

Bush's Campaign Ads...

Brought to You By Special Interests



**Congress Watch
March 2004**

Acknowledgments

The primary author of *Bush's Campaign Ads... Brought to You By Special Interests* is Public Citizen's Investigative Reporter Craig Aaron. Significant research and writing contributions were made by Research Director Neal Pattison, Fellow Leah Barron, Web master Ron Zucker, Executive Assistant Tamar Scialo, Legislative Assistants Conor Kenny and Cristina Francisco, and Legislative Counsel Winifred De Palma. Congress Watch Director Frank Clemente provided significant editorial guidance.

About Public Citizen

Public Citizen is a 160,000 member non-profit organization based in Washington, D.C. We represent consumer interests through lobbying, litigation, research and public education. Founded in 1971, Public Citizen fights for consumer rights in the marketplace, safe and affordable health care, campaign finance reform, fair trade, clean and safe energy sources, and corporate and government accountability. Public Citizen has five divisions and is active in every public forum: Congress, the courts, governmental agencies and the media. Congress Watch is one of the five divisions.



Public Citizen's Congress Watch
215 Pennsylvania Ave. S.E.
Washington, D.C. 20003
P: 202-546-4996
F: 202-547-7392
www.citizen.org

©2003 Public Citizen. All rights reserved.

Bush's Campaign Ads...

Brought to You By Special Interests

Table of Contents

Executive Summary.....	i
<i>Figure 1: Minimum Raised for Bush/Cheney '04 Campaign by Ranger-Pioneer Bundlers from Key Industries, Jan. 1, 2003 – Jan. 31, 2004.....</i>	iii
<i>Figure 2: Top Contributing Companies to Bush-Cheney '04, Jan. 1 – Dec. 31, 2003.....</i>	xii
<i>Figure 3: 2004 Bush Campaign Rangers and Pioneers by State</i>	xiv
Brought To You By... <i>Wall Street</i>	1
<i>Figure 4: Industry Contributions</i>	1
Brought To You By.... <i>Real Estate Developers</i>	5
<i>Figure 5: Industry Contributions.....</i>	5
Brought To You By... <i>Electric Utilities</i>	8
<i>Figure 6: Industry Contributions</i>	8
Brought to You By.... <i>Oil and Gas Companies</i>	12
<i>Figure 7: Industry Contributions</i>	12
Brought to You By.... <i>Mining Companies</i>	16
<i>Figure 8: Industry Contributions</i>	16
Brought To You By.... <i>The Drug Industry</i>	20
<i>Figure 9: Industry Contributions</i>	21
Brought To You By... <i>HMOs, Hospitals and Nursing Homes</i>	23
<i>Figure 10: Industry Contributions.....</i>	23
Brought to You By... <i>The Insurance Industry</i>	27
<i>Figure 11: Industry Contributions.....</i>	27
Brought To You By... <i>Media Conglomerates</i>	31
<i>Figure 12: Industry Contributions.....</i>	31

Bush's Campaign Ads...

Brought to You By Special Interests

Executive Summary

On March 4, the Bush-Cheney campaign will air its first television advertising of the re-election campaign. Pushing a theme of “steady leadership in dangerous times,” the campaign will blanket the airwaves in key battleground states with ads targeted at sports fans, Latino voters and the president’s conservative base.

The ads will be aimed at local broadcast markets in as many as 17 states that were closely contested in the 2000 election, including Florida, Michigan, Ohio and Pennsylvania. Bush also has purchased at least \$4.5 million worth of airtime on national cable television networks. More than half of that total will be spent over the next three weeks on the Fox News Channel and during auto races on Fox Sports Net – where the campaign hopes to reach those elusive “NASCAR Dads.” More Bush spots will run on CNN, CNBC, MSNBC, ESPN, the Golf Channel, the History Channel and the Home and Garden Network. The campaign also is unveiling its first Spanish-language television ad aimed at Latino voters in Florida, New Mexico, Nevada and Arizona.¹

Although purporting to stay above the political fray, the Bush campaign had spent at least \$41 million by the end of January. But the new ads mark the first highly public outlay from Bush’s massive campaign war chest – which holds another \$110 million and counting.² Bush is expected to raise an additional \$50 million – or more – between now and the Republican National Convention in September. At that point, the president will accept \$75 million in public financing for the two-month sprint to Election Day.

