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E delle Relazioni Internazionali

# **Le campagne elettorali negli USA: come sono finanziate**

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Anno Accademico 2012/2013

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## Introduction

“Parties need money if they are to be able to carry out their main political functions: to run election campaigns, to maintain organizations both within the legislature and outside it, and to carry out research into future policy.”<sup>1</sup>

World widely party finance it has always been a matter of discussion. According to experts party finance raises problems for three reasons. Firstly parties who are able to invest large amounts of money in campaigns usually have more chances to win elections. In certain countries vote buying is common (usually Third World Countries and Latina America Countries), instead in western countries such as the United States of America money is usually spent on advertising time on televisions, radios and other media. Secondly due to the fact that parties need money in order to carry out their activities they might accept money from promiscuous subject who are asking for illegitimate favors. Thirdly candidates who strongly desire to get elected for public office have to spend large amounts of money. Usually liberal democratic countries have enacted several laws in order to regulate financial support to parties and campaigns.

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<sup>1</sup> International Encyclopedia of Political Science, Party finance.

This thesis investigate the role of money in campaign in the United States of America. Indeed in the United States candidates spend large amounts of money for campaigns. Data shows that in recent campaigns, such as the 2012 Presidential campaign, candidates who spent millions of dollars actually won the competition. In the United States various Presidents have always payed attention to this phenomenon and they also have called for legislation. All this brought Congress to enact specific legislation that provided specific disclosures and penalties for all subject involved into this context.

This thesis takes into consideration for his study case the United States of America. First of all it is important to notice that chapter one is divide into two parts: paragraph one will speak about The Federal Election Campaign Law and paragraph two will speak about Public funding.

In order to better understand how campaign finance works the first chapter deeply explains current legislation in the United States of America. The author will give some fundamental key elements in order to understand how Congress got to enacted the Federal Election Financial Law in 1971. Moreover chapter one highlights main amendments to the law. Second part of chapter one will explain how public funding is regulated.

Chapter two takes into consideration two recent Presidential campaigns:

Barack Obama's 2008 Presidential Campaign and Barack Obama's 2012 re-election campaign. Chapter two is divide into three paragraphs. Paragraph one will briefly explain the importance of communication into politics. Paragraph two will analyze the 2008 Presidential campaign and main communication innovations Team Obama manage to developed in order to win. Paragraph three will take into consideration the 2012 re-election campaign.

### **Chapter one:**

#### **Electoral Financial support in the United States of America**

In this first chapter the author to explain how electoral financial support works in the United States, and how campaigns and political communication are related.

In first place, is explained how this financial support is regulated by American law; then is highlighted the patterns and changes in recent years. In second place, is examined in depth how public financing is governed in America.

##### 1.1: Laws and procedures: the Federal Election Campaign Act

Electoral financial support issue has always been subject matter for discussion throughout all American history. If one examines data one can see that candidates spend millions of dollars in campaigns. In countries such as the United States, this money is usually spent on buying advertising time on television. In order to understand the current law, one must look back at the first attempt at

regulating election funding.

Theodore Roosevelt was the first President that tried to regulate financial support to candidates. Although he ignored his anti-corporate sentiments around 1903 and received a large amount of money from wealthy capitalists for his 1904 campaign, he was always critical of big corporations; indeed he never hesitated to use the executive office to fragment monopolies or to mediate in labor disputes. In 1905, he called for legislation to ban corporate contributions for political purposes. Hereinafter Congress enacted the Tillman Act of 1907 (34 Stat. 864).<sup>2</sup>

This Act provided for penalties but not an actual enforcement method. Indeed, in the law it was not considered to create a specific Security Commission, it applied only to general elections. There were no existing disclosure requirements for candidates accepting contributions. Since then Congress approved several statutes in order to regulate money influence in politics.<sup>3</sup> It was only in 1971 that Congress decided to approve a specific law regarding financial support: the Federal Election Campaign Act (FECA)<sup>4</sup>. These rules were difficult to enforce due to the fact that there was not a central administrative authority, so in 1974, they were amended. The amendments set limits on contributions by political parties, PACs (Political Action Committee) and individuals. It also created the Federal Election Commission, an independent

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<sup>2</sup> January 26, 1907, 34 Stat. 864

<sup>3</sup> Publicity Act 1 of 1910, 36 Stat. 822, 1911 amendments to Publicity Act, 37 Stat. 25, Federal Corrupt Practices Act 1925, 43 Stat. 1070, 194 amendments to the Hatch Act, 54 Stat. 767, Taft-Hartley Act of 1947, 61 Stat. 136, Revenue Act of 1971: a Summary

<sup>4</sup> February 7, 1972, Pub.L. 92-225

regulatory agency with the aim to administrate and enforce the federal campaign financial law. In 1976, after the Supreme Court Buckley v. Valeo verdict, the law was reformed again. It was 2002, when Congress decide to approve the Bipartisan Campaign Reform Act.

The federal election laws were written broadly by Congress in 1971 and 1974 to cover all monies spent “in connection with” or “for the purpose of influencing” federal elections.<sup>5</sup> Federal Campaign Financial Law deals with three broad subjects:

- 1) Public disclosure of funds raised and spent to influence federal elections;
- 2) Restrictions on contributions and expenditure made to influence federal elections;
- 3) The public financing of Presidential Campaigns.

Before beginning, it is necessary to note that FECA gives specific definitions of some important terms in order to determinate when the rules must be applied. Some noteworthy terms are: election, contribution, expenditure, independent expenditure and election cycle. The law states that “when used in the Act the term election means: a general, special, primary, or runoff election (...)”<sup>6</sup>. This improvement made the law more effective, because it extended regulation to every kind of election, not only to general elections, as it used to be in previous

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<sup>5</sup> Anthony Corrado, “Campaign finance reform: a sourcebook”

<sup>6</sup> §431 definitions (1) (A)

regulation.

A “contribution” is “...anything of value made by a person for the purpose of influencing any election for Federal office”<sup>7</sup>. Another important clarification that FECA distinguishes is between “expenditure” and “independent expenditure”. “Expenditure” is “any purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made by any person for the purpose of influencing any election for Federal office; and a written contract, promise, or agreement to make an expenditure”<sup>8</sup>. An independent expenditure is “expressly advocating the election or defeat of a clearly identified candidate; and that is not made in concert or cooperation with or at the request or suggestion of such candidate, the candidate’s authorized political committee, or their agents, or a political party committee or its agents”.<sup>9</sup> As one can easily see from previous definitions, technically the law dictates expenditure as every payment received by a candidate, so it also includes contributions. However, contributions are considered to be expenditure only when there is “a connection” with the recipient. there will be more clarification later in this paper about restrictions on contributions and expenditure. Last, but not least, “election cycle” is “. . .the period beginning on the day after the date of the most recent election for the specific office or seat that a candidate is seeking and ending on the date of the next election for that office or seat. For purposes of the preceding sentence, a primary

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<sup>7</sup> §431 definitions (8) (A) (i)

<sup>8</sup> §341 definitions (9) (A) (i) (ii)

<sup>9</sup> §431 definitions (17) (A) (B)

election and a general election shall be considered to be separate elections”<sup>10</sup>. This improvement it is very important due to the fact that limits on contributions are calculated for an electoral cycle: this means that individuals can contribute up to a certain limit (currently 2,500 dollars) for primary elections, but can also contribute again up to the limit for general elections, because they are two different electoral cycles. This crucial point it has always been a matter of dispute.

For specific disclosure set for political committees<sup>11</sup> the Act dictates that “candidate committees, party committee and PACs file periodic reports disclosing the money they raise and spend<sup>12</sup>.

