

The MoveOn Effect: Disruptive Innovation within the Interest Group Ecology of American Politics

This paper is excerpted from a dissertation project, “Power Laws and Internet-Mediated Organizations: the Emerging Landscape of Collective Action,” scheduled for defense in June 2009.

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With an email-based member list of over 4.5 million and 2008 election year expenditures in excess of \$90 million, MoveOn.org stands as the single largest interest group in American politics today. Founded by a pair of technology entrepreneurs, the organization has maintained its commitment to campaign tactical and communications innovations, creating field-defining shifts in membership engagement and small-dollar fundraising practices along the way. More so than the major blogging communities like DailyKos or the meetup-based volunteer coordination of the Dean and Obama presidential campaigns, MoveOn stands as an internet-mediated organization of singular importance to our understanding of how the internet is affecting the distribution of power in American politics. MoveOn's impact on the political economy of civic activism is of a similar magnitude to that of Amazon.com for book publishing or Craigslist.org for classified ads and the newspapers those ads support. Each of these cases is understood as a case of *disruptive innovation* (Christensen 1997) in which a new online entrant quickly rose to industry dominance, reshaping underlying economic assumptions along the way and causing shock waves among longstanding industry leaders.

This paper explores the structural and tactical innovations that have led to MoveOn's meteoric rise in American politics. Drawing upon recent works detailing the history of civic associations in America, it suggests that the changes in membership and fundraising regimes introduced by MoveOn are similar to the changes witnessed in the late 1960s and early 1970s – changes which led to both an “interest group explosion” (Baumgartner and Jones 1993) and the replacement of a previously-dominant organization type with a new modal organization-type (Skocpol 2003). It offers an early investigation of the *new* political economy of interest group representation, characterized

by large “generalist” organizations that span multiple issue spaces and, relying on the internet for communications, function with greatly-reduced infrastructure overhead costs, and also by small niche organizations that cater to specialized publics or topics. In so doing, it demonstrates why the recent explosion of internet-mediated participatory activities is associated with significant disadvantages for longstanding political associations, presaging a *generation shift* within the advocacy community that structure and mobilize collective action in American politics.

The paper has four parts. It will begin with a brief review of the relevant literature. Of particular importance are two recent works in political science – Bruce Bimber’s *Information and American Democracy* and Theda Skocpol’s *Diminished Democracy* – and one work from organizational management – Clayton Christensen’s *The Innovator’s Dilemma*. These three works, rarely associated with each other, each offers important insights into the dynamic shifts in online transaction costs that enable MoveOn’s rise to prominence. The paper will then move to a detailed discussion of MoveOn itself, with a focus on its member recruitment, engagement, and fundraising strategies. Despite MoveOn’s prominent place in American politics, the organization has attracted surprisingly little scholarly attention (one noteworthy exception being Chadwick 2007). Based upon website and e-mail content analysis and elite-level interviews, I will offer a description of “The MoveOn Model.” Thirdly, it will look more broadly at membership and fundraising trends among the single-issue professional advocacy organizations that have dominated interest group politics since the interest group generation shift of the 1970s, illuminating important shifts in membership and fundraising regimes currently under way. The paper then closes by discussing the impact

of “the MoveOn effect” on various classes of nonprofit political association, as well as identifying those areas currently underdefined or in need of further exploration.

Literature Review

In discussing generational shifts among American political and civic associations, one is immediately drawn to Theda Skocpol’s excellent 2003 book, *Diminished Democracy*. The book offers a comprehensive look at the large-scale civic associations present since the country’s founding. Noting that there is a long history of local, chapter-based involvement in cross-class membership federations, Skocpol goes on to demonstrate that a substantial shift “from membership to management” occurred in the late 1960s and early 1970s. This time period saw an explosion in the number of registered lobbying organizations in Washington, DC, but also saw a substantial decline among federated membership organizations. She suggests that this generation shift was rooted in a number of important factors, including the rights-based issue framework emerging from the Civil Rights Movement, the governmental opportunity structure that placed a premium on expert lobbying opinion over opportunities for citizen input, and a changing membership regime from membership-as-participation to membership-by-mail.

This last point is perhaps the most important to our interests in the current study: membership in federated civic organizations consisted of attending meetings, holding office, and forging an identity as an “Elk” or a “Rotarian.” Such identity-based membership was necessary for obtaining dues payments, and Skocpol offers rich examples of early organizational founders traveling from city to city, developing the

tapestry of local group affiliates necessary to fiscally sustain a national organization. The new generation of professionally-managed political associations relied on direct mail and, later, issue canvassing for their membership recruitment. This led to a nation of “armchair activists” who, incentivized through solidarity, purposive, or other selective incentives, gave financially without participating locally. Drawing upon Dewey’s notion of civic associations as “Laboratories of Democracy,” Skocpol sees cause for concern in this shift. She usefully points out that the large civic associations provided the bedrock for mass mobilization in the Women’s Suffrage, Prohibition, and Civil Rights movements. Issue-based membership through direct mail was *easier* and asked less of the members, but this weakened the very associational structures through which large-scale collective action is mobilized.

Bruce Bimber offers a valuable insight into the technological underpinnings of this sea change in organization-type. Bimber’s *Information and American Democracy* describes the development of political associations in American politics over the course of four “information regimes.” Though lacking the depth of historical analysis present in Skocpol’s volume (the two were written contemporaneously), Bimber does convincingly demonstrate how changes in the costs and availability of information affect the political economy of association-building. Simply put, organizations prior to the late 1960s *had* to engage in the costly task of developing local infrastructure, because the database technology necessary for financial viability through direct mail appeals had not yet been invented. The falling costs of information, broadly defined, leads to novel developments in membership and fundraising regimes, in turn encouraging the growth of new types of political association. Skocpol briefly makes note of these technological underpinnings in

one paragraph of her book (pg 220), but otherwise stays mute on the role of information technology in structuring decisions about how to manage, structure, and finance nonprofit political and civic associations.