The president’s fundraising juggernaut has relied heavily on “Rangers” and “Pioneers,” the honorary titles bestowed on rainmakers who can collect at least \$200,000 or \$100,000, respectively. Legally, each of these individuals is limited to a maximum donation of \$2,000. But the Bush campaign has perfected a sophisticated system of “bundling” – by which corporate executives, lobbyists or other political insiders can pool together a large number of contributions to maximize their political influence. The Bush campaign gives tracking numbers to its fundraising elite that donors write on their checks. This ensures that the bundlers – and the special interests they represent – get credit for every dollar they bring in.

While the campaign bombards battleground states with images of waving flags and soft-focus shots of the president, it’s important to consider who’s really bankrolling this advertising blitz:

- The Bush-Cheney re-election bid has been financed by 416 Rangers and Pioneers. Public Citizen estimates that this exclusive group of 165 Rangers and 251 Pioneers accounts for at least \$58.1 million of Bush’s record haul of \$152.8 million as of Feb. 26.³ (The actual amount raised by these super-bundlers is surely much higher, but the campaign won’t release their exact fundraising totals. However, documents from the 2000 campaign revealed that many hauled in several hundred thousand dollars or more.)

- At least 374, or 90 percent, of these Rangers and Pioneers represent the special interests of America's major corporations. More Rangers and Pioneers come from the financial sector (73) than any other. These Wall Street CEOs and wealthy private investors have bundled at least \$10.8 million for Bush. Bush's list of rainmakers also is filled with lobbyists (53 registered federal lobbyists have raised at least \$6.5 million⁴) and corporate lawyers (25 have bundled at least \$3.4 million). [See Figure 1]
- The number of bundlers is not the only way to measure the undue influence enjoyed by corporations under the Bush administration. Campaign contributions from company employees and their families is another reliable barometer of who's trying to win favors in Washington. As of Dec. 31, 2003, employees from 76 different companies had donated a total of at least \$50,000 to Bush.⁵ [See Figure 2]
- The Bush campaign has swept across the country in the past year, holding 112 fundraisers in 44 states headlined by President Bush, Vice President Cheney or the First Lady. But some states have been more generous than others. Those with the most Rangers and Pioneers are Texas (49), Florida (47), California (37), New York (32), Ohio (25), Virginia (18), Illinois (16), Michigan (16), Georgia (15), and Tennessee (15).⁶ [See Figure 3]

Note on Methodology: Figures 4 through 12 summarize campaign contributions from key industries to Bush's presidential campaigns, the Republican National Committee, the Florida recount fund and the inauguration (hereafter referred to as "related entities"). Generally, the figures show that contributions for the 2000 cycle are considerably higher than those in 2004. This is due primarily to two factors: Unlimited soft money contributions from corporations, unions and wealthy individuals are now banned under the Bipartisan Campaign Reform Act. Moreover, it is still early in the election cycle – the Bush campaign only began receiving contributions in June 2003 and can continue to do so until the conclusion of the Republican convention in early September. The Republican National Committee, a principal arm of the president's re-election effort, can receive contributions until the November election.

Figure 1

**Minimum Raised for Bush/Cheney '04 Campaign by
Ranger-Pioneer Bundlers from Key Industries,
Jan. 1, 2003 – Jan. 31, 2004**