Paragraph 432 of FECA lists precisely when a political committees must report contributions they have received and other obligations. It is important to notice that it is not possible to make or receive contributions if the office of treasurer is vacant or without his authorization. The treasurer of the committee has to “keep an account of all contributions received by or on behalf of such political committee”<sup>13</sup>. It is compulsory for the political committee to report the name of the donor, the date and the amount of contribution in case of a) single contribution made by a person exceeding \$50 and/or b) contributions made by a person exceeding \$200 during a calendar year. It is always compulsory to report

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<sup>10</sup> § 431 definitions (25) 1 section 304 © of the Bipartisan Campaign Reform Act of 2002, Pub. L. No. 107 – 155, amended section 431 by adding new paragraph (25) through (26). This amendment is effective as of November 6, 2002

<sup>11</sup> “political committee” § 431 definitions (4), “ authorized committee” §431 definitions (5), “connected organization” § 431 definitions (6)

<sup>12</sup> [www.fec.gov](http://www.fec.gov)

<sup>13</sup> §432 (3) C (1)

identification name, date and amount of contribution if a contribution it is made by another political committee. Last but not least this imposes that the political committee must report “the name and address of every person to whom any disbursement is made, the date, amount, and purpose of the disbursement, and the name of the candidate and the office sought by the candidate, if any, for whom the disbursement was made, including a receipt, invoice, or canceled check for each disbursement in excess of \$200”.<sup>14</sup>

Moving on with analysis, one must now take into consideration restrictions on contributions and expenditure made to influence federal elections. “While most individuals and organizations are limited in their ability to make contributions in connection with federal elections, others are entirely prohibited by law from making contributions or expenditure. The Federal Election Campaign Act has four such prohibitions”<sup>15</sup>. It is prohibited for corporations, labor organization, federal government contractors and foreign nations to make contributions or expenditures to influence federal elections. Originally the law contemplated only the first three organizations; indeed when one looks at paragraph 441 b (the section that regulates restrictions) one notices that it is entitled: “Contributions or expenditures by national banks, corporations, or labor organizations”. FECA affirms that they can not “. . . make a contribution or expenditure in connection with any election to any political office, or in connection with any primary election or political

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<sup>14</sup> Ibidem

<sup>15</sup> Anthony Corrado, “Campaign finance reform: a sourcebook”

convention or caucus held to select candidates for any political office (...)”<sup>16</sup>. One of the biggest problems with enforcing this part of the law is that it is easy to get around the law. In order to better understand how it is possible, one must better understand some details of what Political Action Committee (PAC) is. A Political Action Committee is “a type of organization that pool campaign contributions from members and donates those fund to campaign for or against candidates, ballot initiatives or legislation”<sup>17</sup>. FECA consider an organization as a PAC if: a) at a local level it receives or spends more than \$5,000 during a calendar year b) at a federal level it receives or spends more than \$1,000 during a calendar year and c) at a state level it depends on the state's election law. Technically, contributions directly made by a corporation or a union are illegal; however they can sponsor a PAC, provide financial support for its administration and fund-raising, support administrative costs of a PAC- affiliated corporation or union and solicit contributions from their members. In the recent 2010, case Citizens United v. Federal Election Commission, the Supreme Court formalized that it is legal for corporations and unions to give money to finance independent expenditures related to campaigns. However, this verdict did not alter prohibition on direct contributions to federal campaigns. Currently it is possible to create three different types of PACs: a) connected PAC b) non connected PAC and c) independent expenditure only PAC. The first two types are regulated by the Federal law,

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<sup>16</sup> §441 b (a)

<sup>17</sup> Janda, Kenneth; Berry, Jeffrey M.; Goldman, Jerry (2008-12-19). The callange of Democrazy: American Government in a Global World(10 ed.). Boston: Cengage Learning. p.309.

instead the third category it was added after a judicial decision. A connected PAC is an organization established by businesses, labor unions, trade groups or health organization. It usually raises and receives money from a “restricted class”, that means that usually members of a union will make donations to a PAC that it pursues the same interests as the labor organization, instead managers and shareholders will make donations to a PAC that is related to a corporation. A non-connected PAC is a group with a single-issue program, an ideological mission and Congress members and other politicians or political leaders. It usually raises and receives money from any individual, connected PAC or organization. If one looks at the data one can see that this kind of PAC is growing very quickly. One particular type of non-connected PAC is a Leadership PAC. Due to the fact that elected officials and political parties can not directly give more than the federal limit to candidate, they can setup a Leadership PAC that it is allowed to make independent expenditures. It is important to notice that independent expenditures are not limited by the law; this means that a candidate can receive a large amount of money if it is spent as "independent expenditure". An independent-expenditure-only PAC, colloquially known as Super PAC, is an organization that can raise and receive funds in unlimited political spending independently of the campaign. This PAC cannot make direct contributions to candidate campaign or to a political party, but Super PAC managers can discuss campaign strategy and tactics with candidates. Because of the fact that a limit on independent expenditures does not exist, Super PACs are becoming more and more a matter of dispute.

That understood, it is now easier to understand the last prohibition. According to the law, it is forbidden for a foreign national to directly or indirectly contribute, donate or spend funds in connection with any federal, state or local election in the United States. It is interesting to know that the ban on political contributions and expenditures by foreign national, was one of the 1966 amendments of the Foreign Agents Registration Act (FARA) and it was included into FECA only in 1974. A foreign national is considered to be: a) foreign government b) foreign political party c) foreign corporation d) foreign association e) foreign partnership f) individual with foreign citizenship or g) immigrant who does not have a green card. One must specify that immigrants are allowed to make contributions if the immigrant has a green card indicating his or her lawful admittance for permanent residence in the United States. Also notice that domestic subsidiaries and foreign owned corporations may be subjected to restrictions. At a federal level it is not allowed for a domestic subsidiary of a foreign corporation to setup a federal PAC in order to make contributions if: a) the foreign parent corporation finances the PAC's establishment b) individual foreign nationals participate in PAC's operation, serve as official of the PAC, participate in the selection of persons who operate the PAC, or make decisions regarding PAC contributions or expenditure.<sup>18</sup> On the other hand, at a state or local level it is not allowed for a domestic subsidiary of a foreign corporation to donate funds or anything of value in connection with the election if: a) these activities are financed

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<sup>18</sup> [www.fec.gov](http://www.fec.gov)

by the foreign parent or b) if individual foreign nationals are involved in any way in the making of donations to non federal candidates and committees.<sup>19</sup> Individuals can volunteer personal services to a federal candidate or federal PAC without their time being considered as a contribution as long as the individual is not receiving any other compensation for the service he or she is giving. Despite general prohibition, foreign nationals may contribute in political activities if those activities are not connected to any kind of election. It is also forbidden to make donations in another person's name or make a contribution in cash of more than \$100. There are limits set on the number of contributions and expenditures made by individuals and organizations. Before 1974, the law did not provide any kind of limit on donations or expenditures. After the Watergate Scandal, however, Congress decided to amend to Act and established limits on contributions made by individuals or PAC's and limits on expenditures. The chart below shows how the limits apply to the various participants in federal elections.

<b>Contribution Limits 2013-14</b>					
	<b>To each candidate or candidate</b>	<b>To national party committe</b>	<b>To state, district &amp; local party</b>	<b>To any other political committe</b>	<b>Special Limits</b>

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<sup>19</sup> [www.fec.gov](http://www.fec.gov)

	commitment per election	per calendar year	commitment per calendar year	per calendar year <sup>1</sup>	
<b>Individual may give</b>	\$2,600*	\$32,400*	\$10,000 (combined limit)	\$5,000	\$123,200* overall biennial limit:  <ul style="list-style-type: none"> <li>• \$48,600* to all candidates</li> <li>• \$74,600* to all PACs and parties<sup>2</sup></li> </ul>
<b>National Party Committee may give</b>	\$5,000	No limit	No limit	\$5,000	\$45,400* to Senate candidate per campaign <sup>3</sup>
<b>State, District &amp; Local Party Committee may give</b>	\$5,000 (combined limit)	No limit	No limit	\$5,000 (combined limit)	No limit
<b>PAC</b>	\$5,000	\$15,000	\$5,000	\$5,000	No limit

<b>(multicandidate) 4 may give</b>			(combined limit)		
<b>PAC (not multicandidate) may give</b>	\$2,600*	\$32,400*	\$10,000 (combined limit)	\$5,000	No limit
<b>Authorized Campaign Committee may give</b>	\$2,000 <sup>5</sup>	No limit	No limit	\$5,000	No limit

\* These contribution limits are indexed for inflation.

