001]). In addition, he garnered support from major real estate developers, though the many smaller firms in that sector in our full sample showed far less interest.

Santorum displays a pattern similar to Gingrich's in real estate, being popular only with some major firms. Otherwise, his appeal was distinctly limited; he drew some support from the coal industry, which, has long operated in his home state. He also attracted some oil money and, consistent with some protectionist appeals he made, mustered minor support from glass, steel, and other manufacturers. Some of his principal financial backers celebrated for their religious concerns detested the Environmental Protection Agency and, of course, taxes (Matthews 2012).

Bachmann and Cain attracted so little support that their statistics in individual industries look almost like random scatter. The case of Ron Paul is more interesting. Perhaps most striking is the dog that did not bark in a party where its voice is typically one of the loudest: finance. Paul has been heavily critical of the Fed and has long championed a return to the gold standard. Judging from the evidence of his presidential campaign committee and principal Super PAC, this prospect attracted scarcely anyone in finance, especially not its largest operators. Regulated transportation industries apparently found his libertarian appeal interesting and so did some firms in coal, paper, chemicals, and oil, which all face regulatory challenges, especially regarding climate change. Some support for the siren song of total deregulation could also be found in telecommunications, though the pattern (not shown in the tables) is very interesting: Big firms in the industry showed little interest—enthusiasm came from smaller firms. In general, we think that Paul's sectoral appeal in a twenty-first-century business structure merits more attention than it has received.[40] It is likely wrong to see his emergence simply as an atavistic revival, though his thin appeal among large firms looks a touch ominous in the light of the ongoing revelations about their role in surveillance programs. The bigger firm's coolness to the Texan may signal a turn toward overt "corporatism" among the giants.

The Right Stuff

The findings about the relative weakness of far-right and Tea Party primary challengers alone would raise questions about fault lines within the Republican Party. But post-election efforts by Republican strategist Karl Rove and other Republican leaders long associated with big business to organize a PAC that would oppose Republican candidates whom the organizers regard as too far to the right lend greater interest to such an inquiry. This, too, is something that our dataset should be able to illuminate, but we have to acknowledge at the outset that our findings are less than complete.

This is only partially because the topic can be usefully investigated in more ways than we have space to present here or because of the peculiar features of congressional elections, in which candidates routinely form joint committees to raise funds. Those are soluble problems. Alas, a much weightier difficulty shadows research into these issues: Many Tea Party donors appear reluctant to disclose their identity. They try to hide, using methods that the Supreme Court and the FEC have teamed up to create for them. Although the problem is not unique to the Tea Party, it is particularly significant here.

In principle, the most obvious way to investigate the Republican fissures is to compare the financing of Tea Party and related right-wing groups with that of more "mainstream" Republicans, as in the analysis above. This could plausibly be done in at least two different ways. The first is to compare contributors to Tea Party Republicans with contributors to other House Republicans. The second is to look directly at major outside groups that finance Tea Party challenger candidates and have helped to organize the movement.

The second way, unfortunately, is much easier to describe than to implement. Several groups with large budgets, including the Club for Growth, Americans for Prosperity, and FreedomWorks have played prominent roles in supporting right-wing insurgencies (Fang 2013; and the organizations' reports to the IRS and FEC).[41] The Club for Growth, which is connected to many related committees using variations of the name is extensively involved in financing Tea Party campaigns and reports its activities. An analysis of its filings for the 2012 election cycle shows that it spent over $1.5 million on behalf of Tea Party–supported candidates and over $750,000 trying to defeat what we term more mainstream Republicans.[42] An unwary observer, indeed, might jump to the conclusion that it is the Tea Party's ATM given its ubiquitous support of that movement's candidates.

But this is not correct. Close reading of sometimes-patchy reports indicates that other groups, notably Americans for Prosperity and FreedomWorks, also expended millions of dollars (Fang 2013). An observer who tries to follow this money, however, does not get very far. The Super PAC FreedomWorks for America, for example, lists some donors but also reports millions of dollars in contributions from another entity with virtually the same name on which no further information is supplied. Such devices, sometimes referred to as channeling "dark money," are legal, but they mock efforts to analyze the sources of contributions such as those discussed above. Other large sums appear to originate from what unsympathetic observers might call shell corporations (see, e.g., Gardner 2012; see also Fang 2013).[43] It is known that some very large corporations, including Philip Morris, MetLife, BP, and conservative foundations controlled by the Scaife family have supported FreedomWorks, but many of its donors remain unknown (Eggen and Rucker 2009; Fang 2013: 25).

Americans for Prosperity claims to have mounted an independent expenditure campaign against the 2012 reelection of the president, but it has a long history of involvement with Tea Party and local organizations protesting Obama administration policies. Its ties with various oil interests, notably some members of the Koch family, have received wide publicity, though we would caution that some reports about the Kochs appear to be exaggerated (Eggen and Rucker 2009; see also www.sourcewatch.org/index.php?title=Americans_for_Prosperity/).

We, accordingly, defer a direct comparison of the specialized PACs. Instead we take an alternate path. We pool all contributors that we can identify to members of the House Tea Party Caucus, the handful of Tea Party senators, and a few other political committees obviously affiliated with the Tea Party and the far right, such as that of former Alaska governor (and the 2008 candidate for vice president) Sarah Palin. Then we compare these with a similar list for more "mainline" Republicans in the House. This probably does not capture all the organizational support provided on the ground by outside groups, but it should nevertheless yield interesting results.

Once again we break out our results by sector. They are quite intriguing. In both our samples, the much larger group of mainstream Republicans attracts substantially more firms in both big business and business as a whole. But, as Table 4 shows, average rates of contributions to Tea Party candidates differ sharply, at least in terms of the percentage of firms contributing.