Agriculture				
	<i>Industry</i>	<i>Rangers</i>	<i>Pioneers</i>	<i>Minimum Total Bundled</i>
	Crop Production & Basic Processing	2	2	\$600,000
	Farm Equipment/Supplies	0	1	\$100,000
	Forestry & Forest Products	0	1	\$100,000
	Livestock & Poultry	0	1	\$100,000
	Misc. Agriculture	0	1	\$100,000
<i>Agriculture Minimum Total Bundled:</i>				\$1,000,000
Communications & Electronics				
	<i>Industry</i>	<i>Rangers</i>	<i>Pioneers</i>	<i>Minimum Total Bundled</i>
	Advertising	1	1	\$300,000
	Computers	4	8	\$1,600,000
	Media & Media Entertainment	1	5	\$700,000
	Other Electronics	0	1	\$100,000
	Telecommunications	2	3	\$700,000
<i>Communications & Electronics Minimum Total Bundled:</i>				\$3,400,000
Construction				
	<i>Industry</i>	<i>Rangers</i>	<i>Pioneers</i>	<i>Minimum Total Bundled</i>
	Building Materials & Equipment	2	1	\$500,000
	Construction Services	3	1	\$700,000
	Heavy Construction	0	1	\$100,000
	Home Builders	5	2	\$1,200,000
	Other Contractors	2	5	\$900,000
<i>Construction Minimum Total Bundled:</i>				\$3,400,000
Energy & Natural Resources				
	<i>Industry</i>	<i>Rangers</i>	<i>Pioneers</i>	<i>Minimum Total Bundled</i>
	Chemical & Related Manufacturing	3	1	\$700,000
	Electric Utilities	2	4	\$800,000
	Environmental Services/Equipment	1	0	\$200,000
	Mining	0	2	\$200,000
	Oil & Gas	5	7	\$1,700,000
	Waste Management	0	1	\$100,000
	Water	0	1	\$100,000
<i>Energy & Natural Resources Minimum Total Bundled:</i>				\$3,800,000
Finance, Insurance & Real Estate				
	<i>Industry</i>	<i>Rangers</i>	<i>Pioneers</i>	<i>Minimum Total Bundled</i>
	Accountants	1	5	\$700,000
	Finance & Investment	35	38	\$10,800,000
	Insurance	4	8	\$1,600,000
	Real Estate	17	20	\$5,400,000
<i>Finance, Insurance & Real Estate Minimum Total Bundled:</i>				\$18,500,000

Health				
	<i>Industry</i>	<i>Rangers</i>	<i>Pioneers</i>	<i>Minimum Total Bundled</i>
	Health Professionals	3	4	\$1,000,000
	Hospitals/HMOs/Clinics	1	5	\$700,000
	Nursing Homes/Home Care	4	0	\$800,000
	Pharmaceuticals/Health Products	2	4	\$800,000
<i>Health Minimum Total Bundled:</i>				\$3,300,000
Lawyers & Lobbyists				
	<i>Industry</i>	<i>Rangers</i>	<i>Pioneers</i>	<i>Minimum Total Bundled</i>
	Lawyers/Law Firms	9	16	\$3,400,000
	Lobbyists [see note]	15	31	\$6,100,000
	Political Campaign Professionals	1	2	\$400,000
<i>Lawyers & Lobbyists Minimum Total Bundled:</i>				\$9,900,000
Miscellaneous Business				
	<i>Industry</i>	<i>Rangers</i>	<i>Pioneers</i>	<i>Minimum Total Bundled</i>
	Business Support Services	1	5	\$700,000
	Entertainment	2	3	\$700,000
	Food & Beverage	4	11	\$1,900,000
	Misc. Manufacturing & Distributing	3	8	\$1,400,000
	Misc. Services	2	4	\$800,000
	Miscellaneous Business	0	1	\$100,000
	Retail Sales	1	5	\$700,000
<i>Miscellaneous Business Minimum Total Bundled:</i>				\$6,300,000
Transportation				
	<i>Industry</i>	<i>Rangers</i>	<i>Pioneers</i>	<i>Minimum Total Bundled</i>
	Air	2	1	\$500,000
	Automotive	3	5	\$1,100,000
	Railroad	2	1	\$500,000
	Trucking	1	2	\$400,000
<i>Transportation Minimum Total Bundled:</i>				\$2,500,000
All Other Bundlers				
	<i>Includes elected and other party officials</i>	<i>Rangers</i>	<i>Pioneer</i>	<i>Minimum Total Bundled</i>
	Other	19	22	\$6,000,000
<i>All Other Bundlers Minimum Total:</i>				\$6,000,000
Total All Bundlers				\$58,100,000

Source: Public Citizen analysis of Bush campaign disclosures. Ranger and Pioneer information from www.WhiteHouseForSale.org – a project of Public Citizen and Texans for Public Justice.

Note: Lobbyists employed by trade associations are corporations are listed with their respective industries. In the 2004 cycle, 53 Rangers and Pioneers were registered as federal lobbyists.

The Rangers and Pioneers have been rewarded for their largesse with access to the administration, relaxed regulations, legislative favors, targeted tax breaks, lucrative federal grants and contracts, and plum appointments at home and abroad. Many of them anticipate even greater rewards if Bush secures a second term.