It bears noting at this point that both of these authors are discussing a limited, albeit highly visible, form of political association. As Jeffrey Berry (1999), Jack Walker (1991), and others have shown, the majority of registered lobbying organizations in Washington DC represent business interests. Berry documents the growth of “post-materialist” issue organizations, and Baumgartner and Jones likewise use Walker’s data and the annual *Encyclopedia of Associations* to document the growth of environmental interest groups in particular (1993). Large-scale studies of political associations are often operationalized via the list of organizations with registered congressional lobbyists. Since lobbying is only one tactic in an organization’s repertoire, (and a tactic particularly suited to business interests which stand to see material benefits through favorable legislation) there is a gap between the literatures on civic associations and interest group lobbying organizations.

Virginia Gray and David Lowery have spent the better part of a decade publishing around a theoretical advance in how we understand *communities* of interest groups (See Gray and Lowery, 1996; Gray and Lowery, 1997; Lowery and Gray 2004). They introduce the *population ecology* approach to interest group research, borrowing both the metaphors and many of the tools used by natural scientists in studying ecosystems. Their approach seems to have received mixed reception among researchers – clearly, interest groups in competition for membership and funding interact with each other and develop specialties or niches, but whether organizations can be studied as though they were actual

species and phyla is more controversial. Chris Bosso borrows the metaphor if not all of the methodology in his study of the environmental movement, *Environment Inc: From Grassroots to Beltway* (2005). Bosso provides a deeply historical discussion of the growth of the environmental movement, concluding that it has resulted in a mature, complex ecosystem with large organizations that were founded early and smaller niche organizations founded later.

If the interest group ecology seems mature and stable, however, it is worth considering under what conditions an “exogenous shock” of sorts might lead to tremendous turnover. In particular, the population ecology approach does not speak directly to Skocpol’s finding of a generation shift in organization-type. Bimber suggests that such shifts are predicated on changes in information regime, and goes on to provide early case examples of the new generation of internet-mediated organizations. Particularly in early 2009, after the demise of various longstanding financial institutions thought “too big to fail” and the crisis among local newspapers who similarly appeared for decades to have developed a system of ecological “niches,” assumptions that large organizations will remain large in perpetuity deserve to be examined.

We are best served by looking outside of the political science literature to answer this question. Clayton Christensen’s seminal work, *The Innovator’s Dilemma* (1997), discusses “How great firms can fail,” paying particular attention to the disk drive industry, which experienced rapid changeover as the number of megabites the industry could package on a square inch of disk surface rose at the astonishing and near-constant rate of 35% per year (Christensen, pg 7). Christensen found that the top firms universally led the way when developing “sustaining innovations” – innovations that improved the

rate of performance among the industry's standard products – but that they routinely were poorly-equipped and overtaken in the area of “disruptive innovations” – innovations that redefined performance trajectory. Industry leaders would correctly see little market for smaller, less efficient disk drives, for instance, leaving new entrants to develop these drives and then apply to a new, previously non-existent market. Christensen's central point is that talented executives and well-managed companies will *rationaly* choose not to invest in these disruptive innovations, because they do not meet the needs and interests of their customers. Technological changes create the opportunity for completely new markets, however, and by the time these markets have matured enough for large firms to gain value in developing a product line for them, they have ceased to be leaders in the sector. Christensen goes on to show the same pattern of disruptive innovation in a host of different economic sectors, and his book has spawned an entire field of inquiry among students of business administration.

The application of Christensen's work to internet-related business sectors is clear enough to barely need mention. Craig Newmark started Craigslist.org as a venue for discussing local San Francisco events in 1995. The bulletin board offered a means of posting free classifieds, creating a disruptive innovation that undermined the entire newspaper industry. Jeff Bezos founded Amazon.com as an unlimited clearinghouse for finding published works, leveraging the self-publishing industry out of irrelevance and challenging the longstanding publishing houses. From file-sharing programs and the recording industry to bloggers and the Associated Press, the tremendous reduction of the costs of online communication has allowed for a host of disruptive innovations by creating new markets and fostering new consumer preferences that longstanding industry

leaders correctly surmised their customers had little interest in only a few years ago. As a result, we have a new set of emerging market giants and a host of large companies that, even before the recent economic downturn, were facing heavily eroding market share.

The question we must ask, then, is whether the reduction in online transaction costs and the new information regime of online communication is having a similar impact on nonprofit political associations. Not all industrial sectors are disruptively transformed by online information abundance; for some the internet functions as a sustaining innovation. Professional sports, for instance, has not been radically challenged by participatory culture. Community blogs and fantasy sports teams fit easily into the experience that ESPN and the NFL were already attempting to cultivate among their customers, and the longstanding industry leaders have, as Christensen would predict, remained at the cutting edge in this area. If internet communication merely lets organizations communicate with their existing members more efficiently, we should expect little change in the “interest group ecology.” If instead the new information regime is leading to a redefinition of membership, participation, and giving patterns, we should expect disruptive innovation. With that framework in mind, let us now turn to the newly-emergent juggernaut among progressive interest groups. How does MoveOn engage its membership, raise funds, and seek to influence American politics? Do the membership and fundraising practices pioneered by MoveOn augment long-standing organizational practices, or undermine them? What long-term effects should we expect MoveOn to have on the interest group ecology of American politics?