1. A contribution earmarked for a candidate through a political committee counts against the original contributor's limit for that candidate. In certain circumstances, the contribution may also count against the contributor's limit to the PAC. 11 CFR 110.6. See also 11 CFR 110.1(h).
2. No more than \$48,600 of this amount may be contributed to state and local party committees and PACs.
3. This limit is shared by the national committee and the national Senate campaign committee.
4. A multicandidate committee is a political committee with more than 50

contributors which has been registered for at least 6 months and, with the exception of state party committees, has made contributions to 5 or more candidates for federal office. 11 CFR 100.5(e)(3).

5. A federal candidate's authorized committee(s) may contribute no more than \$2,000 per election to another federal candidate's authorized committee(s). 11 CFR 102.12(c)(2).

It is important to notice that the limits are indexed for inflation and they refer to the year 2013-2014; but this analysis will refer to limits set in 1974.

These amendments were immediately criticized and, after the famous *Buckely v. Valeo* Supreme Court verdict, the law was amended again. The verdict iterates that, when it comes to campaign finance, regulation automatically the legislation must consider two conflicting values: free political speech and government's regulatory power. The first value is protected by the First Amendment, so it is the Supreme Court responsibility to ensure protection. However, it is also important not to create an absolutely free “political marketplace”, nor it is desirable, because it greatly raises the risk of corruption. “In *Buckely v. Valeo* the Supreme Court was asked to consider the constitutionality of the Federal Election Campaign Act of 1971 (FECA), as amended in 1974, and the Presidential Election Campaign Fund Act as constitutional”<sup>20</sup>. The verdict affirmed that certain provisions were

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<sup>20</sup> CRS Report of Congress, page 2

constitutional, such as contribution limitations to candidates for federal office<sup>21</sup>, disclosure and record-keeping provisions<sup>22</sup> and the system of public financing of presidential election<sup>23</sup>. Instead they were declared unconstitutional expenditure limitations; “it was made an exception for presidential candidates who accepted public funding”<sup>24</sup>. In 2002 Congress enacted the Bipartisan Campaign Reform Act (BCRA)<sup>25</sup>. This law amended the Federal Election Campaign Act. In order to better understand this bill, one must understand its background. “Soft money” is considered a donation made to a party organization rather than to a particular candidate campaign. This sum of money can be spent by the party on grass-roots organization, recruitment, advertising, etc.; “it is deposited in a party's non federal bank account and it cannot be used in connection with presidential or congressional elections”<sup>26</sup>. Therefore, soft money is considered an independent expenditure. It is important to remember that this kind of expenditure is not subjected to any restrictions, this means that limits on contributions can easily be ignored. This crucial point it has always been a matter of dispute throughout American history. Indeed, since 1997, both Senator John McCain and Senator Russ Feingold wanted to eliminate soft money and television advertising expenditures. They presented a bill to Congress that was immediately defeated by a Republican filibuster. For years, both the Republican and Democratic parties

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<sup>21</sup> 2 U.S.C. §441 a

<sup>22</sup> 2 U.S.C §434

<sup>23</sup> 26 U.S.C. §900 et seq

<sup>24</sup> CRS Report of Congress, page 3, note 10

<sup>25</sup> Public law 107-155-MAR. 27, 2002

<sup>26</sup> [thefreedictionary.com](http://thefreedictionary.com)

made some proposals, however they reached an agreement. After years Congress reached an accord and enacted the 2002 Bipartisan Campaign Reform Act.

The Act eliminated all soft money donations to national parties, raised the contribution limit of hard money, (from \$1,000 to \$2,000 for an electoral cycle) and banned the use of corporate or union money to pay for electioneering communications”.<sup>27</sup>

This law is considered the first real attempt to limit big money in campaigns. Various groups of individuals, the California State Democratic Party, the National Rifle Association, the Republican Senator Mitch McConnell and the Senate Majority Whip challenged the bill as unconstitutional. In 2003, the Supreme Court, in the case *McConnell v. FEC* upheld the main Act provisions. Moreover in 2010, the Obama administration enacted the Disclose Act (S.3628) that established additional disclosure requirements for federal elections.

The last point to be analysed is public financing of Presidential campaigns. In order to better understand the law it will be analyzed in separated paragraph.

## 1.2: Public Funding

According to American law, candidates do have the possibility to raise money for their campaigns; there are two different ways of doing it: a) private financing and b) public financing. This paragraph takes into consideration how public financing it is regulated. In his 1907 State of Union address President

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Theodore Roosevelt for the first time called for legislation of a public financing program to federal campaigns. It was only in 1966 that Congress enacted for the first time a public funding legislation; however, just a year later Congress suspended this legislation. Despite the fact that that decree was not put into effect, it is important to notice a few things about it. “That law would have made United States Treasury funds available to eligible nominees in the Presidential general election through payments to their political parties”<sup>28</sup>. The money received must come from the Presidential Election Campaign Fund; this fund must be composed by dollars voluntarily checked off by taxpayers on their federal income tax. In 1971, in parallel with the Federal Election Campaign Act, Congress adopted a similar provision. The 1971 Revenue Code Act affirms that the nominee can receive public funding; it also places limits on campaign spending and bans all private contributions for Presidential nominees that decide to accept public money. The 1974 amendments extended the public financing program to Presidential primary elections and Presidential nominating conventions of national parties. Also these amendments were challenged to be unconstitutional; however, the Supreme Court affirmed that limits were constitutional in two separated suits. Minor changes were made in 1976 to public funding provisions, then in 1979 and 1984 changes were related to spending limits for national nominating conventions.

In order to qualify for public funding candidates must certain standards must be

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<sup>28</sup> [www.fec.gov](http://www.fec.gov)

met; In paragraph 9000 et sequ. of the Presidential Election Campaign Fund Act these conditions are to be set. In order to receive funds, in general candidates must “(1) agree to obtain and furnish to the Commission such evidence as it may request of the qualified campaign expenses of such candidates, (2) agree to keep and furnish to the Commission such records, books, and other information as it may request, and (3) agree to an audit and examination by the Commission under section 9007 and to pay any amounts required to be paid under such section”<sup>29</sup>. Other limitations are: 1) candidates must agree to an overall spending limit 2) candidates must respect spending limit in each State 3) public funds must only be used for legitimate campaign-related expenses. Applicant (that can either be a candidate or a convention committee) must then wait for the Federal Election Commission to determine if eligibility requirements have been met.<sup>30</sup> If the application outcome is positive, candidates or convention committees receive a certification stating the amount of public funds to which they are entitled. At this point, the United States Treasury makes the payment from the Presidential Election Campaign Fund. This fund is currently composed of dollars voluntarily checked off by taxpayers on their federal income tax returns; Checking the box does not change the amount of an individual's tax or refund. Before 1993, taxpayers could give \$1 to this fund, later it was raised to \$3<sup>31</sup>.

The Federal Electoral Commission is in charge of supervising all of this process.

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<sup>29</sup> PECFA §9003 (A) (1) (2) (3)

<sup>30</sup> §9005 certification by commission

<sup>31</sup> Public law 103-66

The FEC has the power to be refunded if: a) spending limits are exceeded, b) public funds used not for qualified campaign expenditure, c) remaining funds after all debts have been paid, d) interest is earned on invested public fund or e) spending it is not sufficiently documented.

There are three types of funds: a) primary matching funds b) general election funding c) convention funding. A primary matching fund is available for candidates competing in primary elections. The federal government can match up to \$250 of an individual's total contributions to an eligible candidate. It is forbidden for candidates that are not running for primary positions to receive money from such a fund. It is required for candidates to demonstrate eligibility by showing broad-based public support; in order to do that he or she must raise in excess of \$5,000 in each of at least 20 states. Specific limits are the following: a) \$10 million plus cost-of-living adjustment (COLA)<sup>32</sup> on campaign expenditures for all primary elections, b) \$200,000 plus COLA, or a specific amount based on the number of voting age individuals in the state, on campaign expenditures in each state and c) \$50,000 spending from personal funds.<sup>33</sup> There are some exemptions to these limitations such as certain fund-raising expenses (up to 20 percent of the expenditure limit) legal and accounting expenses incurred only to ensure campaign's compliance. The applicant receives contributions in the form of a check or money order. It is also possible for candidates that are no longer

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<sup>32</sup> "COLA" Cost of living adjustment

<sup>33</sup> §9035 (A) (B) qualified campaign expense limitation

campaign actively in primary elections to still apply for public funds, to pay for campaign debts until late February or early March of the year following the election. However this it is possible only if contributions are deposited in the campaign account by December 31 of the election year.