On the following pages, this report first summarizes and later provides more detailed profiles of some of the key industries and individuals funding the president's re-election bid. As the campaign unleashes a barrage of advertising across the country – each 30-second spot bearing the tagline “Paid For By Bush-Cheney '04 Inc.” – it's important to consider whose money actually paid for the ads and what they expect in return.

Bush's campaign ads have been brought to you by ...

Financial Industry

- As a whole, bankers, stockbrokers, venture capitalists and wealthy private investors have donated at least \$38.4 million to Bush's campaign efforts in 2000 and 2004. [See Figure 4]
- The financial industry has produced more Rangers and Pioneers than any other industry – 73 in all who have bundled at least \$10.8 million this cycle. This group includes no less than 15 leading Wall Street executives. In fact, Wall Street accounted for six of the top 10 companies whose employees donated the most to Bush in 2004: Merrill Lynch, UBS Americas, Goldman Sachs, Credit Suisse First Boston, Lehman Brothers and Bear Stearns.
- Wall Street also accounts for three of Bush's all-time biggest givers in his presidential bids. Goldman Sachs, Credit Suisse First Boston and Merrill Lynch (this cycle's biggest donor) each have contributed more than \$1 million to the Bush campaigns and related entities. The only other company to give at least \$1 million is Enron.
- The CEOs of Goldman Sachs and UBS Americas, both Rangers, also each have pledged to raise \$5 million for the Republican National Convention. So has the CEO of Citigroup.

Paybacks & Future Payoffs:

- Bush's 2003 tax cut reduced the “double taxation” of dividends – the securities industry's No. 1 priority – from 38.6 percent to 15 percent.
- Bush's other major tax cuts (reduction in the capital gains tax, the phase-out of the estate tax, and a lowering of top income tax rates) greatly benefited the securities industry and its CEOs, who personally will save hundreds of thousands if not millions of dollars in taxes a year.
- Social Security privatization, likely to be a top Bush priority in a second term, ultimately would shift trillions of dollars of retirement savings to private sector investment accounts.
- The securities industry is fighting to discourage regulation of mutual funds and to get Washington to prevent state regulators from forcing structural changes in the industry that would protect smaller investors.
- The industry is clamoring for a one-sided bankruptcy “reform” bill that benefits credit card companies to the detriment of indebted consumers.

Real Estate Developers

- As a whole, the real estate industry has donated at least \$32.2 million to Bush campaign efforts in 2000 and 2004. [See Figure 5]
- So far, 38 real estate developers have qualified as Rangers or Pioneers in 2004 – bundling at least \$5.4 million.⁷
- A third of the 2004 rainmakers came from Florida. These dozen developers – many of whom are also major contributors to the president’s brother Jeb – have collected at least \$1.8 million for the 2004 campaign.
- Perhaps the most outspoken Florida developer is Al Hoffman, who doubles as finance chairman of the Republican National Committee. He mocks environmental regulators as radicals “who think the world will end if they can’t protect that little tree.”

Paybacks & Future Payoffs:

- In 2003, the Environmental Protection Agency (EPA) and Army Corps of Engineers tried to narrow the Clean Water Act so that it no longer covered intra-state waters, including ponds, streams and wetlands. When their efforts drew a flood of opposition, the administration backed off.
- Bush’s EPA and the Corps instructed field staff to get approval from headquarters in Washington before requiring a permit to build on certain “isolated” wetlands, threatening as many as 20 million acres of wetlands and up to 60 percent of stream miles.
- The administration made it easier for developers to build on wetlands by weakening requirements for obtaining general permits that are supposed to be issued only if projects pose minimal adverse environmental effects.
- The Bush administration has listed just 25 endangered species since 2001, all a result of court orders. By comparison, the Clinton administration added an average of 65 species per year, and Bush’s father’s administration added 58 per year. Bush also has appointed crusading opponents of the Endangered Species Act to key positions at the Interior Department.
- President Bush has helped one Florida Pioneer, Peter Rummell, who is turning the forests, wetlands and small towns of Northwest Florida into high-priced golfing communities, by declaring a new airport a “high priority” and earmarking \$2 million for its planning.
- A new EPA regional administrator was appointed for the Southeastern Region and has allowed permits for developers wishing to build in the Western Everglades even when career experts objected. This administrator also has accepted a developer-financed study concluding that wetlands discharge more pollution than they absorb.