In certain sectors, firms' willingness to contribute to Tea Party and similar far-right candidates is much higher. Many of them, once again, almost caricature a list of sectors that have noisily mobilized against the Obama administration. In mining, big oil and gas, chemicals, utilities, and all but the largest utilities, rates of support for Tea Party candidates are far above average—sometimes more than 50 percent higher than support levels among the rest of business in either sample. A substantial number of firms in health care also supported Tea Party candidates, though the pharmaceutical industry shows a most interesting pattern: Firms in the sample of big businesses in that industry support the Tea Party at high rates, although in the full sample, the industry displays an unusually low rate of support.

Firms in defense and aircraft production, along with various parts of the construction industry, appear to like the Tea Party. A portion of the printing and publishing industry was also supportive. The precise significance of the evidence on insurance awaits later discussion, but health care is likely to figure in the concerns of many firms in that industry. Makers of guns and ammunition, not surprisingly, like Tea Party candidates a lot, especially within big business.[44] Rates of support for Tea

Table 4
Tea Party vs. More Mainline Republicans: Average Levels of Support by Firms in Industries Where Tea Party Support Is Much Higher Than Average

Industry of full sample (*N* = 25,306)	Firms (%)	Industry of big business sample (*N* = 776)	Big business firms (%)
Mining	39	Heavy construction (9)	100
Residential construction	70	Chemicals (16)	69 (.06)
Food	42	Utilities (31)	77
Chemicals	34 (.06)	Insurance (32)	66 (.04)
Paper	35	Oil (65)	68
Defense & aircraft	44	Defense & aircraft (9)	89 (.01)
Heavy construction	33	Pharmaceuticals (15)	67 (.09)
Telecommunications	32	Accounting (4)	100 (.02)
Health care	33	Health insurance (9)	100
Transportation	47	Commercial banks (20)	70
Airlines	38	Retailing (50)	58 (.12)
Utilities	39	Industrial exporters (16)	63 (.15)
Health insurance	57 (.07)	Tobacco (3)	(.09)
Brokerage	35	Guns, ammo	67 (.15)
Mortgage banking	42		
Tobacco	30		
Casinos	30		
Printing and publications	30 (.03)		
Retailing	33		

Source: See text.
Notes: Full sample: mainline Republicans, 28 percent; Tea Party, 15 percent. Big business only: mainline Republicans, 72 percent; Tea Party, 50 percent. Significance level for binomial proportions test for difference from Tea Party mean in parentheses; if none indicated, significance level is .00.

Party candidates among bankers as a group was low, but the "too-big-to-fail banks" did pump some money into them, rather obviously as part of their campaign against the Dodd–Frank Wall Street Reform and Consumer Protection Act.[45] The food industry seems to be another case in which proposed regulations sparked interest, the target being the Obama administration's proposal for closer inspection by the Food and Drug Administration (see Mencimer 2010). Regulatory "relief" was also likely an issue in telecommunications and transportation, in which some modest support for Tea Party positions could be found, though in telecommunications that did not extend to the large firms.

If one looks at amounts, the picture is less dramatic. In the sample as a whole, the Tea Party received about 21 percent of all the funds contributed in each sector (not shown in the table). Among big businesses, the average distribution of the money is slightly lower—about 19 percent. In the full sample, though, the Tea

Party received 27 percent of all oil contributions, 33 percent of real estate contributions, and 23 percent of all commercial bank contributions. Other sectors fluctuate but at rates that are not statistically different from the average. The number of big businesses is much smaller, and the smaller sample clouds results. In fact, none of the differences across sectors favoring the Tea Party are statistically different from average in that sample.[46] The difference between the money split and the percentage of firms contributing may suggest a degree of hesitation, at least within big business, though the fact that almost 20 percent of all contributions from big business to the candidates analyzed here went to Tea Party adherents is perhaps the most important finding of all.

Conclusion: The Information Age and the Politics of the National Surveillance State

Our survey of money in the 2012 elections is anything but exhaustive. Plenty of work remains to be done in this area, especially on intra-industry and larger-bloc alignments. But some conclusions appear unlikely to change. First, 2012 was an election in which two exceedingly well-financed candidates clashed. Both campaigns were substantially financed by major investors, and most of them represented one or another form of business. To be sure, labor unions made some substantial contributions that we intend to analyze in a future paper, but especially in the presidential race, they amounted to a small fraction of those from business and the 1 percent.[47] Romney's business support was broad based, but far more backing for the president's reelection came from major businesses than most pre-election commentary indicated. Many are enterprises in leading sectors in telecommunications, electronics, computers, and the Internet. Many have also been prominently involved in the NSA surveillance programs.

Within the Republican Party, a rather clear line of division runs between Tea Party Republicans (and related right-wing groups) and the rest of the party. In both our samples, more businesses supported mainline Republicans than backed Tea Party candidates. But almost one-third of the firms in the big business sample backed Tea Party candidates, with some sectors, such as oil, chemicals, and utilities, offering much higher levels of support.

One can object that Tea Party candidates essentially play a record with one song—deregulation and lower taxes—and that our evidence simply testifies to the elementary truth that American politics is a giant jukebox: Anyone who wants to play the song just inserts money. In part, our response is: exactly. At a deeper level, though, our data about who is paying for the Tea Party are incomplete. They do not reflect the vast sums invested outside the formal electoral process by a series of right-wing groups, foundations, and fortunes, notably the Kochs, but also others, for training Tea Party leaders, assisting with Web sites, communications, and coaching advice, along with direct subsidies (Fang 2013). Still, we think that this paper contributes to answering a key question about polarization in American politics: On the evidence of the 2012 election, regardless of what else they represent, far-right groups clearly draw major support from distinctive blocs of businesses, both big and small. The Tea Party and its allies cannot sensibly be treated solely in terms of mass politics.