The MoveOn “Model”

MoveOn.org was founded by Joan Blades and Wes Boyd, a married couple who had made their fortune in the mid-90s tech boom when they created, among other things, the highly popular “flying toasters” screen saver.¹ In the midst of the Clinton-Lewinsky affair, the two grew tired of scandal politics and started a simple web site where visitors could sign a petition asking Congress to censure Clinton and “move on.” Attention to the web site diffused virally and within a week 100,000 people had signed the petition, eventually attracting 500,000.² When the petition failed to make an impression on Congressional decision-makers (as online petitions are wont to do), Blades and Boyd reached out to their list and invited people to engage in citizen lobbying and other pressure tactics. The group attracted a fair amount of media attention as a new, internet-mediated interest group, but was viewed mostly as an odd anecdote rather than a game-changing powerhouse.³ Blades and Boyd’s experience as technologists have left an essential imprint on MoveOn’s organizational philosophy, leading the group to continually experiment and innovate with technologies in the hopes of “bringing real Americans back into the political process.”⁴

In the aftermath of the Lewinsky scandal, MoveOn remained an internet-mediated

¹ As an aside, is it any wonder that, when significant wealth is distributed based on ideas like “flying toasters,” major changes in the fundraising environment are on the horizon?

² Zetter, Kim. 2004. “MoveOn Moves Up in the World.” *Wired Magazine*. July 26, 2004.

³ Clausing, Jeri, “Anti-Impeachment Web Site Tallies Millions in Pledges,” *New York Times*, Jan. 8, 1999.

<http://www.nytimes.com/library/tech/99/01/cyber/articles/08move.html>; Evangelista, Benny, “A Way to Petition Congress on Clinton: Web Site Lets You Tell Your Lawmaker to Censure, Move On,” *San Francisco Chronicle*, Oct. 15, 1998, pg B3; Healy, Melissa, “Grass-Roots Organizing Effort Gets a Big Boost from Internet,” *Los Angeles Times*, Jan. 13, 1999, http://www.latimes.com/home/news/reports/scandal/stories/lat_public990113.htm; Carr, Chris, “On-Line Call against Impeachment Is on Fire,” *Washington Post*, Feb. 1, 1999, pg A10.

⁴ <http://www.moveon.org/about.html>

group without a particularly clear mission. It boasted a large e-mail list and a nimble, virtually-networked staff that required few overhead costs, but it was unclear where this progressive issue-generalist fit into the “interest group ecology” of the American Left. It wasn’t until the post-September 11th lead-up to wars with Afghanistan and Iraq that the organization emerged as the leading voice among the self-described “progressives.” A college student named Eli Pariser built a similarly large list around his website, 9-11peace.org. Blades and Boyd recruited Pariser as MoveOn’s Executive Director, merged the two large e-mail lists, and together the three of them brought the organization to the forefront of the burgeoning anti-war movement. MoveOn’s e-mail based action appeals moved well beyond the e-petition the organization had been founded around. Through exhaustive message-testing and the development of several innovative campaign tools, MoveOn developed a capacity for generating millions in small-dollar contributions, launching online and offline oppositional tactics to the latest Bush Administration efforts, and continually building a larger and larger list of occasional-to-frequent leftwing political participants.

In the 2008 election, MoveOn’s e-mail member list ballooned to over 4.5 million, largely based on eye-catching viral videos and offers of free Obama/Biden merchandise. The organization fundraised over \$88,000,000 for Barack Obama and delivered 933,800 volunteers who contributed over 20,841,507 hours for his campaign. Much of this occurred through “online-to-offline organizing,” with the help of the organization’s system of location-based “MoveOn councils” that act as an internet-mediated equivalent to the local chapters of Skocpolian civic associations. In non-priority states, the group organized web-based “Call for Change” phonebanks, with members in Vermont

downloading a list of members in, say, Virginia, calling them up and inviting them to join the local organizing efforts. In battleground states, it also developed direct partnerships with the Obama campaign field system.⁵ MoveOn had been a major player in the 2004 election's "America Coming Together" coalition (Dwyre, 2007), contributing \$21.3 million to its electoral campaign initiatives in that cycle. Already among the largest leftwing organizations in 2004, its growth in 2008 makes clear that MoveOn is not just the largest of the progressive movement organizations, it also continues to grow and outpace its contemporaries. No leftwing organization, with the exception of the Obama campaign itself, operated at anywhere close to MoveOn's capacity. A deeper understanding of MoveOn's "model" can be broken down into four categories: membership, engagement, fundraising, and infrastructure.

MoveOn Membership

Membership in MoveOn could be considered a disruptive innovation in its own right. Much as the direct mail pioneers redefined organizational membership from "participant" to "small donor," MoveOn redefines membership from "small donor" to "message recipient." Given that anyone who receives the organization's e-mails is classified as a MoveOn member, there is actually a large quantity of members who are unaware that they meet that classification. If you have never given money or taken political action with the organization, but you once forwarded a funny election video of theirs to a friend, is "member" the right term for your involvement with the group?

⁵ December 2008. "MoveOn Post-Election Report."
http://s3.moveon.org/pdfs/moveon_postelectionreport_ah14.pdf

For MoveOn's purposes, unlike the purposes of the large political advocacy associations that predate it, the breadth of this category is justifiable. For MoveOn, there is virtually no downside to having an expansive list. Matt Bai makes this distinction in his book, *The Argument*, terming it "The Power of the List:" "In a virtual world ... few things [are] as valuable as a massive list – that is, a database of names and e-mail addresses that could be identified with a single need or interest, and thus could be mobilized with the push of a button."⁶ The distinction here lies in the dramatic reduction in transaction costs online. When organizations communicate with their membership through the mail, a large, disorganized list consumes too many resources. This is because the savings through economies-of-scale are minimal: the postage on 1,000 pieces of mail is 10 times the postage on 100. Online, however, an e-mail to 100 consumes the same resources as an e-mail to 1,000 or 10,000⁷