General Election Funding refers to public contributions that candidates competing in general elections can receive. Presidential nominees of each major party can become eligible for a public grant of \$20 million (plus COLA). In this case candidates must respect some limitations such as limiting expenditures to the total amount of the grant and not accepting private contributions. The chart below show the current limits.

	<b>Primary Candidates</b>	<b>General Election</b>	
		<b>Major Party Nominees</b>	<b>Minor/New Party Nominees</b>
<b>National Spending Limit</b>	\$10 mil. + COLA**	\$20 mil. + COLA	\$20 mil. + COLA
<b>State Spending Limit</b>	The greater of \$200,000 + COLA or	None	None

	\$0.16 x state VAP****		
<b>Exempt Fundraising Limit</b>	20% of national limit	Not applicable	20% of national limit
<b>Maximum Public Funds Candidate May Receive</b>	50% of national limit	Same as national limit	Percentage of national limit based on candidate's popular vote.
<b>National Party Spending Limit for Candidate****</b>	Not applicable	\$0.02 x VAP of U.S. + COLA	\$0.02 x VAP of U.S. + COLA
<b>Limit on Spending from Candidate's Personal Funds</b>	\$50,000	\$50,000	\$50,000

\*Legal and accounting expenses incurred solely to ensure the campaign's compliance with the law are exempt from all expenditure limits.

\*\*Spending limits are increased by the cost-of-living adjustment (COLA), which the Department of Labor calculates annually using 1974 as the base year.

\*\*\*VAP is the Voting Age Population, which the Department of Commerce calculates annually.

\*\*\*\*The national committee of a political party may make special, limited expenditures,

Legal and accounting expenses are not subject to expenditure limit; indeed private contributions can be accepted exclusively for the coverage of these expenses. Candidates are allowed to spend up to \$50,000 from their own personal funds. This spending does not count against the expenditure limit. It is also important to notice that minor and new party candidates can ask for public funding. According to the law, it is considered to be a “minor party” “a political party whose candidate for the office of President in the preceding presidential election received, as the candidate of such party, 5 percent or more but less than 25 percent of the total number of popular votes received by all candidates for such office”<sup>34</sup>. Instead it is considered to be a “new party” “a political party which is neither a major party nor a minor party”<sup>35</sup>. The Federal Election Commission calculates the amount of money that a minor party is entitled to receive by calculating a ratio based on the party's popular vote in the preceding Presidential election to the average popular

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<sup>34</sup> §9002 (7)

<sup>35</sup> §9002 (8)

vote of the two major party candidate in that election. On the other hand, the Federal Election Commission calculates the amount of money that a new party is entitled to receive by calculating a ratio based on new party candidate's popular vote in the current election to the average popular vote of the two major party candidate in that election; the new party candidate receives a part of the total amount of public funding if he or she obtains five percent or more of the vote. It is possible for both minor and new party candidates to supplement public funds with private contributions, exempt some of the fund-raising costs from their expenditure limit; but they are still subject to the same spending limit and other requirements that apply for major party candidates.

Convention funding refers to public contributions that major party candidates can receive in order to cover national Presidential nominating convention. It is also possible for a qualified minor party candidate to obtain some funds based on its Presidential candidate's share of the popular vote in the preceding Presidential election. Party convention committees cannot spend more than the total amount of which the major party is entitled. In this case, legal and accounting expenses are exempted from the legal limitations, but only if they are related to complying with the campaign finance law. Convention contributions count against the donor's annual limit for the party. In addition, it is possible to receive some certain supplemental services from the host state or city government or by local labor or businesses groups. These contributions are usually related to logistic issues such as transportation, furnishings and other equipment needed for the convention.

Public funding always has been a crucial public issue. For years both Republican and Democratic parties have discussed whether it is better to have public contributions for electoral campaigns or not, and if this kind of funding should be the only way to finance campaigns. If one should study the data one can see that less “than 7 percent of American taxpayers chose to make a \$3 contribution to the Presidential Election Campaign Fund in 2010”<sup>36</sup>. Candidates for more than twenty years have opted for public funding. The 1996 campaign intensely changed this common practice; indeed since wealthy capitalist Steve Forbes decided to renounce public financing, matters have changed, and almost of candidates have stopped asking for public funds. In 2000, both George W. Bush and John Kerry refused public financing in primaries, but accepted it for the general election. The first major candidate to refuse any kind of public support was the Democratic candidate Barack Obama.

### Conclusion

In this chapter is the reconstruction of how the Federal Election Campaign Act was born, paying attention to its historical background and to its legislative evolution. In the first section was explained in detail which kind of limitations currently exist on candidates expenditures, and when and how they must be followed. In the second section was analyzed how public funding is regulated.

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<sup>36</sup> Ashley Portero, The End Of Public Funding? Taxpayers, Candidates, Bow Out Of Presidential Election Fund, International Businesses Times, 18 april 2012

## CHAPTER 2:

### **Barack Obama: new political communication strategies**

This chapter will speak about the importance of political communication in campaign. First of all it will briefly speak about what political communication is. Second it will speak about the 2008 Barack Obama's Presidential campaign and the main reasons why it was successful. Third it will speak about the 2012 campaign.

#### 2.1 Campaigns and political communication

When evaluating about campaigns a person instantly think about candidates, political parties, political programs, reforms, and other things. However campaigns are not only about that. Electoral campaigns are strictly in conjunction with another important cause: political communication. Taking a look at the last five or six years it is immediate to notice how all political actors are constantly paying more and more attention to how they communicate, what they communicate and if it is effective. In this section the thesis will examine the importance of political communication into campaigns. In order to better understand this phenomenon this chapter will start the analysis by giving some helpful information.

Since ancient times philosophers, politicians and political scientists have always focused on the art of persuading. According to experts “Politics it is (also) the ability to reason, ability to debate, ability to define terms, in one phrase: the ability to communicate”.<sup>37</sup>

In ancient Greece rhetoric was considered a fundamental skill for all those who wanted to become a politician. The importance of this skill it has not changed from age to age. According to political scientists, rhetoric and symbols are important because they create identity politics. Political communication has an important role into the politics due to the fact that it is about “information or messages” that a politician wants voters to capture. In order to be elected it is important for campaigners to “send the right message”. Researches have shown how different communication techniques can be more effective than others.

Politicians have become more aware of the importance of communication in the twentieth century. Sure enough modern societies have developed specific communication facilities called mass media. Political parties, associations, interest groups and unions are very interested in using media so that they can at the same time build consensus and defeat adversaries. Communication is strictly in conjunction with technology. If for centuries it was hard to communicate with large size of population, things have changed when the radio was invented. The

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<sup>37</sup> Scienza Politica, Il Mulino, Cotta, Della Porta, Morlino.

radio allowed government to reach more subjects than regular speeches. Technology kept moving on and invented a tool that revolutionized communication techniques: television. A lot of researches have been conducted in order to understand how television can influence voters behavior. In first place experts emphasize on the negative role of this instrument; later on the opinion changed into a less negative vision of it, and affirmed that it was not as a negative influence as they thought. Another era of communication have been inaugurate by the internet and the World Wide Web.

This thesis aim is to explain how a good communication strategy can be fundamental for winning a campaign. The analysis takes into consideration the following campaigns: Barack Obama's 2008 Presidential Campaign and the Barack Obama's 2012 re-election Campaign.