Electric Utilities

- As a whole, the electric utility industry has donated nearly \$6 million to Bush campaign efforts in 2000 and 2004. [See Figure 6]
- The industry has provided two Rangers and six Pioneers this election cycle. Many of their companies were either sued or investigated by the Clinton administration for Clean Air Act violations.

- The \$5.2 million the electric utility companies gave toward the Bush effort in 2000 earned three industry Pioneers slots on the transition team at the Department of Energy and helped secure numerous meetings with Vice President Cheney's secretive energy task force.
- In 1999, Thomas Kuhn of the Edison Electric Institute, the industry's top lobbyist, exhorted industry officials to include his tracking number on their checks to "ensure that our industry is credited and that your progress is listed among the other business/industry sectors."

Paybacks & Future Payoffs:

- A key Clean Air Act rule called New Source Review (NSR) was drastically rewritten by Bush's EPA at the urging of Cheney's energy task force, neutralizing existing government lawsuits against energy companies and preventing future challenges. NSR forced utilities to install modern anti-pollution equipment that could prevent up to 9,000 premature deaths a year.
- Bush reversed a key campaign pledge to regulate carbon dioxide emissions and abandoned the Kyoto treaty on global warming.
- The administration's "Clear Skies" initiative would replace existing clean air regulations with a market-based system that would dramatically delay emissions reductions and do nothing to contend with carbon dioxide. Having failed to pass this via legislation, the administration is now looking at regulating the program into existence.
- The administration's proposed mercury regulations are indistinguishable from proposals put forward by the electric utility industry.
- Repeal of the Public Utility Holding Company Act (PUCHA), which was proposed by the Cheney energy task force and is included in the energy bill before Congress, would place an estimated \$1 trillion in regulated electric power generation, transmission and distribution facilities up for sale without ownership or geographic restrictions. Consumers would be the biggest losers.

Oil & Gas Companies

- Oil and gas companies have given at least \$15.8 million to the Bush campaign efforts in 2000 and 2004. [See Figure 7]
- In 2000, the oil and gas industry produced 41 Pioneers. But in the current cycle, the industry is represented by just a dozen rainmakers publicly showing their gratitude to President Bush. Many may be holding back to see if the energy bill gets through Congress.
- Though the now defunct Enron Corp. hasn't given a dime since 2000, it still ranks as Bush's third-highest donor in federal elections. Ken Lay isn't on the list yet this year, but his former secretary is. Nancy Kinder – whose husband Richard is a former Enron president – is a Ranger.

Paybacks & Future Payoffs:

- In its first year, the Bush administration increased by 51 percent the amount of federal land able to be leased for oil and gas exploration and coal mining.

- While the administration's plan to allow drilling in the Arctic National Wildlife Refuge has been blocked in the Senate, many scenic tracts have been opened up including prime wildlife habitat near Yellowstone National Park, Utah's most scenic landscapes near Arches and Canyonlands national parks, Padre Island National Seashore (the longest remaining undeveloped barrier island in the world and home to endangered sea turtles) and Colorado's Canyons of the Ancients National Monument (temporarily halted by a federal judge).
- The administration has targeted Wyoming's Powder River Basin for coalbed methane drilling – a technique that could contaminate rivers and streams, kill wildlife and make the water unsuitable for crop use. The EPA gave the project its worst possible rating.
- A priority of Bush Pioneer and ConocoPhillips CEO Archie Dunham and three other oil companies was the need to end unilateral sanctions preventing U.S. companies from doing business in Iran and Libya. Despite beginning to normalize relations with Libya for ending its nuclear weapons program, U.S. trade sanctions remain in place. Only these four companies are being allowed to negotiate a return.
- Executive orders have been one of Bush's favored methods of helping oil and gas companies. Industry practically wrote the order requiring that when federal agencies undertake a "significant energy action," they must include information regarding how an agency decision or regulation will affect energy supply, distribution and use. Another order shields oil companies from any liability arising from the sale of Iraqi oil.
- Many of the billions in industry benefits buried in the massive energy legislation were recommendations made by Cheney's energy task force.

Mining Companies

- As a whole, the mining industry has contributed at least \$3.1 million to Bush campaign efforts in the 2000 and 2004 cycles. [See Figure 8]
- The industry's two Pioneers have enjoyed an inside track with the administration from day one. James H. "Buck" Harless, an 83-year-old West Virginia coal baron, recently became a Pioneer for the second time.
- Jack Gerard, the other industry Pioneer, wasn't on Bush's list in 2000. But that didn't stop him – and two of his colleagues at the National Mining Association (NMA) – from securing spots on the Bush transition team.

