

CHAPTER I

INTRODUCTION

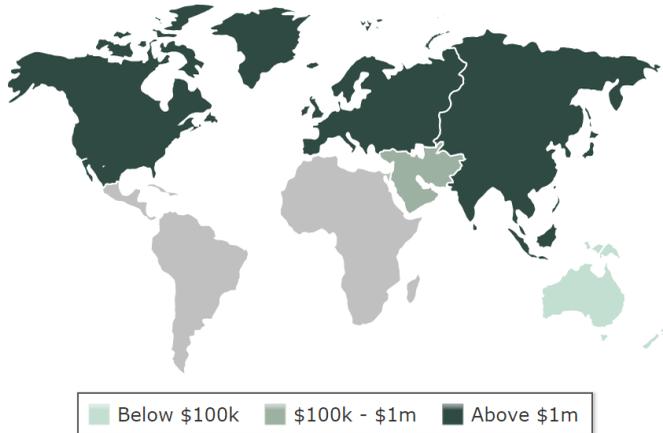
A. Background

An election is essential to democracy. It has a crucial role to accommodate the aspirations of the all citizens, a means to achieve the government that comes from the people, by the people, and for the people. The United States of America, one of the largest democratic countries in the world, applies the representative democracy where citizens elect representatives to represent them in the government. Candidates running for election needs campaign as a fundamental process to disseminate information about them to the voters, besides they also need money to finance the campaign. Without money, candidates will not be able to perform a campaign. And without the campaign, candidates will not be able to win the election

In accordance to that fact, the United States government provides two options for campaign financing. These are the public financing and private financing. However, in the United States presidential election 2012, public financing was negligible. It was only 0.6 percent of the total amount raised for the year (Ballington, et al., 2014). The private financing covered up most of the cost that counted to \$2,621,415,792 (The Center for Responsive Politics, 2012). It was expensive to communicate to a nation of 100 million voters in 50 states for the 12 or more months that make up the presidential campaign season (U.S. Department of States, 2016). Barack Obama, the elected president, raised \$1.20 billion in total, higher than his opponent, Mitt Romney, who raised \$1.18 billion (The Washington Post, 2012). When all was said and done, the two major party candidates for president in 2012, spent close to \$1.12 billion (The Center for Responsive Politics, 2013). From this data, it can be seen that the winner raised more than the opponents.

Private campaign financing refers to funding or free or reduced rate materials and services ("in-kind" contributions) from private donors, such as individuals or companies (USAID, 2014). Individuals include the people that involve in the companies or corporations, and companies itself include domestic and multinational corporations (MNCs). Figure 1.1 illustrates the MNC's contribution (through Foreign-connected PACs) in 2012 election. Meanwhile, Table 1.1 lists several MNCs from these regions.

Figure 1. 1 MNC's (through Foreign-connected PACs) Contribution in 2012 Election



Source: Center for Responsive Politics, March 25th 2013, from <https://www.opensecrets.org/pacs/foreign.php?cycle=2012>, retrieved October 5th 2017

Table 1. 1 Several PACs' Contribution to Federal Candidates from Foreign-owned Companies

PAC Name (Affiliate)	Country of Origin/Parent Company	Total
Accenture(Accenture)	Ireland/Accenture plc	\$304,500
Anheuser-Busch	Belgium/Anheuser-Busch InBev	\$806,381
Bayer Corp	Germany/Bayer AG	\$470,000
CGI Technologies & Solutions	Canada/Groupe CGI	\$128,500
Credit Suisse Securities	Switzerland/Credit Suisse Group	\$519,000
DRS Technologies	Italy/Finmeccanica SpA	\$405,300
GlaxoSmithKline	UK/GlaxoSmithKline	\$521,250

Source: Center for Responsive Politics, March 25th 2013, from <https://www.opensecrets.org/pacs/foreign.php?cycle=2012>, retrieved October 5th 2017

The real problem is, in the very basic principle, MNCs are prohibited from financing campaign in the United States elections. The prohibition has been regulated in the Code of Federal Regulations (CFR) title 11 part 114.2 about Prohibition on Contributions, Expenditures, and Electioneering Communications where corporations and foreign nationals are prohibited contributing to the campaign. Contributions from the corporations' general treasury are not allowed.

However, there some loopholes for multinational corporations to influence the election. In the 11 CFR 114.5, corporations are able to form Political Action Committees (PACs) or known as separate segregated funds (SSF) to solicit contributions to the candidates. PACs and contributions made by individual corporate officers, shareowners, and other wealthy persons was the two main

channels for contributing money (Burris, 2010). Table 1.2 shows corporate's PACs and individuals with the highest contributions to Barack Obama.

Table 1. 2 Corporation PACs with the Highest Contribution

Organizations	Contribution
Microsoft Corp	\$815,645
Google Inc.	\$804,249
Time Warner	\$447,521
IBM Corp	\$370,491
Walt Disney Co.	\$369,598

Source: Center for Responsive Politics, March 25th 2013, from <https://www.opensecrets.org/pres12/contrib.php?id=N00009638>, retrieved October 5th 2017

Corporate and union contributions are the backbone of revenue for the two key parties (Ballington, et al., 2014). Moreover, since the federal court decision on Citizens United vs. Federal Election Commission in 2010, MNCs can now contribute an unlimited amount of money through SuperPACs (technically an 'independent-expenditure-only political committee'). With those amount of funds, there can be seen the effort of MNCs to get involved in the election and influencing the electability of a candidate. When they influences the electability of a candidate, it means that they can mobilize public opinion, making the citizens choose their preferable candidate.

