

Heitkamp's Victory Proves Oil and Water Still Don't Mix: Oil Sinks Berg

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North Dakota Senate Race (2012)

In politics, shocking things happen every day. Elections have been known to surprise the very people to whom it gives a voice; favorites lose and the underdog pulls through. There is a myriad of local and national reasons behind outcomes like this, including the nature of the race, the nature of the state in the race, state and national forces, and aspects specific to the candidate. These variables can be separated into two categories: campaign and structural. Campaign variables are those the candidates can control, like the way they present themselves and the way they present their opponent. They can choose to have negative or positive advertisement, meaning they either criticize the competition or point out the good that they have done. Structural variables are those factors candidates have no control over, like the political affiliation of the state, the national economy, or presidential popularity. This means that even when polls seem to indicate that the race is leaning in one direction, oftentimes the victor is a surprise.

Nature of the State in the Race

Such a surprise occurred in the 2012 Senate race in North Dakota. Historically, Republican candidates have won the Electoral College votes in twenty-five out of thirty-one presidential elections ("270 to win," 2012). Not only have Republicans won the ticket every year in the presidential election since 1964, at the time of this election they also controlled the legislature as well as the governor's seat. In Congress, two seats recently flipped away from the Democrats toward the Republicans (Jackson, 2012). In light of this, North Dakota should be a safe haven for Republicans, and the 2012 Senate race should have been a shoo-in for Republican candidate Rick Berg. Somehow, in what has been called by Bresnahan—a reporter for POLITICO—the most competitive Senate race in the state in twenty-five years, one in which

advertisements for both the Democratic Party and the Republican Party ran, Democrat Heidi Heitkamp triumphed.

Nature of the Race, State, and National forces

For twenty years North Dakota had two Democratic Senators, Byron Dorgan and Kent Conrad. Congressman Earl Pomeroy, who represented the entire state of North Dakota in the House of Representatives, was also a Democrat. Dorgan, a member of Congress since the 1960s, retired in 2010. Rick Berg ousted Pomeroy from the House; a seat he then gave up to run for Senator, a race with no incumbent. Conrad decided not to run for Senator again, and it is this seat that Heitkamp and Berg vied for (RealClear, 2012).

North Dakota is the only state that does not have voter registration, meaning any citizen older than eighteen can vote, as long as they have lived in the same place for thirty days or more. (Wetzel, 2012). This includes those who might permanently live somewhere else but stay temporarily in the state for work—oilfield workers, for example. This would have a major effect on the overall demographic breakdown of constituents, because oil in North Dakota is a major commodity. Oil companies are pressuring their workers to vote—even going so far as teaching them how to request mail ballots (Wetzel, 2012). Candidates realize this and alter their presentation accordingly—if a candidate had no ties in the oil and energy industry, they would be at a serious disadvantage. Both Berg and Heitkamp have an invested interest in this industry, though Heitkamp's ties are arguably stronger.

Unemployment is a strong local force driving election results. In North Dakota in 2012, unemployment rates dropped to a shocking three percent (Lovin, 2012). In a direct contrast to the rest of the country, it is those doing the hiring that seem to be struggling. Business owners of all

kinds are struggling finding people to fill open jobs, and in some areas of North Dakota it is possible to make \$25 an hour as an unskilled waitress. Full time work is easy to find, and it is even possible to put in overtime if one wishes. This rise of job openings is credited to the Bakken formation—a geologic formation of rock that is soaking with oil. While scientists have been aware of the foundation for more than thirty years, they have only recently found an acceptable method of accessing it—a method put it into practice in 2006. The dropping of unemployment is in direct correlation to the rising of the state economy (Lovin, 2012).

According to the digital addition of National Geographic, the new method of extracting oil is colloquially called “fracking.” In laymen’s terms, “fracking” is drilling downwards for close to two miles, and then extending pipes horizontally (2013). This allows vast amounts of oil to be extracted from the ground with less work, saving time because workers have to drill less vertical holes. The rise of attainable oil and the ease with which it can be accessed has had a direct influence on the local economy.