Our most important conclusion, though, concerns the roots of the contemporary national security state. Alex Gibney's documentary *Taxi to the Dark Side* was a gripping portrayal of policies on detention and torture famously sponsored by the George W. Bush administration. At the time President Obama took office, many of his supporters expected a radical change in course on national security policy. This did not happen. To be sure, some limitations on the worst excesses were put in place, but there was no broad reversal. The secret programs of surveillance expanded and the other policies detailed earlier on detention, treatment of whistleblowers, and Executive prerogatives relative to Congress stayed in place or broke even more radically with tradition. Officials who had run programs that a series of federal judges condemned as illegal were not prosecuted. Instead, some reappear in the major media as authorities on surveillance issues while working for private concerns whose profits rise with public anxiety about security (Greenwald 2013b).

This paper's analysis of political money in the 2012 election shines a powerful new light on the sources of this policy continuity. It only looked as if the taxi to the dark side were a conveyance of the Bush administration. Our study shows that national Democratic leaders are politically allied with many of the industries closely linked with the new national surveillance state. We have been repeatedly told that we live in an Information Age. So we do—and many of the firms pushing its frontiers forward long ago realized this and determined to profit from it. They now pay the fare, while their political allies in both major parties drive the taxi to the dark side. We do not believe that it would be impossible to strike a reasonable balance between the demands of security and freedom that is in accordance with traditional Fourth Amendment principles and checks abuses of surveillance rapidly and effectively. But a system dominated by firms that want to sell all your data working with a government that seems to want to collect nearly all of it through them is unlikely to produce that.

Notes

1. On Obama's foreign policy, see, e.g., Mann (2012); for partisan division under Obama, see the survey in Ferguson (2011).

2. See the tables but also the discussion in Burnham and Ferguson (2012) and Ferguson (2012).

3. Press coverage has been too massive to inventory here, but the story is probably best followed on the *Guardian* Web site and, especially, through Glenn Greenwald's columns. James Risen of the *New York Times* had earlier written stories pointing in similar directions. For the criticism in the *Washington Post* of the journalists, see Sirota (2013b). Note that Booz Allen Hamilton is owned by the Carlyle Group, a giant private equity firm that famously retains many high level policymakers as advisers.

4. See, e.g., Greenwald's articles in the *Guardian.*

5. A fine review of the legal arguments is presented by Granick and Springman (2013). For apparently mendacious official testimony, see Sirota (2013a); for criminalization see Birch (2011).

6. See also Riley's (2013) discussion of the temporary top-secret clearance issued in 2010 to Google's Sergey Brin more than a year after Google joined Prism, one of the NSA programs. On the payments, see MacAskill (2013). Other important evidence about Google are the Wiki Leaks documents excerpted in Assange (2013); note that these are, however, only excerpts. None of the really big players made even pro forma efforts to challenge the government's early demands, though Yahoo, a not quite first-rank firm, did appeal to the secret Foreign Intelligence Surveillance Court (see, e.g., Sengupta 2013). Subsequent revelations, such as those by Perlroth, Larson, and Shane (2013), confirm that the companies and the government cooperated in important cases; there are also suggestions of some discord at times. But the mere fact of court orders is not good evidence of real disagreement—these may well have been either issued or requested as part of an effort to protect the firms from later customer complaints. It is plain that important documentary records remain to be evaluated.

7. Again, Greenwald's columns in the *Guardian* are perhaps the best sources for facts on particular companies, such as Microsoft and Verizon.

8. For whistleblowers, see Currier (2013); for indefinite detention see the careful discussion in Currier (2012); for killing without trial, see Reilly (2013); for posting links, see Carr (2013). Obvious overkill at many levels of government in response to Occupy Wall Street protests and the conventions was well covered on the AlterNet and Firedoglake Web sites as well as elsewhere. On the doctrine that press freedom covers only regular media concerns, see Liptak (2013). Note that in 2008, then-Senator Obama abandoned his previously stated position that bills granting retrospective immunity to telecommunications firms that had cooperated with the Bush administration's warrantless wiretapping should be filibustered and voted in favor of a bill doing just that (see Risen 2008).

9. Privatization in this realm started under President Ronald Reagan, but accelerated markedly during the Clinton administration. The Bush administration, of course, vastly increased the scale of these efforts, which clearly led to breakdowns in control. Shorrock (2008: 6) estimates that by 2006 about 70 percent of government expenditures for intelligence went to outside contractors. His book has not been updated, but see his excellent articles (Shorrock 2013a, 2013b).

Contract terms between businesses and the state in this area have as yet received little scrutiny, and the subject is too big to discuss here. Nor is much known about the extent of public-private information sharing in this new system, but Shorrock's study leaves no doubt that some of the most prominent firms in this brave new world sell security services to other businesses. The evidence that has surfaced suggests that pressure from the Occupy Wall Street movement tended to bring together the tops of both the private and the public sectors. See, e.g., Hodai (2013) on JPMorgan Chase's interaction with a government-sponsored regional security "fusion" center during the Occupy protests. How much access such centers have to NSA data is unclear, though NSA information is now known to have been widely shared within the government, including with both the Drug Enforcement Agency and the IRS, despite earlier official denials (see Erb 2013; Publius 2012; Schiffman and Cook 2013).

10. For an excellent critique, see Lazonick (2009).

11. Studies reported in the press indicate that congressional voting on the amendment proposed in July 2013 to cut off funding for the existing surveillance programs was heavily influenced by the amount of money representatives received from the "defense industry-surveillance" complex (see Kravetz 2013). These are simple correlations, but their size is extremely troubling. Congressional leaders of both parties also appear determined to block other members of Congress from learning details of the programs (see Greenwald 2013a).

12. See the discussion in Ferguson (2011) and Page, Bartels, and Seawright (2013). Redistricting certainly happens. For some striking cases, see Christoff and Giroux (2013). Note that Democrats also redistrict and definitely win seats in some states because of this mechanism. Concentrations of groups of voters in, for example, urban areas, also surely have some impact. But that feature of American politics is old news; change in polarization over time is hard to account for in these terms.

Many proponents of the redistricting view confuse the small turnouts in Republican primaries with redistricting effects. They are in part effects of long-term Republican efforts to dampen turnout generally, which are not at all identical with redistricting. In effect, Republican elites sought a miniature electorate and now suffer from it (see the discussion in Ferguson [2012] and Burnham and Ferguson [2012]). There is no question that tiny electorates typically make it easier for money to talk; note, again, though, that changes in polarization over time are hard to account for by in these terms.