Given the infinitesimal costs of e-mail, MoveOn is able to engage in elaborate forms of message testing when engaging around a new issue. The organization actively monitors data on "open-rates" (how many recipients open the e-mail) and "clickthrough." (how many readers take action) Test messages are sent out to subsets of MoveOn's list, often with varying issue frames and political "asks," in a methodology that approaches the requirements for a randomized field experiment. Only those messages that receive acceptably high open and clickthrough rates are distributed to MoveOn's entire list for action. Likewise, the low costs of information storage and retrieval allow MoveOn to parse their list in a variety of ways, identifying high-activity and low-activity members,

⁶ Bai, Matthew. 2007. *The Argument: Billionaires, Bloggers, and the Battle to Remake Democratic Politics*. New York: Penguin Press. Pg 81

⁷ Within limits. Organizations must avoid mailing so broadly that they become classified as spam and have their messages rejected. These limits are well-known to list managers, however.

as well as members who display or report interests in specific issue areas. If even the lowest-involvement “members” take one action per year, MoveOn captures additional value from their membership redefinition. And if such members never take action, the costs to the organization nonetheless hover close to zero.

The change in membership regimes favors internet-mediated “issue generalists” like MoveOn (and DailyKos and Democracy for America) over single-issue specialists like the National Organization for Women, Human Rights Campaign, American Civil Liberties Union, or the Sierra Club. Issue specialties were a necessity in the direct mail era because organizations needed to cultivate targeted lists of members with a high propensity to give towards their particular issue. An individual might care about freedom of speech and wilderness protection, but given limited resources, they will need to make choices about which type of organization to donate to, and the costs associated with mailing require each organization to cultivate a list of people who prioritize their issue speciality. MoveOn is not limited by the costs of mailing, and indeed it can test any issue area and received near-instant feedback from their membership about whether they are willing to take action or give money to that topic. While existing interest groups were investigating how to use the internet to lower the costs of communicating to their membership, MoveOn was redefining membership to take advantage of the new communications environment. As I found in a recent conference paper on the “Superdelegate Transparency Project” of 2008, this leads to an expansion of the “issue spaces” in which we see leftwing interest groups attempting to mobilize public action (Karpf 2009). It also overturns the “mature” interest group ecology of the environmental and other issue-based movements. MoveOn has the capacity to work on climate change,

health care, the Iraq War, and the economy, thus appealing to a much wider range of potential members than any group in those individual issue areas can muster. And though they do not boast the large staff of scientists, policy specialists, or expert lobbyists of the previous generation of political associations, they are able to engage their membership in a much wider, more participatory, and timely tactical repertoire.

MoveOn Engagement

A common critique of MoveOn comes from those “members” who, though years ago they may have taken a few online actions, now delete the messages sight-unseen and consider them only one step removed from spam. Their sense is that the low barrier-to-entry for organizational membership yields a large-but-questionable base of recipients: “does anyone really still read all those emails?” The initial response must be to acknowledge that MoveOn is aware of this challenge, and thus they consciously test their action alerts and avoid sending out too much, too frequently. Additionally, I learned through elite interview that the organization adds roughly 500,000 new e-mail addresses per year just to keep up with “list churn” as old e-mail addresses are abandoned or deactivated and former members choose to unsubscribe.⁸ We must also keep in mind the dominant class of membership that MoveOn is replacing, however. MoveOn may send more e-mails than a typical nonprofit sends direct mail, due to the reduced costs, but direct mail and armchair activism were hardly exemplars of the participatory membership experience. That is, indeed, much of the problem that Skocpol raises in her book – it is not so much that social capital has generically declined as it is that the organizations

⁸ Interview Notes, Noah Winer. July 14th, 2008.

charged with structuring collective action and engagement have moved to a professionalized, bureaucratized model. Looking beyond the flood of e-mails, it becomes clear that much of MoveOn's "model" involves an intentional effort to create opportunities for broad and deep membership engagement.

The list of participatory activities in MoveOn's tactical repertoire includes both online and offline actions. It includes production of user-generated content in online ventures, such as the 2004 "Bush in 30 seconds" process by which MoveOn members submit potential videos highlighting their opposition to Republican policies, voted among the submissions to select a winner, and then were invited to donate \$25 to help put that video on the air.⁹ It also includes the web-based "call for change" program, which enables members to host and attend Get-Out-the-Vote house parties, download a voter list in a target state, and then use their cell phones at a local member's house to hold a no-cost phone banking event. The "Bake Back America" bake sale is another such online/offline venture, one which involved 14,000 members holding a national bake sale in 2004, raising \$750,000, as are the series of MoveOn "house parties" that the organization plans around campaign-related videos (such as Michael Moore's *Sicko* and Al Gore's *An Inconvenient Truth*) and events (such as presidential debates).

On the national scale, MoveOn often turns to their membership for input on major political decisions, including Presidential primary endorsements and issue priorities – in

⁹ Spatial voting theorists would suggest a problem with this process. If issue ad submissions run the gamut from centrist to hard left, such a voting process should winnow to the median policy preference *of a MoveOn member*. This should nonetheless be far to the left of the median American voter, who will be the audience of such commercials. Indeed, there is anecdotal evidence that this flaw presents practical issues, as with a 2008 campaign spot "Alex" that was reviewed by Jon Stewart of the Daily Show. After previewing a clip of the campaign ad, Stewart offered his punchline: "*That ad of course brought to you by MoveOn.org, ten years of making even people who agree with you cringe.*" Jon Stewart, *The Daily Show*, June 24, 2008.