The local economy plays a major role in how constituents vote; if the economy is doing poorly, voters are prone to be unhappy with whoever is in office. They tend to vote them out and replace them with a candidate who promises change. If the economy is doing well, constituents will most likely want to reelect the incumbent if possible; if not, then they will choose the candidate who is more likely to keep things at the status quo—if not improve them. While the national economy is sluggish, the economy in North Dakota is booming. This is largely credited to the oil and energy boom—an industry in which Heitkamp flaunts her ties to (Jackson, 2012). According to Fox News, oil production in North Dakota in the past five years has increased five times, meaning that North Dakota is responsible for 9.1% of the nation’s oil production in 2012, a huge jump from 2.3% in 2007. Residents in North Dakota are enjoying a jump in per-capita

income as well; up 78% from 2000. At that time, the average working class person took in \$25,592 compared to today's \$45,000 (Jackson, 2012).

A national force outside the economy affecting the outcome of a race is whether or not it is a presidential election year; 2012 was an election year, and as a result a surge of voters turned out on Election Day. During a mid-term election, far fewer cast their ballots because the election is vastly underreported in the media. Constituents either do not know an election is taking place or they don't know either of the candidates or their public policy agendas. According to the official North Dakota government website, in the 2012 Senate race, 320,851 votes were cast. Compare this to 2010, a mid-term election year, when 238,534 were cast (2013).

Presidential popularity plays a major role in all elections, not just presidential ones. If the president is in favor, then his party is going to have an easier time getting into office. This is especially true during presidential election years, when members of Congress are swept into office on the coattails of the president. During 2012, presidential approval ratings nationwide rose from 40-44% to 50-54% (Gerhard, 2013). Barack Obama's reelection and popularity rise played an important role in Heitkamp's victory in the consistently conservative state.

Aspects Specific to the Candidates: Quality Challengers

Though both candidates claim they will work to keep the economy prosperous, Heitkamp has the leg up. She has a solid tie to the oil industry: after her stint as state attorney general she was the head of the Dakota Gasification Company which has a plant that turns coal into natural gas (Jackson, 2012). As a Democratic candidate in a red state, Heitkamp's best chance for election was to run as a moderate. She did just that; during her time as a state attorney general and a tax commissioner she was a strong advocate for North Dakotan oil and coal industries—

something she was quick to remind voters (Wetzel, 2012). A more liberal candidate would argue that the oil and energy industry hurts the environment, and would push for greener means of fueling.

Heitkamp also proves her moderate nature in other ways, such as leading a campaign to amend the North Dakotan constitution (Jackson, 2012). Eventually, the campaign paid off and the local government was restricted from taking control of private land for economic development projects. This went a long way in winning over the hearts and minds of the conservatives in the state. Though some Republicans feel her more liberal view on healthcare will sink her in the red state, voters claim they are more concerned with maintaining economic prosperity (Jackson, 2012).

Both Senatorial candidates support hydraulic fracturing—or “fracking.” The new exploration technique used to extract oil has made North Dakota very prosperous in the past six years (Jackson, 2012). Because of her work in the industry, Heitkamp has more legitimacy speaking on these issues. Jackson, a reporter for Fox News, reports that she is careful to keep arm’s length from Obama; saying many times that—in regards to supporting the oil industry—Obama could be doing more. She is referencing the Keystone XL oil pipeline, which she believes will not only bring more jobs to the country, but also lower the fuel cost nationwide and minimize the nation’s heavy dependence on imported oil. Heitkamp said in a statement that by blocking the Keystone XL oil pipeline, President Obama’s choice was “the wrong one, plain and simple.” Heitkamp claimed that if she were elected to the Senate, she would work with the Republican Senator John Hoeven to overturn the decision. Heitkamp says she would fight for the oil pipeline even if it meant disturbing members of her own party. Remarks as strong as these

might be risky for a Democrat running in a blue state, or even a swing state, but in the red state of North Dakota it will only raise her in the eyes of her constituents (Associated Press, 2012).