13. Obviously, the enhanced power of the leadership then become another factor inducing still more contributions by affected interests.

14. For empirical studies within the public opinion tradition, see, e.g., Gilens (2012) and Page, Bartels, and Seawright (2013); see also (Ferguson, 1995, Appendix).

15. The FEC responded that the deletions were an error, but see our comment: Ferguson, Jorgensen, and Chen (2012a).

16. More technically, our basic approach attempts to adapt the principles outlined in Ferguson (1995: chaps. 1 and 4) to the world of big data, though our datasets do not approach the size of efforts celebrated in the press under that name. Fully documenting our methods is impossible here; that will have to wait for when the data become public. But some general remarks may be helpful. We take a relatively narrow view of funding to guarantee as far as possible that donors who are reported as backing a candidate are indeed acting in support of him or her specifically or are clearly attacking their opponents. Thus we focus on contributions to candidates' committees, 527s, and Super PACs that are plainly linked to them, and for presidential candidates, to national committees after the nominee is certain. We are experimenting with wider definitions, but this procedure makes inferences about support unambiguous. We begin by merging the entirety of the IRS and FEC datasets and then laboriously linking and identifying contributors in them using probabilistic matching algorithms that set extremely high standards for matches, followed by hours of manual checking, as mentioned below. This starting point differs from the older Ferguson datasets in Ferguson (1995) or Ferguson (2001), which began with smaller inventories of top executives and major investors and then analyzed contributions from them. In practice, the different starting points do not matter much, because we find that virtually all large firms contribute, as well as most everyone on the Forbes 400 list. The chief difference is the vast increase in the number of contributors examined—everyone on the IRS and FEC lists. We use a broad range of directories to identify contributors; we do not rely simply on reported self-identifications of contributors. This is a difference of first-order importance from many other campaign finance analyses. Another big difference is that we have checked the FEC assumption, which appears to have been accepted by everyone, that reports of contributions received filed by recipients duplicate those of contributions made filed by donors. That assumption is wrong, and we take account of unique18K entries to avoid double counting in arriving at our totals. We also link all 527s, Super PACs, joint committees, and leadership committees to their respective political parties and/or candidates. This step is important: we are able to identify many more Leadership Committees, for example, than the FEC does.

17. For this use of "firm" see Ferguson (1995, esp. chap. 4). Our name-matching methods use algorithms that we developed beyond the manufacturer's base formula. We set extremely high cutoff points for identifications after plotting probabilities over the entire set of identifications. Many hours of manual checking followed to minimize false positives. Our big

business dataset, in particular, is very carefully sifted. But as is the nature of things, some errors are inevitable. We will miss some real contributors and have some false positives. This is to be expected in large-scale data analyses.

18. On the spectrum of political money, see Ferguson (2011). But see also the discussion of "dark money" below. Our methods are poor at picking up contributions from executives below levels recorded in corporate directories who do not identify themselves, as frequently happens. And our focus on individuals and companies means that money from trade associations does not directly show in our tables, though in certain races, that is less of a problem.

19. More precisely, a modified form of the SIC codes. These suffer from serious defects when used as they are for political analysis. For example, the SIC classifications and their more modern North American Industrial Classification System avatars spread oil and other industries widely around in various parts, even at two-digit levels of aggregation. Our data set begins with four-digit codes and modifies them in a few cases, but then relies mostly on the two-digit scheme developed by Ferguson to aggregate at politically meaningful levels. Our oil industry, for example, includes industry branches at both the "13 drilling" and "29 refining" levels. We lack the space to discuss all the issues related to classification. We are working to develop better systems. In most cases discussed in this paper, classification problems are unlikely to be sources of much concern. But there is perhaps an exception that could matter: The effective competitive boundaries of telecommunications, Web companies, and many electronics firms are distinct only in the very short run. For example, many banks worry that Microsoft or Google, not to mention Walmart, might someday enter their industry; Hollywood and television broadcasters have similar anxieties. For this reason, in the discussion below of "industries of the future," we think it unwise to insist on fine divisions within it and readily acknowledge that some analysts may want to group some firms differently. But the problem is hardly disabling for our analysis. The contributions are real and can be flexibly treated. For example, along with the tests by industry, we run a test for these closely related industries all at once (see the discussion below).

One inevitable disclaimer: Beginning, as we do in this paper, with sectors does not mean that analyses should end there. We are clear that intra-industry analyses are extremely important for understanding political dynamics. It is obvious that several cases discussed later in the paper cry out for such analyses; moreover, where partisan splits occur within an industry, one very reasonably wants to know more. See the discussions in Ferguson (1995).

20. The problem is analogous to autocorrelation in time series. Oddly, while social scientists now lavish attention on that, they have been much slower to integrate such considerations into wider studies of legislatures, though spatial statistics as a field has grown rapidly.

21. Note that the three years we use for our House analysis are all years in which incumbent presidents ran for reelection. There is a clear four-year cycle in total political contributions; some of this money may spill over as a kind of "overhead" factor in individual races. We cannot discuss this issue here due to space limitations, but it could perhaps have effects on races in both houses of Congress.

22. One can still object that the correlations are so strong because investors just focus on popular candidates. This "selection" problem has bedeviled studies of congressional elections for many years. The usual approaches to this question involve "instrumental variables" but raise a variety of complex issues. In a study now in progress, we compare several approaches suggested by various statisticians.

23. If our conjecture is correct, the implication for races below the federal level is potentially troubling. If not offset by local ties, then money may have a truly splendid reign. By contrast, candidate characteristics as transmitted in the media clearly matter for presidential elections, at least sometimes.