## 2.2 My.BarackObama.com: the 2008 campaign

On November 4, 2008 Barack Hussein Obama became President of the United States of America. He was the first African American elected President. However this paper is interested in this event for another reason: Barack Obama's campaign. Before starting to study his communication strategies it is important to specify something about who this person is. Barack Obama was a junior United States Senator from Illinois. Despite the fact that he was not a very known politician, he managed to get elected as President in less than two years. Indeed he announced his candidacy on February 10, 2007, won primary election on August 27, 2008 and won general election on November 4, 2008. Team Obama had to deal

with a big task: how can an unknown politician get elected in such a short time? The answer was: throughout a good campaign. It was fundamental to find new ideas and use new tool. This is the main reason why Obama started building his campaign before even announcing his candidacy; indeed before February 2007, Obama's staff hired expert that could develop a new media strategy. On Team Obama he had experts like Chris Hughes, funding member of Facebook, Joe Rospas, that worked for Blue Slate Digital, Joel Bensons, pollster.

Grass-root support and a new way of campaigning were fundamental in order to make Senator Barack Obama President of the United States of America. It is important to notice that Barack Obama himself wanted to build a campaign with a bottom up approach and apply it to his community organizing experience for politics. <sup>38</sup> Organizing tradition is deep rooted in the American culture. In his famous book “Democracy in America” Alexis de Tocqueville notice that organizing predominate over individualism. Despite the fact that America is world wide known for being an individualist society, in the United States there are a lot of voluntary organizations and most of the population send money to non profit organizations. According to researchers organizing tradition has the following outcomes: it helped to solve social problems and created sense of community. The sense of community is very important to Americans, and it is part of what political

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<sup>38</sup>Newsweek(2008, November 5).”How he did it”.

scientists call civil religion.<sup>39</sup> One of Franklin Delano Roosevelt sound bits is “You've convinced me. Now go out and make me do it”. This statement combine two important American values: organizing and sense of community. Obama's message it is very similar. “Yes, we can” was his slogan and also this sound bit recalled to those traditions. Candidates conduct different campaign, and also sent different messages. While Hilary Clinton and John McCain were more detached from the electorate, Obama was communicating directly to voters. Thanks to the fact that he had chosen community organizing oriented campaign, Barack Obama's underlying idea was to recall to American sense of unity. This factor was very important. It is true that a lot of news papers and researches say that the online campaign and the enormous amount of money were the winning factor. On of this paper's thesis is that the online campaign and the money spent in the campaign were important factors, but all these things separately are not sufficient. What made Barack Obama the President of the United States of America was a complex mechanism. A good message, a lot of money or good organizing skills, charisma are not enough if not all used at the same time. This thesis will analyze some of this factor and will try to explain how he used them.

One of the main factors that helped Obama to win was his successful online strategy. Collin Delany in his “Lessons for Online Communicators in 2009 and beyond” states that “Without the Internet, Barack Obama would still be the junior

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<sup>39</sup> Bellah, Robert Neelly(Winter 1967)."Civil Religion in America".Journal of the American Academy of Arts and Sciences

senator from Illinois”. The massive use of the Internet and social networks ended up being the right choice, not only because it made it possible to raise an enormous amount of money, but it also managed to transform youth voting behavior into a positive outcome. The fact that they choose a youth target goal it is not irrelevant. If we take a look at data, it shows how youth turnout rate have always decreased since 1972 until 2000; the only exception was in the 1992 round of voting.

***Presidential Elections: Voter Turnout for Citizens Ages 18-29 and 30+ <sup>40</sup>***

Voter Turnout - CIRCLE Method			
<i>Year</i>	<i>Ages</i>	<i>Ages</i>	<i>Difference* between age</i>

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<sup>40</sup>[www.civicyouth.org](http://www.civicyouth.org)

<b>Difference* in</b>			
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Source: November Supplements of the Current Population Survey;

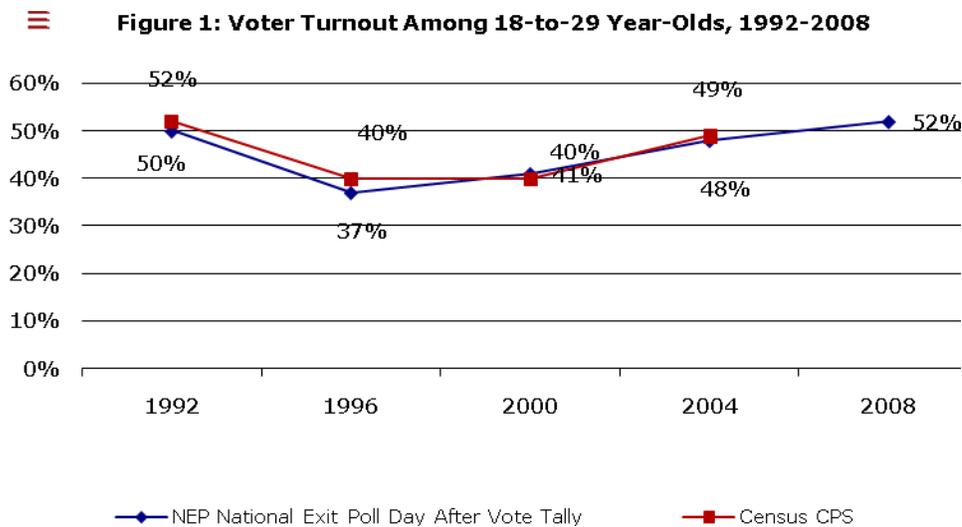
\*The differences reported here were calculated using more precise turnout percentages calculated to five decimal points, and are reported in percentage points.

It is important to note that all national voter turnout percentages that are reported by age are *estimates*. Because age data is not recorded for voters in all states, we rely on the Census Bureau’s November Current Population Survey (CPS) for data on voter participation. For the CPS collection, respondents report on their own behavior, and their answers – including whether or not they actually voted – cannot be verified.

Estimates of voter turnout can be calculated for either all U.S. residents, regardless of their citizenship, or for only those U.S. residents who are citizens and therefore eligible to vote. CIRCLE’s method does not include non-citizens in calculations of turnout.

Data shows that in 2008 election youth turnout, compared with the 2000 one, the percentage of young voters raised around 11 percent; CIRCLE (Center for Information & Research on Civic Learning & Engagement at Tufts University's Jonathan M. Tisch College of Citizenship and Public Service)

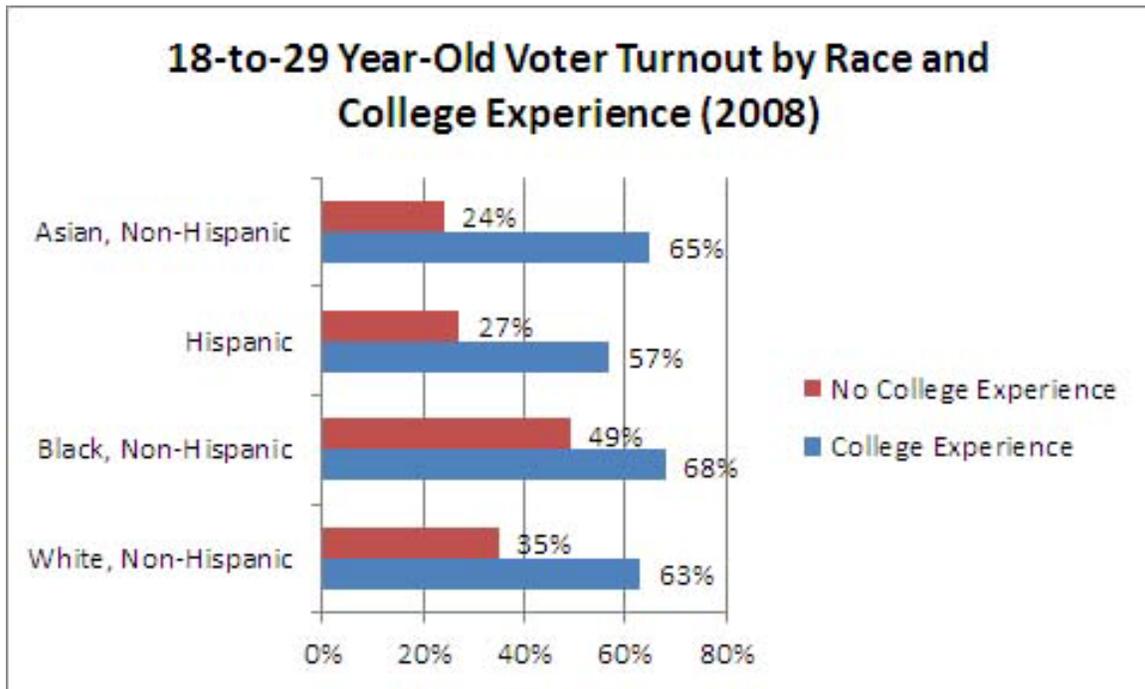
estimated that 23 millions of young Americans have voted in 2008 Presidential elections (Figure 1). Data also shows that cultural gap still remains. “College educated youth are much more likely to vote”<sup>41</sup>. Among people without a high school diploma it is common that they: a) had a lower trust in elections (14% “not at all” confident that votes would be counted accurately) b) supported the health-care coverage more than others (18% compared to 9% overall) c) were racially more different. It is very important to notice that young voters without a high school diploma are more likely to make up their mind later than the rest of voters. (46% in October or later rather than 30% overall). (Figure 2).