It is not only her views of and influence in the oil and energy industry that gives Heitkamp positive name recognition in her state. She has run five times for a statewide office, and once for governor (Jackson, 2012). Though Heitkamp was not able to pull out a victory in the race for governor back in 2000, she was in the lead until late October (Janofsky, 2000). Before elections closed, Heitkamp announced she had breast cancer, which may have had a negative effect on constituents' opinion on whether she was going to be capable of doing the job. The cancer is now in remission, so any doubts voters might have had about her ability to hold office is moot.

While Heitkamp has her knowledge and influence in the oil and energy industry on her side, Berg has perks of his own. Berg was the House representative for North Dakota for two years before deciding to run for Senator—though Mark Jendrysik, a professor at the University of North Dakota, believes Berg didn't hold this office long enough for his policy making to make an impression on voters (Jackson, 2012). For a time, Berg was the majority leader and the Speaker. Before this, Berg was in the state legislature for over twenty years, from 1985 until January 2011. He has almost thirty years of experience of representing constituents under his belt.

Because of his enormous personal wealth and the prosperity of those close to him, Berg was able to outspend Heitkamp 2-to-1 (Jackson, 2012). Federal Election Records indicate that Berg was able to fundraise \$4 million, while Heitkamp only \$2.1 million (Bresnahan, 2012). According to POLITICO, Goldmark and related employees donated \$27,900 to his campaign for Senator, and the Berg Victory Committee donated \$20,000. Wieland, a former business partner,

donated \$5,000 to the North Dakota Republican leadership PAC (Bresnahan, 2012). As a result of his wealthy friends and associations, Berg had almost double the cash on hand than Heitkamp did: \$1.6 million to her \$850,000 (Jackson, 2012). Deep pockets have helped Berg in the past as well; when he ran for the House in 2010, Goldmark-related employees donated nearly \$29,000 to his personal campaign and \$30,000 to the North Dakotan Republican Party (Bresnahan, 2012). Berg is running on the two main issues that helped him get elected to the House: cutting the federal budget deficit and limiting the government's power, and is thought to be the favorite in the race (Jackson, 2012).

Though Heitkamp's quality challenger aspects are numerous, she knows Rick Berg is a threat. In fact, it is because Berg is so great a threat that the former attorney general attacks him and his real estate business with such persistence. Bresnahan—a reporter POLITICO—writes that in 1982, Rick Berg began a company with his three college buddies, Dale Lian, James Wieland and Kenneth Regan. According to Berg's autobiography, the four started Midwest Management Corp. (MMC) in their senior year of college; all they had was a dream and a loan, but together they built a business (2012). Five years later, in 1987, Berg claimed to have ended all ties with MMC, which changed its name to Goldmark Property Management (GPM) in 1994. Two years later, Berg and his three business associates: Lian, Wieland, and Regan, founded yet another real estate business: Goldmark Commercial Corp (GCC). In 2005, GCC changed its name to Goldmark Schlossman Commercial Real Estate Services Inc. (GSCRES) (Bresnahan, 2012).

While the new company, GSCRES, is making Berg rich—he is thought to be worth around \$21 million, making him one of the richest members of Congress—his old business, GPM, is under scrutiny (Bresnahan, 2012). It has been hit with dozens of complaints from its

tenants; it has supposed fire-safety violations, and the Better Business Bureau is not throwing compliments their way (Bresnahan, 2012). Heitkamp is striving to make a connection between Berg and his old business, claiming that GPM is linked with the attempted privatization of Social Security, and that in this respect Berg treats his tenants and senior citizens alike.