2004, they chose not to endorse after Howard Dean received a plurality, but not a majority of votes; in 2008, they endorsed Barack Obama on February 1. The issue priority-setting process is particularly interesting, given that the organization's original rise to prominence was as the nimble, vocal opposition to whatever the Bush Administration was doing on a given day. Beginning in 2007, after helping the Democrats to retake House and Senate majorities, MoveOn created a biennial voting process that includes online submissions of suggested priorities, local deliberation at house party events, and worldwide internet-based voting on priority issues. Research and Development Director Daniel Mintz describes this as part and parcel of the organization's guiding philosophy, "Strong Vision, Big Ears."¹⁰ There is a deeply-held belief among the staff that the group's tactics are moderated by its membership, noting that controversial tactics such as the "General Betray-Us" *New York Times* ad – which earned them a Congressional rebuke and national headlines – had been tested and found exceedingly popular with the membership, because otherwise the membership would not have funded it.

One benefit of MoveOn's redefinition of the membership concept is that there are no controversies over membership enfranchisement. A serious threat for an issue-based or identity-based membership organization is that online voting could be swamped by supporters of a candidate who have no other stake in the organization's work. The Sierra Club has a 133-page manual devoted to the particularities of its local, state, and national endorsement process. The manual is designed specifically to prevent such attempted takeovers by "outsiders." For MoveOn, though, there's no such thing as an outsider,

¹⁰ Pearce, Seth. 2008. "Daniel Mintz is Living Liberally." Blog Post at <http://livingliberally.org/talking-liberally/blog/Daniel-Mintz-Living-Liberally> Accessed online, April 14, 2009.

there is just a large swath of people who have *yet to sign up*. If Mike Gravel supporters want to mobilize to join MoveOn and vote in favor of his issue positions, that just increases the size and power of MoveOn's list!¹¹

In theory at least, this provides an opening for conservatives to join the organization en masse in order to distort its election results and priorities. Three barriers render such a takeover unlikely. First, the sheer scale of the organization, with 4.5 million members, means that a conservative takeover would have to be truly breathtaking in scale. Conservative groups have yet to assemble 4.5 million online members for *any* joint effort. Second, such a large-scale mobilization could not happen quietly, meaning that progressives could just as easily counter-mobilize to balance out the attack. Third (and, from a structural perspective, most importantly), MoveOn's central staff decides which questions will be posed to the membership. MoveOn is highly participatory and democratic in practice, but this participation is based in philosophy rather than bylaws. In the case of a massive, malicious strategic voting effort, the staff could just stop asking the membership for their opinions. (As I will note in chapter seven, the first two of these barriers are not present for nascent conservative organizations attempting to build their own MoveOn equivalent.)

A final element of MoveOn's participatory framework is their system of roughly 250 "MoveOn Councils." These councils consist of a minimum of four active members in a given locality. The members receive increased attention and authority, and are

¹¹ This benefit was pointed out to me by Chris Warshaw, former political director of Democracy For America. DFA intentionally designed their local endorsement process to enable such "takeovers," under the belief that local campaign partisans are the people who are most likely to be active in local politics once the campaign has ended. Attempts to influence the endorsement process are thus the structural equivalent of recruitment drives.

charged with planning local actions and fostering a sense of local identity. In operation since 2004, the council system has been a relatively minor part of the MoveOn system, an indicator of the organization's reputation as a primarily e-mail-based political association. The councils are similar to Democracy for America's affiliate system (discussed in Chapter 6), but have received substantially less attention. They have received heightened attention in the aftermath of Barack Obama's Presidential victory, however, with a new commitment on the part of the staff and Board to build local infrastructure and the hiring of eleven new field organizers to help accomplish this task. The councils fill a similar niche to the local affiliates of cross-class membership federations, allowing active MoveOn members to build a sense of local identity and hold leadership positions, and engage in "Laboratory of Democracy"-style activities. Though still a recent and below-the-radar element of MoveOn's model, they stand as an essential rejoinder to critics who view MoveOn membership as entirely ephemeral. Though membership is designed to signify little and cost nothing, it provides a base for a substantial ladder-of-engagement.

MoveOn Fundraising

Comparing participation in MoveOn to participation in other political associations presents two substantial hurdles. First, there is the issue of how we compare organizational activities across widely divergent tactical repertoires. MoveOn hires no issue experts, no full-time lobbyists. How are we to compare them to, say, the National Resource Defense Council, then? Second, there is the issue of effectiveness. How much

do all the online petitions and house parties affect elections, administrative decisions, or legislative votes? Political science has never found a robust answer to such questions – history is complex and runs in only one direction – and I will not be solving that here. A more standard metric is to count fungible dollars, or (as I will demonstrate) semi-fungible dollars in this case. Certainly, much of what has attracted so much attention to MoveOn and distinguished it as an industry-leader is its capacity to raise millions in small donations in the space of a single day. No other political association can come close to rivaling the speed and scale of MoveOn fundraising efforts, though many have tried.

There are three distinguishing features of a MoveOn fundraising appeal: *medium*, *audience breadth*, and *issue salience*. The first two have already been discussed to a certain extent. (1) MoveOn fundraising occurs via e-mail, a “push” medium that scales up near-costlessly from 500 recipients to 5 million recipients. The incremental cost of each additional e-mail approaches zero, the only limitation being server capacity. This allows the organization to operate as (2) an “issue generalist,” reaching the broadest possible audience rather than confining itself to those members with a high propensity to give. The third feature is particularly important, however: because of their wide member base and issue generalist stance, MoveOn is capable of targeting their fundraising appeals to whatever issue dominates the current media cycle. Fundraising around the Superdelegate Transparency Project for instance – a short-term pressure campaign aimed at convincing Democratic Convention delegates with an independent vote to “support the will of the primary voters” – is only viable during a short window when that topic is dominating the public debate. Single-issue interest groups lack the staffing and fundraising capacity to engage around such an issue, instead remaining focused on their

issue-niche. But for the duration of that short window, fundraising around the topic is particularly successful because the issue is at the “top of the head” among the politically-aware masses (Zaller 1992). The tremendous difference between MoveOn’s online fundraising and the online fundraising of the earlier generation of political associations lies in these distinctions of audience breadth and issue salience.