24. This is our estimate obtained from cross-checking various filings that do not always directly report the figure.

25. A point made to us by various advisors and politicians. Direct mail does work and is extensively used, but it is expensive. Web campaigns are important, too, but if you want to raise several million in a week, fly your candidate into New York and talk about the importance of, for example, holding down capital gains taxes to a group of Wall Street fund managers.

26. Note that this generalization is relative to the issues and position the campaign chooses to run on. Campaigns that offered more to the population could reasonably expect to raise more money from the base. See the discussion in Ferguson (1995).

27. Labor unions also help campaigns in nonmonetary ways, though some of these have to be reported. But so do businesses; indeed, aggressive use of employer communications became an issue in the 2012 campaign. We lack the space for comparisons and discussion, but labor unions make much larger contributions to congressional campaigns than to presidential campaigns.

28. An important caution, though, is that in other races the percentage of small contributions likely varies sharply; presidential campaigns probably bring out proportionally more of them. We expect to present data on these percentages over time in the near future.

29. Our totals are lower, but as explained earlier, they are computed according to very rigorous criteria for belonging uniquely to the campaign—perhaps $1.1 billion for Obama and about $1.23 billion for Romney. A lot of money sloshes around in U.S. elections, and higher estimates with less rigorous standards are not foolish.

30. Our discussion is based on the campaign reports filed by each candidate.

31. See the references in note 17 above for the logic of this usage of "firms."

32. See the discussion in Ferguson (1995, esp. chap. 4). The case for tracking percentages of firms contributing, rather than percentage of money donated, rests mainly on robustness, though the broader social importance of even modest representation within big businesses is almost certainly not strictly proportional to pure numbers. But when so much data on individual executive giving is available, recovering really significant portions of spending on behalf of candidates is easier, though probably less daunting for congressional races than for presidential contests. But we caution that a lot of other money is still missing, as the discussion of dark money below will illustrate. Here, as discussed below, how one treats contributions by spouses may be important. And for sure there are plenty of data errors in the millions of records we inventory. Our experience with cases where archival and other forms of evidence are available persuades us that the discussion of the problems of campaign spending totals by particular firms and investors offered in Ferguson (1995, chap. 4) remain important, though not as compelling.

It should be apparent below that within-sector differences are likely important. Those we will save for another time. See, e.g., the role of insurance in Tables 3 and 4. Note also that because contributions to more than one candidate are possible, tests of statistical significance that do not rely on exclusive portioning, such as those we employ, are required.

33. We include everyone who made the Forbes list in 2011 or 2012, including the "near-misses," so we start with a few more than 400 entries (see the references in note 17 for more discussion). We do not include contributions from spouses unless they, too, are listed in Forbes, though we are increasingly convinced that this procedure probably leads to a substantial undercount of contributions that reflect obvious positions within the industrial structure. The subject is, alas, too complicated for this paper. Following the procedure in Ferguson (1995), we also separate out the Forbes contributors from firms they own or control. The latter make it into our list only if they are themselves giants. This feature may lead to an underestimation of the influence of the Forbes contributors, since contributions made directly from the treasuries of their firms go unlinked. Our general approach is always to

avoid inflating contributions; even these conservative procedures suggest quite remarkable rates of contributions from many, though not all, members of the Forbes 400. Facebook, which became a giant public corporation following a notorious IPO in May 2012, is also included; and we retained one firm from the 2011 list that merged with another on the Fortune list during the campaign.

34. The primary reasons are the importance of scale economies in political action and the relative ease of coping with many—not all—collective action problems. The first has implications for the behavior of suppliers, lawyers, and other entities dependent on big firms, including the press (see the discussion in Ferguson 1995, esp. pp. 24–38).

35. For analyzing the size distribution of contributions, for example, even an entry that names the candidate receiving it and then says "$500—information requested" is perfectly serviceable—and incompleteness is rife. The larger sample contains many small contributors that appear in no business directory we consulted—and we checked most major ones. Of course, there are also many entries for what look like lawyers and, yes, college professors, as well as pure rentiers.

This incompleteness has a corollary that we now underscore. Our results are preliminary, in the sense that we hope to fill out the data set a bit more over time. Subsequent versions of the paper will probably look a bit different, though major conclusions are unlikely to change, especially for the big-business sample, where identification is a problem mostly at lower levels of the firm and in how one treats contributions from spouses (excluded in this paper; see above).

36. Compare the data here with the tables for various elections in Ferguson (1995), which use a somewhat different procedure and, perhaps importantly, smaller samples.

37. The Obama administration's support for nuclear power made it many friends among utilities. This is an intra-industry issue we cannot address here. The "green" character of the president's stimulus program has been widely underestimated (see the discussion in Grunwald 2012).

38. Some major private equity firms also invest heavily in financing firms selling intelligence and electronic services to the government. See the illuminating discussion in Shorrock (2008).

39. Big entertainment firms are a subset of this bloc; thus "Hollywood" shows up there. Not all the differences are wide enough to reach statistical significance, but the consistency of the pattern is worth attending to. Given the potential definitional issues mentioned above, we ran a test on the bloc as a whole for the percentage of firms contributing. As one would expect in the larger sample, the difference between the president's and the former Massachusetts governor's percentages was statistically significant at better than the .01 level. In the smaller big business sample the president's advantage was not statistically significant. Of course, the key difference for this paper is not between the two candidates but between Obama's showing in these industries and his average level of support.

40. Paul's support from service members attracted some interest; he also attracted some interest from certain defense firms. We will consider how these fit into his views on foreign policy another time.

41. The PAC run in the past by then-senator Jim DeMint was another major player.

42. Both amounts reflect only a small fraction of the group's total spending, but these figures are relevant to our discussion here.

43. Facts like these raise questions about some recent claims, made by some social scientists and echoed in the press,that corporations, unlike individuals, tend to the political center.

44. The enormous size of the whole sample means that most apparent differences in rates of support are likely real rates. In the big sample, we report only industries where the rate of support for the Tea Party is 30 percent or more. Guns and ammunition makers just miss that cutoff: they were at 29 percent.