We need to find out the process in which this prohibited source, MNCs campaign financing, influence the electability of Barack Obama in the United States Presidential Election 2012. Therefore, based on the background above, I would like to write an undergraduate thesis with the title "*Campaign Financing: The Influence of Multinational*

Corporations toward the Electability of Barack Obama in the United States Presidential Election 2012”.

B. Research Question

How does MNCs’ campaign financing influence the electability of Barack Obama in the United States presidential election 2012?

C. Theoretical Framework

Regarding the thesis, I have selected theory and a concept to answer the research question proposed. I use the theory of elitism and concept of political-media complex:

1. Elitism

Elitism theory is a theory that refers to the dominant role and power vested in a small percentage of society in democratic government compared to the whole society under that government. The central idea of elitism is that all societies are divided into two classes: the few who govern and the many who are governed (Dye & Zeigler, 2009).

According to elitism, the few who govern is different in characteristics from the many who are governed. Elites control resources: power, wealth, education, prestige, status, skills of leadership, information, knowledge of political processes, ability to communicate, and organization (Dye & Zeigler, 2009). In short, current elite theory defines ‘elites’ as actors controlling resources, occupying key positions and relating through power networks (Yamokoski & Dubrow, 2008)

As public financing refers to the contributions sourced from the citizens as a whole, private financing only given by the small percentage of people in the society. A tiny

elite (0.40%) delivered a hefty sum of contributions (63.5%) to the campaign (The Center for Responsive Politics, 2013).

In the case of United States presidential election 2012's campaign financing, most of contributions came from wealthy individuals. The top individual contributors comes from MNCs. In other words, MNCs channeled its contributions to the individuals generating money from the business for the business. Corporate power is generally wielded by the top managers of the nation's large industrial corporations and financial institutions (Dye & Zeigler, 2009). These wealthy individuals categorized as the elite amidst democratic society.

From the three characteristics determined by Yamokiski and Dubrow, in the first place, individuals of the MNCs considered as elites because they have control to the resources, especially those that generate money, more than the majority of citizens. By involving in MNCs, means that they have a broader scope of business as well as the source of profits than a domestic corporation. Business corporations have also used PACs (in which the contributions sourced from individuals) to channel money to those candidates for political office whom they wish to support (Vile, 2007).

Relating to the second characteristic, the individuals of MNCs considered as elite because it occupies critical positions in the organization. For example the managers, corporate officers, shareowners, and other wealthy individuals in the company. They most likely to contribute more money than the usual employees because their wealth is also in the different amount.

Finally, the third characteristic of the elite are strengthened by the fact that MNCs and candidate are relating to power networks.

Therefore, this theory will be used to explain the role of MNCs through its individuals as the elite to influence the electability of Barack Obama in the United States presidential election 2012.

2. Political-Media Complex

The political-media complex is a constantly evolving relationship between media institutions and the institutions of politics and government and the way in which both relate to the public (Swanson, 1997). In the MNCs campaign financing, Barack Obama and its political campaign committee used the contributions to finance media advertising. In this research, the political campaign committees acted as political institutions, while the MNCs involved to the empowerment of media institutions. Both were related to the public as in the campaign they have their role to mobilize voters.

Political-media complex has been, mostly a story of the rise and dominance of television at the center of the national political process (Swanson, 1997). Television advertising used to reach the citizens in various locations, it is more time-efficient than rallies. Most Americans receiving most of their information about national campaign from television, the conventions that television journalists developed for covering campaigns became important (Swanson, 1997).

This concept will be used to explain the process of utilization of campaign financing by MNCs to influence the electability of Barack Obama.

D. Hypothesis

Even though MNCs are prohibited to engage in campaign financing, its individuals can engage in the election process as a private source. These contributions from the small number of people became the major source of the campaign so that it is essential in supporting Barack Obama's campaign. Funds mostly spent on media advertising, dominating the airwaves to mobilize voters. Therefore, contribution through campaign financing does affect the electability of Barack Obama in the United States presidential election 2012.

E. Scope of Research

The scope of research for this is campaign financing by the MNCs to Barack Obama in the United States presidential election 2012.

F. Research Objectives

The objective of this research is to explain the influence of MNCs' campaign financing toward the electability of Barack Obama in the United States presidential election 2012.

G. Research Methodology

The method used in the research is qualitative analysis. The thesis is based on academic literature, official government reports and statistics, journals, credible news reports, articles, and other electronic data that are relevant.

H. Outline

To get clear and systematic research, this research divided into five chapters in which there is an explanation of the problem within each chapter:

Chapter I provides introduction to the thesis. It consists of background, research question, theoretical framework, hypothesis, scope of research, research objectives, research methodology, and systematic of research.

Chapter II describes necessary information about the United States political system (which consists of governmental and party system), United States election system, and the United States campaign financing system.

Chapter III elaborates about the data of campaign financing by MNCs to Barack Obama in United States presidential election 2012.

Chapter IV analyses the influence of MNCs toward the electability of Barack Obama in the United States presidential election 2012 based on the elitism theory and concept of political-media complex.

Chapter V provides the conclusion of the research.