Consider the following fundraising e-mails, the first from SaveOurEnvironment.org, the second from MoveOn, both of which were sent out a few days prior to December 31, 2008:

“We have less than 48 hours to reach our goal of raising \$10,000 by 11:59PM on December 31 – and we’re not there yet...”

There are lots of reasons why you should give to SaveOurEnvironment.org right now:

First, because we’re counting on you. [...]

Second, because the year is coming to a close. [...]

And third, because there is no time like the present. The time for excuses is over: America needs strong environmental policies that support a sustainable green economy today. Help us make it happen.”

SaveOurEnvironment has, in essence, moved their traditional direct mail fundraising operation online. They thus take advantage of the reduced costs of the medium, but they reach a much smaller audience than MoveOn, and their appeal lacks clear issue salience, suggesting that members should give “because there is no time like the present.” Compare this to MoveOn’s appeal:

“Dear MoveOn member, You’ve probably heard about how Wall Street financier Bernard Madoff scammed investors out of at least \$50 billion. But you may not have heard that his victims included the foundations that support some really important progressive organizations. Groups that fight for human rights, fair elections and racial justice are getting hit hard - just in time for the holidays.

We've worked side-by-side with many of them.

If these groups can't replace the funding that came from investment accounts that Madoff stole, they may be forced to start cutting important projects or, in some cases, even lay off staff. Can you pitch in \$25 or \$50 for each of the four organizations we're highlighting below? Our friends at Atlantic Philanthropies and the Open Society Institute will each match every dollar that comes in until January 1! So, for the next three days, your donation of \$25 or \$50 means \$75 or \$150 for groups affected by Madoff. If a few thousand of us give together, it can make an enormous difference — and help repair some of the damage Madoff has done. Click here to contribute.”

MoveOn then goes on to note that the year-end contribution will be 100% tax-deductible and provides a brief description of the four organizations they are supporting. In light of the ecological metaphors often deployed to discuss modern-day interest groups, this distinction is particularly meaningful because *MoveOn is in fact fundraising for allied niche organizations*. Rather than competing with similar organizations, MoveOn is fundraising on their behalf. And though indicators of each organizations' open-rates, clickthroughs, and giving rates are proprietary in nature, the qualitative gulf between the two appeals is worthy of note. Direct mail fundraising professionals attempting to apply decades of experience to the online fundraising environment are ill-equipped, specifically because the new information regime supports a style of fundraising that previously would have been horrendously inefficient. The difference between online fundraising in general and MoveOn's model in particular lies in the size of the list and the timeliness of their appeals.

MoveOn Infrastructure

There is a deeper problem with MoveOn's fundraising model from the

perspective of longstanding interest groups: not all fundraising dollars are created equal. Most of MoveOn's fundraising appeals ask for a highly targeted form of support -- \$25 to put a campaign commercial on the air or place a field organizer in a critical state. Targeted appeals have always had a higher rate of success, and they are routinely used by large nonprofits when approaching major donors and foundations. Anyone familiar with University administration is familiar with the challenge this presents: donors would prefer to give money toward a particular, tangible project or outcome than they would toward the general fund. Many nonprofits divide their fundraising into separate departments, with direct mail based in a "Development" office and major gifts coordinated through an "Advancement" office. One longstanding benefit of direct mail fundraising is that the money comes without any such restrictions. It can be used to pay for Human Resources departments, staff trainings, and physical infrastructure, whereas organizations are legally prevented from applying too large a percentage of targeted, project-specific funds to these overhead costs.

This is one reasonable explanation for why no longstanding interest groups took part in the Superdelegate Transparency Project, for instance: they had hired no staff to work on that issue, and funds raised towards the effort wouldn't do much to further their mission or pay to keep the lights on. MoveOn and other internet-mediated organizations are *capable* of being so nimble specifically because they have eschewed such large overhead costs. As of July 2008, MoveOn employed only 19 full-time staffmembers. Their decision to add an additional 11 field organizers to support the Council system in 2009 represented over a 50% increase in their staff size. The organization eschews traditional overhead costs of office space, management staff, and paper work support.

Wes Boyd espouses a philosophy of “radical decentralization” of the staff; there is a standing policy *forbidding* the creation of physical MoveOn offices. Natalie Foster, who worked as Deputy Field Network Director from 2006-2008, explains the philosophy as follows: “if there are no offices, there’s no water cooler talk. Offices create satellite offices. MoveOn wants to keep the organization flat, with no hub offices and no organizers stuck on the periphery.”¹² Rather than a human resources department, MoveOn has Chief Operating Officer Carrie Olson, who has worked with Blades and Boyd since their time in the software industry. Olson turns to outside vendors for larger tasks, creating a “phantom staff” of hundreds when needed, but on a project-specific basis which is therefore payable by restricted fundraising dollars. The general operating expenses requiring unrestricted dollars are minimal for America’s largest left-wing juggernaut.

This final point, then, represents the most clearly disruptive character of MoveOn’s innovative membership and fundraising practices. Well-managed nonprofits that boast a large, DC-based lobbying and research staff and substantial physical infrastructure are disadvantaged by MoveOn’s fundraising innovations. The dramatic reduction in the costs of information and communication enables a new “market” of sorts to develop within the realm of political advocacy, and the industry leaders in the existing ecology of professionally-managed groups cannot rely on this new emerging market for the type of small-dollar funds that they have relied upon since the advent of the direct mail membership and fundraising regime. If MoveOn is *different*, then, and disruptive in character, the next question we have to ask is just how large its impact on the interest group ecology of American politics is likely to be.