Notes: In 2008, youth turnout was estimated based on the popular count projection by Curtis Gans. See endnote #5 for description of estimation methods.

<sup>41</sup>[www.civicyouth.org](http://www.civicyouth.org)

Figure 2:



For the record, youth voting behavior depends on things happening at that specific time in the country and if there is a candidate willing to capture their attention. This means that historical background is important. In the seventies the Vietnam War was a pooling factor for sensitizing young people; protests were conducted mostly by young students, so the Democratic Party nominated George McGovern, an anti-war Senator against Republican Richard Nixon. What is curious is that, despite numbers, the Democratic Party lost general elections. The electorate of 1972 until 1980 was characterized by Baby Boomers (“baby boomer is a person who was born during the demographic Post-World War II baby boom

between the years 1946 and 1964”)<sup>42</sup> that were potentially voting for the Democratic Party, but at the same time they were not voting. Moving on with eighties this decades was characterized by a more conservative tendency. The reason why Generation X (“is the generation born after the Western post-World War II baby boom describing a generational change from the Baby Boomers”)<sup>43</sup> attitudes changed into a more conservative generation, it is due to the fact that Republican Party started to involve more and more youths by organizing events for students. During these events they were able to promote the party and its values. An example of this strategy is the National Journalism Center, that helped lots of young conservative students to find a job. In 1992 Bill Clinton's progressive campaign changed things. What was innovative of this campaign was that it had a youth spirit: rock stars were constantly sending messages that encouraged to vote for Bill Clinton; he also appeared on youth television channels like MTV.

Despite the risk Team Obama's decision to run a youth-orientated campaign had an unexpected positive outcome. The strategy was all about involving young voters into activities and getting them to vote, and it actually worked. As this paper previously said, Obama started working on his campaign before announcing his candidacy; this is the reason why in 2006 students created the Facebook group “Students for Barack Obama,”, and by the time primaries started it had 250,000 members.

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<sup>42</sup> "The Older Population: 2010". U.S. Census Bureau. November 2011. Retrieved June 25, 2010

<sup>43</sup> Miller, Jon D. "The Generation X Report: Active, Balanced, and Happy: These young Americans are not bowling alone". University of Michigan, Longitudinal Study of American Youth, funded by the National Science Foundation. Retrieved October 23, 2012.

This thesis will now explain some of the new tools that Team Obama both volunteers and experts utilized for the 2008 Presidential campaign.

One of the most important features of Obama's campaign was that he hired communication professionals for his online operations. Despite the fact that both Clinton and McCain had Internet campaigns, Barack Obama had a specific new media/ communication director: Joe Rospars from Blue Slate Digital. This meant that he did not see Internet as an extension of a traditional media, but as an environment made by old and new tools. Each member was responsible for a particular tool according to his or her professional skills. This means that reporters were in charge of blogging or communications strategist covered text-messaging and external social network profile. Very important was the fact that Chris Huges, founding member of Facebook, was in charge of the use of social networks for the campaign.

All these experts were fundamental because of the following reason: even before starting, candidates knew that they needed to flood the web space in order to reach as much voters as possible. According to a research about 47% of Americans started to conduct a research on candidates and political issues through the Internet in 2007.<sup>44</sup> Data shows that Obama was spending more money than competitors on online advertising.

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<sup>44</sup>“How America Searches: Election 2008” [www.icrossing.com](http://www.icrossing.com)

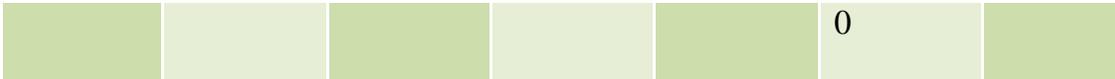
Figure 3: Overall expenses, 2008 Presidential campaign

Expenses	Obama, \$	McCain, \$
Administrative	174,869,970	100,925,578
Campaign	72,936,554	35,324,028
Contributions	45,931,691	29,000,185
Fundraising	30,139,329	17,140,947
Media	427,569,645	129,399,524
Other	8,733,255	75,087,150
<b>Total</b>	<b>760,180,444</b>	<b>386,877,412</b>

Source: Center for Responsive Politics

Figure 4: Media expenses, 2008 Presidential campaign

Candidate	Broadcast	Misc	Internet	Consultants	Print	Total
Obama, \$	244,600,266	133,212,024	26,555,479	2,739,204	20,462,672	<b>427,569,645</b>
McCain, \$	63,492,753	60,517,974	4,654,183	727,154	7,446	<b>129,399,524</b>



Source: Center for Responsive Politics

Figure 5: Social Media Website Statistics, November 8, 2008

<b>Social Media Website</b>	<b>Barack Obama</b>	<b>John McCain</b>
Facebook	567,000	18,700
Facebook Supporters	2,444,384	627,459
Facebook Wall Posts	495,320	132,802
Facebook Notes	1,669	125
MySpace	859,000	319,000
MySpace Friends	844,781	219,463
MySpace Comments	147,630	none listed
Twitter	506,000	44,800
Twitter Followers	115,623	4911
Twitter Updates	262	25
Friend Feed	34,300	27,400
Youtube	358,000	191,000
Youtube Videos Posted	1,819	330
Youtube Subscribers	117,873	29,202
Youtube Friends	25,226	none listed
Flickr	73,076	15,168

Flickr Photostream	50,218	No Profile
Flickr Contacts	7,148	No Profile

Source: Pete Quily

Specialists from ClickZ, after having analyzed Obama's advertising efforts, affirmed that Barack Obama was the one that benefited more from online ads. Their analysis says “ His campaign raked in millions of small payments from online donors, and we can assume much of that cash came in as a result of search and display ads and e-mails sen to those joiners”.<sup>45</sup>

Barack Obama's campaign used in addition free online platforms. The massive use of new media since the beginning of his campaign made possible for Team Obama to be popular both in well-known social networking and less trafficked sites. He had Facebook, YouTube, MySpace, Twitter, MeetUp, Flickr accounts. What they understood it was the fact that people tend to have favorite sites, and if they wanted to reach as much as citizens as possible they had to deal with those favorite sites. The frequency of the updates were another important influence. Frequency depend on the kind of tool used. For example if a person follow Barack Obama on Twitter this means that he ore she might want information at least once a day, instead MySpace users might asked for lass updates. One last tool used was text-messaging. Due to the fact that Obama's campaign was youth-orientated, he

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<sup>45</sup>Kaye, K (2008, June 16)“Clinton needed more search: Q and A Googles's Greenberg”. ClickZ Retrieved from <http://www.clickz.com/3629860>

was the only that potentially would have had a big outcome by connecting with voter through mobile phones. More over this kind of strategy made it possible for Team Obama to get in contact not only with young voters, but also young adults that were not using the Internet to get in reach candidates. Two of main advantages from using text-messages are the following: a) it is possible to reach young voters that replaced phone calls and emails with text-messages b) people usually do not skip reading them. According to Steve Goodstein ( Text messaging director) by the time the campaign was over they had collected more or less than 10 millions cell phone numbers. One of the main reason why Obama's campaigners were skeptical about the effectiveness of text- messaging is the fact that text-messages are not free; indeed in the United States depending on what kind of cell phone plan a person has, it might be possible that the person has to pay to send and receive messages. Despite all that text – messaging was widely use in the campaign. They sent messages not only as reminders for television debates, but they involved voters in order to “get them out to vote”.

