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Conservative donors stay the course against GOP establishment

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Conservative donors fueling the civil war within the Republican Party are showing no signs of surrender, despite recent losses in primaries and mounting criticism that the groups to which they are giving might damage the GOP's prospects at winning control of the Senate.

The top conservative groups — Club for Growth and Senate Conservatives Fund — have spent more than \$10 million on ads and direct contributions to endorsed candidates in 2014 so far, but they've won only in races where establishment groups were largely on the sidelines or supported the same candidate.

Donors funding these outside groups aren't demanding their money back or questioning how it was spent, even after Sen. Thad Cochran eked out a win in Mississippi's GOP runoff, which had widely been seen as the best opportunity for tea party groups to defeat the establishment this year. In fact, those donors are willing to give even more.

Senate Conservatives Fund is still collecting contributions for a legal fund for Chris McDaniel, whom Cochran defeated — the latest indication that the money backing the conservative insurgency is unlikely to dry up anytime soon.

Donors rejected the idea that ensuring a Republican majority in the Senate was more important than which Republicans made it through the primaries, saying in interviews that they will continue writing checks in hopes of eventually electing more staunch conservatives and libertarians focused on reducing the size of government.

"This is a long-term thing," said Richard Offerdahl, a Nevada-based biotech entrepreneur, who has given about \$300,000 in the last two cycles — the bulk of it to Club for Growth and its endorsed candidates. "It's taken us since Teddy Roosevelt to get to this high-regulation federal situation. It's a mess. We've tried to put patches on patches on patches, and we've created a system that's best for whoever has the best lobbyists. ... It's taken 90 years to get us where we are, it will take another 95 years to get the federal government the way the founders intended."

He also said that primary outcomes weren't the only measure of success.

“The thing that tells me they are having some success is that they are driving the Republican Party kicking and screaming to a more fiscally conservative position,” Offerdahl said. “I love my country a great deal, but I don’t love the political establishment that believes that all problems can be fixed with legislation.”

Specifically pointing to immigration reform and Export-Import Bank reauthorization, SCF President Ken Cuccinelli also said that donors knew his group was having an impact in ways beyond election results. “We have always had a long-term goal of making the Senate more conservative, and there are a number of ways to do that,” said Cuccinelli, the GOP’s Virginia gubernatorial nominee last year. “The most obvious way is to win with conservative candidates but, the [Export-Import] bank and liberal attempts at amnesty are dead or on life support this year due to the efforts of the conservative grass roots.”

Donors realize that their contributions are long-term investments, and the primary losses weren’t going to keep them from giving, said Fred Young, heir of the Young Radiator fortune in Wisconsin. “Politics is politics,” said Young. “It’s an ongoing process. You’ve got to keep fighting.”

Young, who has attended the exclusive donor summits organized by Charles and David Koch and sits on the board of the Koch-founded Cato Institute, has given nearly \$600,000 in disclosed contributions in the last two election cycles. In the 2014 election alone, he has given \$220,000 to Club for Growth and FreedomWorks.

“Sometimes they win and sometimes they don’t. I’ve made no commitments yet, but I’d like to keep giving,” he added.

Several donors also pushed back on criticism from establishment Republicans who have said that they should be more focused on fighting Democrats than funding groups like the Club or SCF.

“There’s a battle going on in the Republican Party in terms of political expediency and standing on principles,” said Allen Simon, a retired Intel engineer in Arizona. “There’s an argument that can be made that if there’s a Republican candidate and an incumbent, you should support them. But I would still say that you have to take some risks to do what’s right.”

“Even if Thad Cochran might have been the 51st Republican in the Senate,” Simon added, “I’d rather support candidates who have both a chance of winning and stand for something.”

Simon, who has given about \$70,000 to Club for Growth and candidates it has endorsed in 2012 and 2014, said he was considering giving Cochran’s GOP runoff opponent Chris McDaniel more money to help pay for legal fees.

“Mississippi is a setback ... this is one might have been a net loss,” he acknowledged. “But that doesn’t mean I regret a dime I’ve spent.”

Donors also argued that a Republican takeover of the Senate won’t necessarily help in reducing the size of the government.

“There is not that much difference between the two parties. They’ve both decided that a few thousand people who live in Washington have all the power,” Offerdahl said. “The Republicans say they are for this, they are for that. But the federal government keeps getting bigger.”

Rob Arnott, an investor and entrepreneur in California, pointed out another similarity between the two parties that has forced him to support outside groups challenging the Washington establishment.

“Both parties value winning above principle; that’s wrong,” he said in an email. “For instance, the party leadership demonizes Heritage Institute, Club for Growth, Senate Conservatives Fund, FreedomWorks, for the simple reason that these groups are willing to disagree with leadership, when it acts without respect for core principles.”

Arnott has given \$1.9 million in disclosed contributions — mostly to outside groups such as FreedomWorks, Club for Growth and SCF and candidates they have backed — in the last two elections.

“Naturally, the left will also demonize these groups, because they have different priorities and principles,” Arnott added. “This leaves these groups appearing to be disrupters from some fringe group, when the reality is that these groups speak for vast numbers who have core principles and feel unrepresented by either party. Hardly a fringe. If members of both parties want their representatives to truly represent them, we need to collectively evict those who pander for votes, and who reliably back leadership even when it’s wrong-headed.”

Despite only one marquee victory — Ben Sasse’s GOP Senate primary win in Nebraska — donors who have supported Club for Growth aren’t turning off the money spigot because they’re not just looking at 2014, said Club spokesman Barney Keller.

Using Pennsylvania GOP Sen. Pat Toomey as an example — Toomey lost to Arlen Specter in 2004 but won in 2010 after chasing Specter from the party and defeating former Rep. Joe Sestak — Keller said donors realize the group’s efforts can yield victories in the long run.

“Our members are great Americans who are greatly concerned with the future of this country. They are disillusioned with the party committees,” Keller said. “Club members are disappointed for sure, but they realize that ... for every Mississippi, there’s a Nebraska.”