¹² Interview notes, Natalie Foster. July 8, 2008

The MoveOn Effect: Generational Displacement and Interest Group Reformation

The question here could be rephrased as “how ‘ecological’ and interconnected is the American interest group system, really?” MoveOn’s innovations in the areas of membership of fundraising do not obviously necessitate a decline in money and members for Amnesty International or the ACLU. They are different organizations, and it could be the case that the fundraising strategies that have always worked for the bulk of large, professional advocacy groups will remain unaffected by the growth of this new generation of internet-mediated organizations. A closer look at the previous generation shift, which Skocpol artfully described as a move “from membership to management,” along with an examination of the underlying economics of direct mail fundraising provides reason for skepticism. Though the ideal data for examining systematic fundraising trends lies inaccessible behind organizational firewalls, there are very clear indicators that the fundraising and membership regimes pioneered by MoveOn have far-reaching consequences for the bulk of “post-materialist” or public interest nonprofit advocacy associations.

The shift from federated membership organizations to professional advocacy groups required the emergence of viable funding mechanisms capable of covering the high infrastructure and overhead costs of such political associations. Simply put, before there could be a large cadre of professionally-managed public interest groups in DC, there had to be some way for these organizations to pay their bills. Berry notes the role of foundations, particularly the Ford Foundation, in providing “seed money” for groups

such as the Environmental Defense Fund and the Natural Resource Defense Council.¹³

“Seed money” is an important turn of phrase: foundations provide only 7.3% of philanthropic contributions in America.¹⁴ Left-wing foundations in particular have a well-known habit of providing only short-term help, offering grants to fledgling organizations to get them on their feet, but expecting that within a few years, the organizational will develop its own external fundraising capacity. The emergence of Prospect Direct Mail (PDM) as a fundraising model was a primary enabling condition – necessary, though not sufficient – to the 1970s generational displacement among interest groups. “Prospecting” is a particularly apt term for the functioning of a direct mail program – it bears much in common with goldrush prospectors spending their days panning for gold by a riverside.

To develop a stronger understanding of the mechanics of PDM, I referenced the leading nonprofit fundraising text, Kim Klein’s *Fundraising for Social Change*, now in its fifth edition. Below is a sample balance sheet Klein supplies as an illustration of the logic of a healthy direct mail program:

Acquisition and Renewal through Direct Mail: One Organization’s Results (from Klein 1994)

Income

Acquisition mailings

5 mailings of 2000 pieces each; 1% response @ \$25 = \$2,500
(100 donors acquired from these mailings)

Three more mailings to those who gave asking for extra gifts

10% response from 100 donors at various amounts = \$750
(30 extra gifts from the 100 acquired donors)

One renewal mailing to these 100 donors; 66% at \$25 = \$1,650

Total Income = \$4900

¹³ Berry, pg 26

¹⁴ Percentage based on 1994 and generally accurate for the first realignment era. From Klein, Kim. 1994. *Fundraising for Social Change, 3rd Edition*. Berkeley, CA: Chardon Press. Pg 16

Expenses

Acquisition mailings (renting or exchanging lists, printing postage, etc)

10,000 pieces at .35 = \$3,500

Three more mailings to 100 donors

3 X 100 X .40 = \$120

Renewal mailings (one to everyone and a second to those who do not respond to the first)

150 letters total X .40 = \$60

Total Expenses = \$3,680

Net Gain, 66 donors, \$1,670

Note that the initial fundraising appeal (costing \$3,500 but raising only \$2,500) comes at a net cost of \$1,000 to the organization, and that is assuming a 1% rate of return, far from guaranteed. Klein explains, “The vast majority of fundraising time is spent getting people to give once and then getting them to give again.” (Klein, pg 57) Thus that first mailing is meant to *prospect* for donors – the individuals with a higher propensity to give – and then future mailings are sent to this smaller pool, providing a net profit. The technological aspect of PDM – the element that was technically infeasible prior to the late 1960’s – was the database software necessary for developing and maintaining high-quality lists. The difference between a profitable direct mail program and an unprofitable one is calculated through two factors: **cost per member acquired** and **average lifetime giving rate**.¹⁵ Without high-quality prospecting lists, the cost per member acquired [**(acquisition mailing expenses-average initial gift)/total new donors**] rises to an unaffordable rate, and the quality of those lists is predicated on the database software they are stored upon. Bosso notes that PDM is a “loss leader, the cost of building a base of regular contributors who in time may be convinced to go higher on the ‘pyramid of support’ – where the real money is.”¹⁶ This pyramid of support is central to the second factor calculated by fundraising professionals: **average lifetime giving**

¹⁵ Personal correspondence, Deborah Sorondo. November 2008.

¹⁶ Bosso, Christopher. 2005. *Environment Inc: From Grassroots to Beltway*. Lawrence: University Press of Kansas. Pg 111

rate. Notice that this metric can only be calculated retrospectively. A longstanding organization can look back on their fundraising efforts and calculate how long and how much the average member continued to give, and so long as this average exceeds the costs per member acquired, PDM offers a source of unrestricted organizational funding.

When the average lifetime giving rate is too low or the cost per member acquired is too high, PDM can take on a “shell game” quality. Conservative direct mail specialist Richard Viguerie, for instance, specialized in the 1980s and early 1990s in setting up conservative public interest organizations through direct mail operations. From 1992 through 1995, Viguerie set up *three* conservative senior organizations to combat the American Association of Retired Persons – the Seniors Coalition, the United Seniors Association, and 60/Plus. Created in quick succession, each organization prospected *from the previous Viguerie-founded organization’s mailing list*. This resulted in large overlapping memberships and eventually exhausted the response rate and average lifetime gift, leaving each organization in debt despite their large member rolls. (while Viguerie himself made millions in consulting fees, leading Jeffrey Berry to artfully describe him as a “one man tragedy of the commons”¹⁷)