45. Massachusetts Senator Scott Brown was elected with strong support from Tea Party groups, but also received extensive financial support from financiers. He then proceeded to hold up Dodd-Frank on behalf of several large financial houses. See Ferguson and Chen (2010) for the Tea Party and campaign support from financial groups; on Brown and Dodd-Frank, see Bierman and Levenson (2012).

46. In the full sample oil and real estate are significantly different from the Tea Party mean at the .01 level and the banks at the .11 level.

47. Our estimates of labor contributions run higher than most; the differences may be due to definitions in some cases, but not all. Labor appears to have invested about $47 million directly in the Obama campaign and well over $200 million in congressional campaigns. Nearly all of this went to Democrats. The $47 million in the presidential race can be compared with the admittedly imprecise estimates above for the Republican and Democratic presidential campaigns.

References

Admati, A., and M. Hellwig. 2013. *The Bankers' New Clothes.* Princeton: Princeton University Press.

Assange, J. 2013. "Google and the NSA." *Stringer Independent News,* August 24, http://thestringer.com.au/google-and-the-nsa-whos-holding-the-shit-bag-now/#.UhhU8GQa8hY/, accessed August 26, 2013.

Aylward, A. 2013. "Poll: Most See Snowden as Whistleblower Not Traitor." *Wall Street Journal*, July 10, http://blogs.wsj.com/washwire/2013/07/10/poll-most-see-snowden-as-whistleblower-not-traitor/, accessed August 9, 2013.

Bell, K. 2011. "Top 1 Percent: How Much Do They Earn?" Bankrate.com, October 24, www.bankrate.com/finance/taxes/top-1-percent-earn.aspx, accessed September 2, 2013.

Bierman, N., and M. Levenson. 2012. "Senator Brown Sought to Loosen Bank Rules." *Boston Globe,* June 4, www.boston.com/news/politics/articles/2012/06/04/senator_brown_sought_to_loosen_bank_rules/, accessed September 10, 2013.

Birch, D. 2011. "Ex-US Official Gets Probation in Leaking Case." Huffington Post, July 11, www.huffingtonpost.com/huff-wires/20110715/us-classified-leaks-2nd-ld/, accessed August 15, 2013.

Blumenthal, P. 2012. "Obama Fundraising Campaign Best in History." Huffington Post, December 7, www.huffingtonpost.com/2012/12/07/obama-fundraising-campaign_n_2257283.html, accessed August 14, 2013.

Burnham, W.D., and T. Ferguson. 2012. "Why Poorer States Aren't Buying What Romney's Selling." AlterNet, April 9, www.alternet.org/story/154917/why_poorer_states_aren%27t_buying_what_romney%27s_selling/, accessed August 8, 2013.

Campaign Finance Institute. 2008. "Reality Check: Obama Received About the Same Percentage from Small Donors in 2008 as Bush Did in 2004." November 24, www.cfinst.org/press/releases_tags/08-11-24/Realty_Check_-_Obama_Small_Donors.aspx, accessed August 14, 2013.

———. 2010. "New Figures Show That Obama Raised About One-Third of His General Election Funds from Donors Who Gave $200 or Less." January 8, www.cfinst.org/press/releases_tags/10-01-08/Revised_and_Updated_2008_Presidential_Statistics.aspx, accessed August 14, 2013.

Carr, D. 2013. "A Journalist-Agitator Facing Prison Over A Link." *New York Times,* September 8, www.nytimes.com/2013/09/09/business/media/a-journalist-agitator-facing-prison-over-a-link.html?pagewanted=all&_r=0/, accessed September 9, 2013.

Christoff, C., and G. Giroux. 2013. "Republicans Foil What Majority Wants by

Gerrymandering." Bloomberg.com, March 18, www.bloomberg.com/news/2013-03-18/republicans-foil-what-most-u-s-wants-with-gerrymandering.html, accessed August 8, 2013.

Currier, C. 2012. "Cutting Through the Controversy About Indefinite Detention and the NDAA." Pro Publica, December 7, www.propublica.org/article/cutting-through-the-controversy-about-indefinite-detention-and-the-ndaa/, accessed August 9, 2013.

———. 2013. "Charting Obama's Crackdown on National Security Leaks." Pro Publica, July 30, www.propublica.org/special/sealing-loose-lips-charting-obamas-crackdown-on-national-security-leaks/, accessed August 9, 2013.

Economist. 2012. "Who Exactly Are the 1%?" *Economist,* January 21, www.economist.com/node/21543178/, accessed September 2, 2013.

Eggen, D., and P. Rucker. 2009. "Conservative Mainstays and Fledgling Advocacy Groups Drive Health-Reform Opposition." *Washingon Post,* August 16, www.washingtonpost.com/wp-dyn/content/article/2009/08/15/AR2009081502696.html, accessed August 11, 2013.

Erb, K. 2013. "DEA Passed Secret Data, Tips for Covering Up to IRS." *Forbes,* August 8, www.forbes.com/sites/kellyphillipserb/2013/08/08/dea-passed-secret-data-tips-for-covering-up-to-irs/, accessed August 10, 2013.

Fang, L. 2013. *The Machine.* New York: New Press.

Ferguson, T. 1995. *Golden Rule: The Investment Theory of Party Competition and the Logic of Money-Driven Political Systems.* Chicago: University of Chicago Press.

———. 2001. "Blowing Smoke: Impeachment, the Clinton Presidency, and the Political Economy." In *The State of Democracy in America,* ed. W. Crotty, 195–254. Washington, DC: Georgetown University Press.

———. 2011. "Legislators Never Bowl Alone: Big Money, Mass Media, and the Polarization of Congress." Paper presented at the Institute for New Economic Thinking Second Annual Conference, Bretton Woods, April, http://ineteconomics.org/sites/inet.civicactions.net/files/BWpaper_Ferguson_040811.pdf, accessed April 25, 2013.