While many acknowledge this accusation is rather shaky, the links between Berg and his old company seem to be firmer. A 1995 real estate license lists Berg as an employee of GPM, and until August of 2012, he was listed as senior vice president of the company on their official website. Berg was a spokesperson for GPM in the past, and in a campaign donation made in 2000, the company was listed as his employer, which Berg says now is a clerical error (Bresnahan, 2012). Clerical error or not, Berg does own several apartment buildings run by GMP. Through public documents in North Dakota, POLITICO has put together what appears to be an intricate relationship between Berg and his ex-company. GSCRES leases space from GMP, and the two share not only the same location, but also the same phone number. During the twenty-six years Berg was in the state legislature, he passed bills that would be highly beneficiary to landlords. When questioned about the allegations made by Heitkamp, Berg denied any ties to his ex-company—any employment, management, possession, shareholding, or any other invested interest (Bresnahan, 2012).

The outcome of the race was probably not entirely dependent on the fact that, despite his steadfast denial, the public's opinion of Berg had been tainted through Heitkamp's attacks. However, it does seem to have played a major role in the outcome. Berg was a quality challenger: he had more than enough money to run in the relatively cheap state of North Dakota, and he definitely had more than Heitkamp. Berg not only had twenty plus years of prior state

legislative experience, but also two years serving in the Congress. Name recognition should not have been a problem.

What was a problem seemed to be the Democrats' ideology that the best defense is a strong offense. His two major assets were turned into liabilities: his money—by smearing his business, his business partners, and as a result, his main campaign donators—and his name recognition. Every time Berg would use his successful business and his American Dream success story to prove why he was the right choice, he was reminding constituents about the scandal Heitkamp continued to bring to light. They took something that should have pushed Berg over the top and made it traitorous; it crippled him.

This is not to say that Heitkamp only won by default. Though she fundraised considerably less money than Berg, she raised ten times more than the Democratic candidate for Senate in 2010, Tracy Potter (Jackson, 2012). Her message got across more effectively than Potter's did. Her former career as state attorney general and her past five runs for state office proved that she knew how to run and manage a campaign and that a solid majority of people agreed with her concerning public policy. As head of Dakota Gasification Company, Heitkamp was working on issues near and dear to the hearts of North Dakotans. She is a liberal, but she is careful to keep her distance from her party's leader. Though only a part of her tactic, her attack on Berg's ex-company and her determination to tie him to it was one of the biggest factors in her victory, as it cast doubt on the otherwise stellar candidate.

Politicians ask whether campaigns matter; they feel that sometimes they do and sometimes they do not. In the 2012 Senate race in North Dakota, campaigning undoubtedly mattered. Structural variables were not going to suffice in influencing voter behavior. State forces such as the booming economy cannot be seen as an isolated factor because of the tightly

intertwined aspects of the reasons for this economic success and the role the candidates play in the cause of the boom. National forces such as whether it was a presidential election year or a mid-term election year do not matter alone; if constituents have no strong pull toward one candidate over the other, it will directly affect the number who turns out to vote.

Surprises happen in elections all the time. Forces candidates can control, as well as those that are out of their hands, can influence the outcome. In North Dakota, the favorite, Rick Berg, lost, and underdog Heidi Heitkamp got the seat in the Senate. Local and national economies, presidential popularity, and presidential vs. mid-term election year all affected the outcome of this race. The personal scandals surrounding a candidate, as well as the good name recognition a candidate might have can hurt them or help them, respectively. In the North Dakotan Senate race of 2012, Berg's real estate scandal and Heitkamp's oil and energy-produced popularity were the factors contributing most to the outcome of the race. Campaign and structural variables unavoidably affect results, though in this election it would seem that Heitkamp's campaigning strategy had perhaps the biggest effect of all. Heitkamp highlighted what she had done for the oil and energy community while she was state attorney general, and flaunted her position as head of the Dakota Gasification Company. At the same time, she tainted Berg's campaign by continuing to show what may or may not have been legitimate ties to his first company, which was already shrouded in the tendrils of a scandal.

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