It is important to understand these mechanics because there are strong indications that the cost per member acquired is steeply rising for a host of nonprofits – an effect of the generational trend toward paying bills online instead of through the mail. A recent study by Target Analysis Group, which aggregates data on nonprofit fundraising, indicates that donation-by-mail is entering a sharp decline, replaced by internet-based giving.¹⁸ Another study by the same group made note of a sharp demographic split

¹⁷ Berry, 1999. Pg 95

¹⁸ Flannery, Helen, Rob Harris and Carol Rhine. 2008. “Index of National Fundraising Performance” *Target Analytics*. Available online at: www.targetanalysis.com

between donors aged 65 and older, who still give through the mail, and donors younger than 65, who primarily give online.¹⁹ One prominent progressive nonprofit noted that its cost per member acquired, which had sunk to an historic low of \$7/member in 2000 in response to the Bush threat, had trended up to \$21/member after September 11th, and then steadily risen to over \$40/member in the summer of 2008 – prior to the onset of the current recession.²⁰ Fundraising professionals are increasingly moving their direct mail appeals online, but as we saw in the last section, the direct mail-type appeals do not compete well with the larger recipient base and increased timeliness of MoveOn’s style of online appeal. The appeals that succeed in raising the most money in the instant-communication online environment are the appeals tied to the day’s headline news, and that in turn advantages restricted appeals that do not result in the unrestricted dollars large nonprofits have relied upon for decades through the mail.

Given the retrospective nature of the “average lifetime giving rate” metric, it is near-impossible for an organization to tell at what point it has crossed the threshold from making a positive long-term investment in PDM-based membership to sinking money into an antiquated fundraising structure that has ceased to be viable. Much like the newspaper and publishing industries, which for years noticed declining revenue streams and emerging markets (blogs and self-publishing) to which they were ill-suited, but only recently have had to face major layoffs and industry-wide restructuring, there is currently a quiet panic among many nonprofit political advocacy associations regarding how they will continue to pay for their high staffing and infrastructure costs which, when measured

¹⁹ Flannery, Helen and Rob Harris. 2007. “2006 donorCentrics™ Internet Giving Benchmarking Analysis.” Target Analysis Group, Inc. Available online at www.targetanalysis.com pg 5

²⁰ Personal correspondence, nonprofit name withheld. September 2008.

against internet-mediated associations such as MoveOn, suddenly seem astronomically high.

Not all of nonprofits are equally threatened by these funding stream changes. Prospect Direct Mail is a major source of funds, but it is not the only one. Some associations rely disproportionately on a small number of major donors, catering program to the whims and interests of those few individuals, while others have developed longstanding corporate, foundation, or governmental ties. The formation of the “Democracy Alliance” in 2005, a collaborative effort among leftwing major donors to coordinate their giving and invest in new progressive infrastructure, produces similar tremors large donor-reliant organizations.²¹ Unions are a good example of an organization-type that never relied on direct-mail “membership,” and thus the shift in membership and fundraising regimes is likely to have only second-order effects on this type of group. But for a wide variety of nonprofit political associations, it seems clear that the change in membership and fundraising regimes pioneered by MoveOn has threatening implications. The notion that political associations with high infrastructure costs, facing dramatic shifts in fundraising environment, could somehow be “too big too fail” is hard to square with the similar realities currently unfolding in journalism, publishing, and a variety of other sectors.

Conclusion

Figure 5.1 summarizes the core historical argument presented in this chapter.

²¹ Payne, Erica. 2008. *The Practical Progressive: how to build a twenty-first century political movement*. New York: Public Affairs.

Drawing upon Bimber and Skocpol in particular, it identifies the changes in membership and fundraising regimes that occurred during the 1970s “interest group explosion” and are occurring again today, along with the dominant organization-type that we should expect from such regimes. My central contention has been that MoveOn is not only novel, large, and nimble, but that the very capacities it has pioneered are indicative of a disruptive innovation, presaging a systemic shift in the interest group ecology of American politics. The emerging ecology remains elite-dominated – there is no indication that MoveOn’s membership or the membership of other internet-mediated political associations is demographically more inclusive of underrepresented segments of the American public – but it is a new set of elites, armed with a more responsive tactical repertoire.

Fig. 5.1

Era	First Generation (1800s-1960s)	Second Generation (1970s-early 2000s)	Third Generation (2000-present)
Membership Type	Identity-Based	Issue-Based	Event-Based
Typical Activities	Attending Meetings, Holding Elected Office, Participating in Civic Activities	Mailing Checks, Writing Letters, Signing Petitions (Armchair Activism)	Attending local meetups, Voting online, Submitting User-Generated Content
Funding Source	Membership Dues (unrestricted)	PDM (unrestricted), Patron donors (restricted), Grants (restricted)	Online appeals (mostly restricted), Patron donors (restricted), Grants (restricted)
Dominant Organization-Type	Cross-Class Membership Federations	Single-Issue Professional Advocacy Orgs	Internet-Mediated Issue Generalists

This should serve as a call-to-arms of sorts for scholars interested in interest groups, political organizations, and/or internet impacts on politics. MoveOn has existed for ten years, and been a left-wing juggernaut for at least five, while attracting barely any

attention from the academic community. One explanation could be that we simply have not known what to make of this new, internet-mediated issue generalist. The addition of a new interest group is, in and of itself, rather unremarkable. The dynamics that have made MoveOn so successful are another matter. Hopefully this chapter helps to place MoveOn in its appropriate context – it is less the organization itself than the tools and capacities it has pioneered that make it so important to progressive politics today. And to the extent that these internet-mediated associations manage to lower the costs of offline engagement, as witnessed through MoveOn’s Council system and Democracy for America’s affiliate system (the subject of chapter 6), there is substantial reason to hope that much of what was lost in the shift from cross-class membership federations to single-issue professional advocacy groups may be reclaimed by the next generation of political associations.

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