———. 2012. "The Devil and Rick Santorum: Dilemmas of a Holy Owned Subsidiary." AlterNet, January 6, www.alternet.org/story/153676/the_devil_and_rick_santorum%3A_dilemmas_of_a_holy_owned_subsidiary/, accessed August 8, 2013.

Ferguson, T., and J. Chen. 2010. "1, 2, 3, Many Tea Parties? A Closer Look at the 2010 Massachusetts Senate Race." Working Paper n, Roosevelt Institute, New York, www.rooseveltinstitute.org/sites/all/files/FergusonFinal_0.pdf, accessed August 18, 2013.

Ferguson, T., and R. Johnson. 2009a. "Too Big To Bail: The 'Paulson Put,' Presidential Politics, and the Global Financial Meltdown, Part I: From Shadow Banking System To Shadow Bailout." *International Journal of Political Economy* 38, no. 1: 3–34.

———. 2009b. "Too Big to Bail: The 'Paulson Put,' Presidential Politics, and the Global Financial Meltdown, Part II: Fatal Reversal–Single Payer and Back." *International Journal of Political Economy* 38, no. 2: 5–45.

———. 2013. "When Wolves Cry 'Wolf': Systemic Financial Crises and the Myth of the Danaid Jar." In *Monetary Economies of Production: Banking and Financial Circuits and the Role of the State Essays in Honor of Alain Parguez,* ed. L. Rochon and M. Seccareccia, 73–98. Cheltenham, UK: Edward Elgar.

Ferguson, T., and J. Rogers. 1986. *Right Turn: The Decline of the Democrats and the Future of American Politics.* New York: Hill & Wang.

Ferguson, T., P. Jorgensen, and J. Chen. 2012a. "Cover Ups Are Worse Than Vanishing Data: The Facts About the FEC's Data Downloads." AlterNet, July 17, www.alternet.org/story/156355/cover_ups_are_worse_than_vanishing_data%3A_the_facts_about_the_fec%E2%80%99s_data_downloads/, accessed October 4, 2013.

———. 2012b. "Response to the FEC on Missing Big Ticket Money Data." AlterNet, July 17, www.alternet.org/story/156368/response_to_the_fec_on_missing_big_ticket_money_data/, accessed August 8, 2012.
———. 2012c. "Revealed: Key Files on Big-Ticket Political Donations Vanish at Federal Election Commission." AlterNet, July 16, www.alternet.org/story/156329/revealed%3A_key_files_on_big-ticket_political_donations_vanish_at_federal_election_commission/, accessed August 8, 2012.
———. 2012d. "Revealed: Why the Pundits Are Wrong About Big Money and the 2012 Election." AlterNet, December 20, www.alternet.org/news-amp-politics/revealed-why-pundits-are-wrong-about-big-money-and-2012-elections/, accessed October 4, 2013.
Gabbat, A. 2013. "NSA Analysts 'Willfully Violated' Surveillance Systems, Agency Admits." *Guardian,* August 24, www.theguardian.com/world/2013/aug/24/nsa-analysts-abused-surveillance-systems/, accessed September 12, 2013.
Gardner, A. 2012. "FreedomWorks Tea Party Group Nearly Falls Apart in Fight Between Old and New Guard." *Washingon Post,* December 25, http://articles.washingtonpost.com/2012-12-25/politics/36015740_1_freedomworks-tea-party-matt-kibbe/, accessed August 11, 2012.
Gilens, M. 2012. *Affluence and Influence.* Princeton: Princeton University Press.
Granick, J., and C. Springman. 2013. "The Criminal N.S.A." *New York Times,* June 27, www.nytimes.com/2013/06/28/opinion/the-criminal-nsa.html?pagewanted=all/, accessed August 9, 2013.
Greenwald, G. 2013a. "Members of Congress Denied Basic Information About NSA." *Guardian,* August 4, www.theguardian.com/commentisfree/2013/aug/04/congress-nsa-denied-access/, accessed August 8, 2013.
———. 2013b. "Michael Hayden, Bob Schieffer, and the Media's Reverence of National Security Officials." *Guardian,* August 12, www.theguardian.com/commentisfree/2013/aug/12/michael-hayden-nsa-media-reverence/, accessed August 17, 2013.
Grunwald, M. 2012. *The New New Deal.* New York: Simon & Schuster.
Hacker, J., and P. Pierson. 2010. *Winner-Take-All Politics.* New York: Simon & Schuster.
Hodai, B. 2013. "Dissent or Terror: How Arizona's Counter Terrorism Apparatus, in Partnership with Corporate Interests, Turned on Occupy Phoenix." PR Watch, May 20, www.prwatch.org/news/2013/05/12112/dissent-or-terror-how-arizonas-counter-terrorism-apparatus-partnership-corporate-/, accessed August 10, 2013.
Johnson, S., and J. Kwak. 2010. *13 Bankers: The Wall Street Takeover and the Next Financial Meltdown.* New York: Pantheon.
Kravetz, D. 2013. "Lawmakers Who Upheld NSA Phone Spying Received Double the Defense Industry Cash." *Wired,* July 26, www.wired.com/threatlevel/2013/07/money-nsa-vote/, accessed August 8, 2013.
Lazonick, W. 2009. *Sustainable Prosperity in the New Economy: Business Organization and High Tech Employment in the United States.* Kalamazoo: Upjohn Institute.
Liptak, A. 2013. "Court Rulings Blur the Line Between a Spy and a Leaker." *New York Times,* August 2, www.nytimes.com/2013/08/03/us/politics/first-amendments-role-comes-into-question-as-leakers-are-prosecuted.html, accessed October 4, 2013.
MacAskill, E. 2013. "NSA Paid Millions to Cover Prism Compliance Costs for Tech Companies." *Guardian,* August 22, www.theguardian.com/world/2013/aug/23/nsa-prism-costs-tech-companies-paid/, accessed August 26, 2013.
Mann, J. 2012. *The Obamians.* New York: Penguin.
Mantyla, K. 2011. "Reed: Cain and Bachmann Will Be the Religious Right's Candidates of Choice." Right Wing Watch, June 1, www.rightwingwatch.org/content/reed-cain-and-bachmann-will-be-religious-rights-candidates-choice/, accessed August 18, 2012.
Matthews, R. 2012. "Foster Friess Is the Climate Denying Moneyman Behind Rick

Santorum." *Green Conduct,* www.greenconduct.com/news/2012/02/09/foster-fries-is-the-climate-denying-money-man-behind-rick-santorum/, accessed August 14, 2013.

