

The New Rules Of Campaign Finance: Small Dollars Are No Longer King
Time.com
August 2, 2012
By Michael Scherer

Four years ago, the presidential campaign was a celebration of the little guy. Two thirds of the money raised by Barack Obama came online, and 34% of his money came from donors who gave less than \$200. This cycle, Obama is doing even better than he did in 2008 with small donors. Through June, 2.4 million Americans have given to his campaign, a benchmark not reached in 2008 until August. And yet, the little guy is no longer king.

"We're not scared," Obama campaign manager Jim Messina told me last week. "We're realistic." He was explaining a grim and surprising fact for the Obama campaign: The President and his allies will almost certainly be outspent this cycle by Mitt Romney and his allies.

The reasons are three fold: First, Romney has proven to be a great fundraiser among high-dollar donors, far better than John McCain who always saw money in politics as an unseemly business. Second, Romney's donors are not just giving to his campaign; they are giving six and seven figure checks to outside groups, which thanks to recent court rulings, can now spend that money on advertising up to election day. Third, Obama is having trouble raising as much money as he did in 2008 from Americans who give the legal maximum. Through June, Romney's campaign raised the maximum contribution of \$2,500 from more than 33,000 Americans, compared with roughly 18,800 who gave that much to Obama, according to a study by the Campaign Finance Institute.

The impact of this shift may reshape presidential politics for years to come, and it is the subject of a piece I wrote in this week's magazine. "After this election's over, it is much more likely that all the candidates in both parties will be meeting with billionaires than figuring out how to mobilize millions of people," says Joe Trippi, who managed Howard Dean's 2004 campaign, which pioneered small dollar online fundraising. "It will be a huge setback."

Scott Reed, who ran Bob Dole's 1996 campaign, explained the shift this way: "When you go to set up a campaign in 2016, you are going to peel off a third of your senior staff and say, 'Go start a super PAC. We'll see you after the campaign.'"

The failure to do this may be the single biggest strategic mistake that the Obama campaign has made this cycle. The President waited until February of this year to embrace Priorities USA, the outside group supporting his reelection, and has so far failed to do the same level of high-dollar donor schmoozing that Romney long embraced. In the future, it is difficult to imagine a candidate from either party making the same mistake.

"The president is going to raise massive amounts," former Ohio Gov. Ted Strickland told me on a recent campaign swing through his state. "But what about four years from now, when the next Democrat runs for president. If we don't find some way to respond to this it's going to turn us into a plutocracy, where very few people control the public agenda."

Copyright © 2012 Time Inc.

Source: : <http://swampland.time.com/2012/08/02/the-new-rules-of-campaign-finance-small-dollars-are-no-longer-king/#ixzz2ST1QNIHM>