Moving on to another factor, this thesis will now speak about the online fund-raising. Another surprising outcome was the online fund-raising. For the record it is important to point out that Obama was not the first one to use the Internet for fund-raising. In 1966, Republican nominee Bob Dole at the end of national debate invited citizens to visit his web site; hundreds of thousands of Americans answered that call, but unfortunately the web site was able to host only 10,000 visitors. In 2000 election, McCain had an active online campaign, but they

had a virtual fundraiser and it was not possible to register directly online. Both George W. Bush and Al Gore had a web site and sent email to supporters. In 2004 Howard Dean, who was running for Democratic primaries, managed to raise money on the web. He had understood that technology could be very useful to reach money and young generations. The difference between all them and what Obama did is that online sector was considered as important as others. This sector was at the same time separate, equal and integrated. This is the reason why My.BarackObama.com earned \$30 million out of \$500 million total online donations. People were able to donate directly from the official site My.BarackObama.com.; online tools such as email were also used in fund-raising, indeed people received emails asking for contributions and a lot of them actually sent money.

This thesis wants to point out the fact that Obama chose to opt out of the public financing program both in primary and in general election. It was the first time since 1974 (when Congress enacted the Presidential Election Campaign Fund Act) that a major party candidate decided to do such a thing. Also for fund-raising the underlying idea was to use a bottom up approach. MyBarackObama.com was specifically created by Team Obama for fund-raising and for organizing a large number of volunteers. Indeed they managed to raise small amounts of money, but from a large number of individuals. According to a video message sent by David Plouffe (the campaign manager) to supporters, in September 2008 they “had 632,000 new donors, bringing the campaign's total to 3.1 million; the average

contribution was less than \$100”<sup>46</sup>. Obama's fund-raising outcome broke previous records both for primary and general campaign. The 2008 Presidential campaign was the most expensive campaign in all American history. He spent approximately \$760 millions over McCain's approximately \$386 millions. This enormous amount of money and the opting out public funding program gave Team Obama a big advantage over Hilary Clinton and John McCain. He had the possibility to constantly invest more money in online activities. Indeed online activities, such as ads or emails and other things, were made on purpose for a certain target of individual. Team Obama had a lot of volunteers, but all this work also required a large number of specialists depending on the tool used. Not having a limits on expenditures was an advantage over rivals who had opted for public funds, and so also to limits on expenditures.

Figure 6:

	<b>Individual contribution (\$ millions)</b>	<b>Percentage of donors whose <u>General election</u> contributions added up to:</b>		
		<b>\$ 1 - \$ 200</b>	<b>\$201 - \$ 999</b>	<b>\$ 1000 or more</b>
<b>General</b>	336.9	34,00%	23,00%	42,00%

<sup>46</sup>Michael Luo (October 19, 2008). “Obama Recasts the Fund-Raising Landscape”. The New York Times.

election				
Obama				
Pre - nomination (selected)		<b>Percentage from donors whose <u>Pre-nomination</u> contributions added up to:</b>		
		\$ 1 - \$ 200	\$201 - \$ 999	\$ 1000 or more
Obama	409.2	30,00%	28,00%	43,00%
McCain	203.5	21,00%	20,00%	60,00%
Clinton	194.0	22,00%	23,00%	56,00%
Bush (2004)	256.1	26,00%	15,00%	60,00%
Kerry (2004)	215.9	20,00%	24,00%	56,00%

	<b>Individual contribution (\$ millions)</b>	<b>Percentage of donors whose <u>combined</u> contributions for Pre – nomination and General election added up to:</b>		
		\$ 1 - \$ 200	\$201 - \$ 999	\$ 1000 or more

Obama	746.1	2400%	28,00%	4800%
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NOTE: the percentage may not round to 100% because of rounding

\*NOTE: the combined percentage of Obama are based on donors' aggregates over the full two years. They should not be compared to other candidates' pre-nomination percentages

Source: Campaign Finance Institute

### 2.3 Obama for America, 2012 re-election campaign

On April 4, 2011 Barack Obama, the 44<sup>th</sup> President of the United States of America announced his re-election campaign for 2012. Place and date of the announcement were significant: Chicago was his hometown and it all happened on the “forth day of the forth month by the 44<sup>th</sup> US President”.<sup>47</sup>

In 2012 the campaign had to face different task due to the fact that the landscape was very different. First of all if in 2008 Obama's message to the nation was “change”, whit him being President they had to find a new message. The message they decide to use this time was “It begins with us”. Second Obama need to be sure to fund raise even more than the last time. The paper will speak ore about that later. According to data currently in the United States “adult who use social networks are 69%”<sup>48</sup> instead of 37% of adults in 2008; also Pew Research estimated “that 66% of social media users actively engage in political activism

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<sup>47</sup>Inserire sito

<sup>48</sup>Pamela Rutledge “How Obama Won the Social Media Battle in the 2012 Presidential Campaign”,  
mpcenter.org

online”<sup>49</sup>.

In the 2012 Presidential campaign Obama, once again, effectively ran his campaign understanding and using new media tools and social networks and, once again, his budget allowed him to invest money in order to build the right tools. This paper will now explain some aspects of how the campaign was conducted, which tools were used and try to highlight some difference between the 2008 and the 2012 campaign.

As this paper previously said in 2012 the message of hope and change did not suit Barack Obama's case. On the contrary this campaign had the possibility to focus on operational excellence and massive scale; despite the financial situation Obama for America managed to build an operation four times bigger than his rival Mitt Romney.

It is important to notice that one big difference between Obama's campaign and the others it is not only the fact that Internet was a “senior staff table” , but also he had two separated facilities: a) Digital b) Technology and Analytics. The Digital sector was in charge of public facing elements such as fund-raising, e-mail and social ; instead the Technology and Analytics were in charge of making the campaign as more efficient as possible. According to “The Cave”<sup>50</sup> report digital sector had two hundred member staff, technology had fifty and analytics had fifty as well. Like in 2008 Obama built a team collecting people coming from the

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<sup>49</sup>Pamela Rutledge “How Obama Won the Social Media Battle in the 2012 Presidential Campaign”,  
mpcenter.org

<sup>50</sup>Engage Research, “Inside The Cave: Obama's Digital Campaign”

Silicon Valley, analysts from Fortune 500 and academia; this means that his staff was not composed only by political staffers, but from a high number of experts in different fields; An example is Harper Reed, CTO at Threadless or Kevin Der how previously worked at Pixar Animation Studios. For the record Obama hired experts by sending them the following email:

“You're one of very few people receiving this email because, based on what you've told the Obama organization in the past. We think you might know someone who should quit his or her job and come work on the Obama campaign's digital team for the next 18 months. It won't pay very well. The hours are terrible... most people who came to work here will take a pay cut.”

This email express a bottom up approach that was both in the 2008 and 2012 campaigns. Firms who joined the cause were Blue State Digital (lead digital agency both for 2008 and 2012 campaigns), NGP VAN<sup>51</sup> and Catalist<sup>52</sup>. A noteworthy Institution created by Obama for America is the Analyst Institute, born in 2007, “it works whit progressive organizations to conduct randomized experiments to determine the most effective methods to contact voters”.<sup>53</sup>

Moving on this paper will now speak about the Analytics sector. The underlying idea of how the analytics worked can easily be explained with a Campaign Manager's Jim Messina quote :“ We were going to put an analytics

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<sup>51</sup>NGP – democratic fund-raising database. VAN (voter activation network) – democratic voter file software.

<sup>52</sup>Catalist – private firm who provided analytics, modeling and micro-targeting on the voter files according to the campaign finance laws.