Mencimer, S. 2010. "The Tea Party's Food Fight." *Mother Jones,* November 30, www.motherjones.com/politics/2010/11/tea-party-food-safety-modernization-act/, accessed Sepember 12, 2013.

Page, B.; L. Bartels; and J. Seawright. 2013. "Democracy and the Policy Preferences of Wealthy Americans." *Perspectives on Politics* 11, no. 1: 51–73.

Palliota, A. 2013. "Edward Snowden and the Chicago Convention on International Civil Aviation." Pace International Law Review Blog, July 24, http://pilr.blogs.law.pace.edu/2013/07/24/edward-snowden-and-the-chicago-convention-on-international-civil-aviation/, accessed August 9, 2013.

Paul, D. 2012. "PayPal Founder Peter Thiel Throws $2.6 Million at Ron Paul Super PAC." Daily Paul, February 23, www.dailypaul.com/216219/paypal-founder-peter-thiel-throws-26-million-at-ron-paul-super-pac?sss=1/, accessed August 18, 2013.

Perlroth, N.; J. Larson; and S. Shane. 2013. "N.S.A. Able to Foil Basic Safeguards of Privacy on Web." *New York Times,* September 5, www.nytimes.com/2013/09/06/us/nsa-foils-much-internet-encryption.html?pagewanted=all&_r=0/, accessed September 7, 2013.

Publius, G. 2012. "IRS Is Using NSA Data Too. Who In Town Isn't?" Naked Capitalism, August 10, www.nakedcapitalism.com/2013/08/gaius-publius-irs-is-using-nsa-data-too-who-in-town-isnt.html, accessed August 10, 2012.

Reader, S. 2012. "Obama or Romney: Who Raised More Money from Small Donors?" WNYC.org, June 8, www.wnyc.org/articles/its-free-country/2012/jun/08/explainer-did-obama-or-romney-raise-more-money-small-donors/, accessed September 1, 2013.

Reilly, R. 2013. "Eric Holder: Drone Strike to Kill U.S. Citizen on American Soil Legal, Hypothetically." Huffington Post, March 5, www.huffingtonpost.com/2013/03/05/us-drone-strike_n_2813857.html, accessed August 9, 2013.

Riley, M. 2013. "U.S. Agencies Said to Swap Data with Thousands of Firms." Bloomberg.com, June 15, www.bloomberg.com/news/2013-06-14/u-s-agencies-said-to-swap-data-with-thousands-of-firms.html, accessed August 10, 2013.

Risen, J. 2008. "Obama Voters Protest His Switch on Telecom Immunity." *New York Times,* July 2, www.nytimes.com/2008/07/02/us/politics/02fisa.html?_r=0/, accessed September 16, 2013.

Roberts, D. 2013. "U.S. Must Fix Secret FISA Courts Says Top Judge Who Granted Surveillance Orders." *Guardian,* July 9, www.theguardian.com/law/2013/jul/09/fisa-courts-judge-nsa-surveillance?CMP=twt_gu/, accessed August 9, 2013.

Savage, C. 2013. "Extended Ruling by Secret Court Backs Collection of Phone Data," *New York Times,* September 17, www.nytimes.com/2013/09/18/us/opinion-by-secret-court-calls-collection-of-phone-data-legal.html?ref=global-home&_r=0/, accessed September 18, 2013.

Schiffman, J., and C. Cook. 2013. "Exclusive: U.S. Directs Agents to Cover Up Program Used to Investigate Americans." Reuters.com, August 5, www.reuters.com/article/2013/08/05/us-dea-sod-idUSBRE97409R20130805/, accessed August 10, 2013.

Schmitz, G. 2013. "NSA Affaere: Ex-Praesident verdammt U.S. Schnueffelei" [NSA Affair: Ex-President Condemns US Snooping]. *Der Spiegel,* July 17, www.spiegel.de/politik/ausland/nsa-affaere-jimmy-carter-kritisiert-usa-a-911589.html, accessed September 12, 2013.

Sengupta, S. 2013. "Two Email Services Close and Destroy Data Rather Than Reveal Files." *New York Times,* August 8, http://bits.blogs.nytimes.com/2013/08/08/two-providers-of-encrypted-e-mail-shut-down/?ref=business/, accessed August 10, 2013.

Shorrock, T. 2008. *Spies for Hire: The Secret World of Intelligence Outsourcing.* New York: Simon and Schuster.
———. 2013a. “Meet the Contractors Analyzing Your Private Data.” Salon, June 10, www.salon.com/2013/06/10/digital_blackwater_meet_the_contractors_who_analyze_your_personal_data/, accessed August 9, 2013.
———. 2013b. “Put the Spies Back Under One Roof.” *New York Times,* June 17, www.nytimes.com/2013/06/18/opinion/put-the-spies-back-under-one-roof.html, accessed August 9, 2013.
Silver, N. 2013. “New Rove Group Could Backfire on GOP.” *New York Times,* February 11, http://fivethirtyeight.blogs.nytimes.com/2013/02/11/new-rove-group-could-backfire-on-g-o-p/?hp&_r=0/, accessed September 12, 2012.
Sirota, D. 2013a. “James Clapper Is Still Lying to America.” Salon, July 1, www.salon.com/2013/07/01/this_man_is_still_lying_to_america/, accessed August 9, 2013.
———. 2013b. “Meet the Journalists Against Journalism Club.” Salon, July 2, www.salon.com/2013/07/02/meet_the_journalists_against_journalism_club/, accessed September 12, 2013.