Democrats Find Many Big Donors Cutting Support

By MICHAEL LUO and JEFF ZELENY

Many wealthy Democratic patrons, who in the past have played major roles financing outside groups to help elect the party’s candidates, are largely sitting out these crucial midterm elections.

Democratic donors like George Soros, the bête noire of the right, and his fellow billionaire Peter B. Lewis, who each gave more than $20 million to Democratic-oriented groups in the 2004 election, appear to be holding back so far.

“Mr. Soros believes that he can be most effective by funding groups that promote progressive policy outcomes in areas such as health care, the environment and foreign policy,” said an adviser, Michael Vachon. “So he has opted to fund those activities.”

The absence of these Democratic megadonors is contributing to a huge disparity in spending between pro-Republican and pro-Democratic groups. The groups wield huge influence in many House and Senate races because they can take in contributions of unlimited size.

In the last week, Republican-leaning groups outspent their Democratic counterparts on television by more than seven to one on Senate races and nearly four to one on House races across the country, according to data from the Campaign Media Analysis Group, which tracks political advertising. The gap shows few signs of abating, even with the midterm election season in full swing.

The donors’ reluctance stems from a variety of factors, including pessimism about the party’s prospects in November, but also President Obama’s strong condemnations of this kind of independent activity, both during the 2008 campaign and after he was elected.

For Mr. Soros, who was also a big donor in 2006 and 2008, it is a matter of being more focused on pushing to get the policy outcomes he wants than on the electoral process, Mr. Vachon said.
Mr. Soros gave $5 million each last year to organizations supporting the health care overhaul and the climate change bill, Mr. Vachon said. He also contributed $1.25 million this year to America Votes, an umbrella organization for a variety of liberal-leaning groups, which focuses on the voter mobilization that Mr. Soros has supported over the years.

The attention of Mr. Lewis, chairman of Progressive Insurance, also appears to be elsewhere this year. Jennifer Frutchy, who advises Mr. Lewis on his philanthropy, said he was focused at the moment on “building progressive infrastructure and marijuana reform.”

“That’s just where his head is right now,” Ms. Frutchy said.

Many major donors, in fact, seem to be drawing a distinction between continuing to support left-leaning policy organizations and other institutions, and giving money to political groups focused on this election.

Labor unions are still promising to spend large sums of money backing Democrats. But they are not keeping up at this point with the flood of money going to Republican-leaning organizations. The landmark Supreme Court ruling in the Citizens United case this year that eased restrictions on corporate political spending has certainly benefited Republicans, but so has the political environment.

“We’re concerned about it,” said Tim Kaine, chairman of the Democratic National Committee, which is abiding by a pledge to restrict contributions from political action committees and lobbyists. “Would it be easier to take that institutional money? Sure it would be.”

If the imbalance in spending continues, it would mark a reversal from the past, when Democrats held the advantage when it came to utilizing third-party groups that could accept unrestricted donations.

Interviews with Democratic operatives, most of whom would speak only on the condition of anonymity because they were discussing the internal dynamics of these groups, provided a broader portrait of the struggles they are facing as they court megadonors.

For donors, there is certainly an element of fatigue from giving cycle after cycle, as well as an economic squeeze brought on by the recession, the operatives said. But some more ideological donors are also upset that the Obama administration has not been more aggressive in pushing a liberal agenda. Big donors from Wall Street, including hedge fund executives and investment bankers, are also angry at the administration.
It also appears, however, that Republicans have outmaneuvered their Democratic counterparts since the Citizens United decision. They have taken advantage of Democratic broadsides against the ruling, which have inevitably had an effect on the attitudes of Democratic donors.

Mr. Obama devoted one of his weekly radio addresses this month to the effect he said untamed special interests were having on the midterm election. “We can see for ourselves how destructive to our democracy this can become,” he said. “We see it in the flood of deceptive attack ads sponsored by special interests using front groups with misleading names.”

Several Democratic strategists said the White House’s denunciations had made entreaties to prospective donors trickier.

“You can complain about the rules, or you can respond to them and fight back against the people who welcome those rule changes,” said Craig Varoga, who heads up Patriot Majority, which has been supporting Senator Harry Reid in Nevada and has been one of the most active Democratic-leaning outside groups.

Belatedly, some additional Democratic third-party efforts are shaping up. An organization called Commonsense Ten is emerging as a conduit for large checks directed toward Senate races and recently went up on the air with television advertisements in Missouri and Washington State.

The group has been convening regularly with other Democratic-leaning groups — labor unions, women’s groups and others — to coordinate efforts. It has lined up financial commitments to also get involved in the Senate races in Colorado, Wisconsin, New Hampshire and Kentucky, Democratic operatives said. The group is also contemplating jumping into races in Illinois, Connecticut and Delaware.

Over all, though, the group is talking about spending, along with its partner organizations, about $5 million, with commitments from donors so far for about half of that.

In contrast, American Crossroads and its affiliate, Crossroads GPS, the biggest Republican-oriented group involved in Senate races, has said it is well on its way to raising $50 million for this election.

Another group, America’s Families First Action Fund, is shaping up as a major player on the House side among Democrats. But it has not yet even broadcast any ads.
Democratic leaders have been increasingly sounding the alarm about the disparity in
spending, which may be contributing to something of a thaw among donors, or at least more
openness to these efforts.

“It’s a challenging fund-raising environment, to be sure,” said Jim Jordan, a veteran political
strategist who is working with Commonsense Ten. “We’re seeing signs lately, though, of a
growing sense of awareness and urgency and engagement among our donor base.”

Whether that will translate into a late flood of cash remains to be seen.