<sup>53</sup>Engage Research, “Inside The Cave: Obama's Digital Campaign”

team inside of us to study us the entire time to make sure we were being smart about things”.<sup>54</sup> Analytics had a fundamental role in the 2012 campaign. Analytics team tested everything: emails, Web, Battleground States and other things. According to Amelia Showalter, chief Digital Analytics, they had to face to following task: they needed to be sure to be as efficient as possible because President Obama was busy being President, so he did not have as much time to campaign as in 2008.<sup>55</sup> This sector developed new dynamic models in order to run simulations. For example for Battleground States they would run 66, 000 simulations every night, project results and reallocate resources in reality. Another example of a new dynamic model is in the usage of phone calls for measuring electorate. Regular voter targeting uses call centers which call most or all individual voters in a certain state, identifies the kind of voter (if he or she votes Democrat or Republican) and target as a “get out to vote”<sup>56</sup> if it matches the party they are working for. Instead Team Obama called random samples of voters, than developed statistical models creating scores, applied them to voters and finally target the person as “getting out to vote”. A big advantage of dynamic modeling is that the model can change according to shifts in public opinion. “The process works like this: the campaign calls voters asking whom they support. They then compare the predicted support score for those voters to who they actually say

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<sup>54</sup>Ibidem

<sup>55</sup>Amelia Showalter, Lecture, Italy TechCrunch 2013.

<sup>56</sup>“Get out to vote” are terms used to describe two categories of political activity, both aimed at increasing the number of votes cast in one or more elections. In countries that do not have mandatori voting, voter turnout is usually low, often below half of eligible voter pool. Campaigns typically attempt to register voters, then get them to vote, either by absentee ballot, early voting or election day voting. (Wikipedia)

they're voting for. If people with Obama support scores of 55 start supporting Romney more than 45% of the tie, the race has shifted and support scores are adjusted.”<sup>57</sup> Analysts created a model that gave a “persuadability” score.<sup>58</sup> These models ended up being more reliable than public polling; despite the fact that Obama was very close to fall behind Romney after the first television debate, these models never showed that he had fall behind him. For what concerns social analytics, Team Obama looked not at the total amount of tweets (a lot of the volume of tweets mentioning Obama were sent by conservatives how criticized him) but they looked at the number of tweets and followers of the person, asked him or her to get involved and than targeted the person as “get out to vote”.

Moving on to fund-raising in 2012 also this time Obama used a grass-root approach. Data shows that in 2012 the total amount of money raised online was \$690 millions, 4.4 millions of donors with 156\$ average contribution per donor; instead in 2008 the total amount of money raised online was \$500 millions, 3,95 millions of donors with \$126 average contribution per donor. Email were sent in order to receive donations. According to Amelia Showalter different subject lines brought to different amount of donations; data shows that the most successful (\$300) one was email starting with “Hey”.<sup>59</sup> One big task that Obama for America 2012 had to face was the fact that in 2008 Obama had raised \$500 millions from online donations, this means that it was universally expected that this time

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<sup>57</sup>Engage Research, “Inside The Cave: Obama's Digital Campaign”

<sup>58</sup>“Persuadability”: individual's tendency to make up his mind with based on the campaign appeals.

<sup>59</sup>Amelia Showalter, Lecture, Italy TechCrunch 2013

campaign would reach billion-dollars. In June 2012 the fund-raising was not raising enough to reach the goal. This is the reason why Team Obama sent the “I will be outspent” email. This email said that the 2012 Presidential campaign was going to be the first Presidential campaign where the President would get outspent by rival; President was confident that they could still win as long as that they would not be outspent ten to one; the email ended with the following sentence “ More than 2.2 million Americans have already chipped in for us, and I'm so grateful for it. As we face this week's fund-raising deadline, will you make a donation of \$25 or more today?”.<sup>60</sup> This subject line raised \$2,673,278 millions. It is important to notice that also for fund-raising the analytics was very important. According to result testing is important because it might be possible that “sometimes ugly is better than pretty”<sup>61</sup> and it is also fundamental to keep on testing everything. Like in 2008 technology made it possible to create specific useful tools. Tools built by the Technology Divisions were the following: a) Narwal b) Dashboard C) Call Toll d) Stork. Narwal is a computer program that “synchronizes data from multiple sources to build complete profiles of supporters”<sup>62</sup>. Dashboard is a platform that “enabled supporters to connect with supporters near them and take action from home”<sup>63</sup>. Call Toll “allowed supporters in non-battleground states to use their home phones to call voters in battleground

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<sup>60</sup>Engage Research, “Inside The Cave: Obama's Digital Campaign”

<sup>61</sup>Amelia Showalter, Lecture, Italy TechCrunch 2013.

<sup>62</sup>Engage Research, “Inside The Cave: Obama's Digital Campaign”

<sup>63</sup>Ibidem

states”<sup>64</sup>. Stork is a computer program that “transferred data from vendors to database for querying”<sup>65</sup>.

### Conclusion

This chapter focused on both 2008 and 2012 Barack Obama's Presidential campaigns. It explained how a good campaign strategy can make the difference for a candidate. In 2008 Obama won because of his new approach to campaigns (bottom up) and thanks to the online strategy that allowed him to involve millions of voters and to raise an enormous amount of money. In 2012 re-election campaign Team Obama refine the 2008 campaign strategy and made it more efficiently by adding a bigger Analytics section .

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<sup>64</sup>Ibidem

<sup>65</sup>Ibidem

## Conclusion

This thesis investigate into depth electoral campaigns. In a liberal democratic country campaigns are strictly regulated by the law. It is very important to set rules and procedures in order to prevent the system from corruption. This thesis also explained the role of money into campaigns.

In countries like the United States of America financial regulation it has always been a crucial issues. Since 1970 politicians have called for legislation. The U.S Congress have tried to regulate this phenomenon for years, but never got to reach an agreement. In 1971 enacted the Federal Election Campaign Act. This was the first effective attempt to regulate contributions and limit the role of money into campaigns. In 1974 the law was amended; these amendments set limits on contributions made by individual, corporations, political parties and other group, created a central enforcement agency (the Federal Election Commission) and created a public funding program. The 1976 amendments were made by Congress after a Supreme Court verdict. In the *Buckely v. Valeo* the Supreme Court was asked to consider the constitutionally of the 1974 amendments. The verdict affirmed that limits on expenditures were unconstitutional, but recognized as constitutional contribution limitations to candidates for federal office, disclosure and record-keeping provisions and the system of public financing of presidential election. According to American law, candidates do have the possibility to raise

money for their campaigns; there are two different ways of doing it: a) private financing and b) public financing. Candidates are free to decide which they want to provide funds for their campaign. If they opt for public funding they must respect limits on expenditures. The first candidate who refused to opt for public funding in both primary and general election since the law was enacted was Barack Obama.

The 2008 Presidential campaign was important for many reasons. First of all Barack Obama was the first African American U.S. President, second this was the most expensive campaign in all American history and third he was the first candidate that effectively used an online strategy. Chapter two of this thesis analyzed into depth his strategy both in the 2008 and 2012 Presidential campaigns. Team Obama managed to use effectively media and developed new tools that made it possible for them to involve voters, especially young voters.

Moreover the fact that Team Obama raised an enormous amount of money, it made it possible for them to invest in online tools such as online advertising and emails. It is very important to notice that a good message, a lot of money or good organizing skills, charisma are not enough if not all used at the same time. What made Barack Obama the President of the United States of America was a complex of all this factors together. The main reason why Obama won is because he understood how media worked and manage to effectively use them. Indeed according to researchers a social media campaign it is based on psychology of

social behaviors, not on current technology. According to experts the Republican Party need to invest more in upgrading their online campaign skills. Future campaign will have to grapple with this new way of making campaigns. According to “Inside the Cave”, a detailed report of the Barack Obama’s 2012 campaign, there are three areas on which campaigners must take into consideration in order to face the 2016 campaign: social targeting, real time analytics overtakes pooling and true digital integration.

Moreover in the future it might become necessary to regulate these new tools. Online tools use personal data to build their database. On one hand there is the right of the candidate to conduct his campaign, and on the other there is privacy. Future legislation will have to consider how to combine both of them.

The U.S. Congress will also have to face another challenge. Current legislation does not eliminate the problem of the role of money into politics. It is necessary to review the Federal Election Campaign Act and provide for more disclosures and penalties. Currently the FECA sets limits on contributions and expenditures, but they can easily be circumnavigate. Indeed there are limits on “expenditures” but not on “independent expenditures”. According to this prevision candidates can still receive large contributions from individuals, unions and corporations. In order to prevent the system from the influence of soft money, it is necessary to set limits also on this kind of expenditures.

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