Paybacks & Future Payoffs:

- On the transition teams, these mining representatives helped install industry insiders such as the Deputy Secretary at the Department of Interior, the Assistant Interior Secretary for Land and Minerals Management, the Director of the Office of Surface Mining, and the Assistant Secretary of Labor for Mine Safety and Health.
- Shortly after taking office, Bush reneged on his campaign pledge to regulate carbon dioxide emissions and then withdrew from the Kyoto global warming treaty – all top priorities of the coal industry. "You did everything you could to elect a Republican president," the director of the West Virginia Coal Association told industry executives in May 2001. "You are already seeing in his actions the payback, if you will, his gratitude for what we did."

- Bush's EPA adopted an environmentally devastating rule promoting mountaintop removal to mine coal, allowing companies to bury hundreds of miles of streams under piles of rubble. A federal judge found that the administration's rule change was "designed simply for the benefit of the mining industry and its employees."
- As part of a legal settlement under Clinton, the federal government agreed to create an environmental impact statement assessing mountaintop removal mining and valley fills. Clinton's preliminary draft of the statement suggested limiting valley fills, but when the Bush administration released the actual draft report it included no such limits.
- The administration has initiated a rule change to lift a Reagan-era regulation that banned mining within 100 feet of a stream unless a company could prove that the mining would not affect water quality.
- A new regulation, replacing a stronger Clinton rule, prevents the Interior Department from blocking proposed mines on federal land if they are predicted to result in "substantial irreparable harm." The Bush administration overturned another Clinton policy that restricted the amount of public land mining companies can use for dumping waste.

Pharmaceutical Industry

- Drug companies have donated at least \$6.6 million to Bush campaign efforts during the past two campaign cycles. [See Figure 9]
- During Bush's first campaign – during which drug companies donated \$5.7 million – executives and in-house lobbyists from drug giants Bayer Corp., AstraZeneca and Wyeth were named Pioneers. In 2004 top officials from Bristol Myers-Squibb and Pfizer have raised at least \$100,000 each.
- Pfizer and its Pioneer CEO Hank McKinnell have given more than \$731,000 to various facets of the Bush campaign operation in 2000 and 2004. McKinnell – who has been chairman of the Pharmaceutical Research and Manufacturers of America (PhRMA) and the Business Roundtable – has led efforts to head off threats to the drug industry's astronomical profits.
- When Bush won the 2000 election, one drug industry executive told the *New York Times*, "There were a lot of high-fives around here."

Paybacks & Future Payoffs:

- The Bush Medicare law is a big win for prescription drug companies – it greatly expands the industry's customer base but ensures that the prescription drug benefit will be administered by private companies. Moreover, the law expressly prohibits the government from negotiating lower prices.
- The industry also avoided any measure that would permit the reimportation of less expensively priced Canadian drugs. The Bush administration has marched in lockstep with the drug-makers, insisting drugs from Canada pose a risk to public safety.
- Bush has requested \$2.5 billion next year for Project BioShield, "a program to develop and purchase vaccines, drugs and other tools for biodefenses." While \$400 million would be earmarked to stockpile vaccines in case of a biological weapons attack, the remainder of the money will be given to the pharmaceutical companies as "an incentive to manufacture" the "next generation" of medications.

HMOs, Hospitals & Nursing Homes

- As a whole, these three health care industries have donated at least \$5.5 million to Bush campaign efforts in 2000 and 2004. [See Figure 10]
- Two of Bush's 2004 Rangers come from the nursing home industry, and four of his 2004 Pioneers work for HMOs.
- In addition, three physicians are Rangers in 2004, and three others are Pioneers.
- Charles "Chip" Kahn III, president of the Federation of American Hospitals and a Pioneer, credits his fundraising success to the president's support of medical malpractice legislation. "Medical-malpractice reform is a mountaintop issue for our members," Kahn said. "That's why people were motivated."

Paybacks & Future Payoffs:

- Bush's new Medicare drug law provides prescription drug coverage through private insurance companies rather than through the traditional Medicare program itself, as hospital and physician coverage is administered. As a result, Medicare revenues for corporations in the managed care industry are projected to rise from \$37 billion in 2003 to \$226 billion in 2010, increasing profits more than 600 percent.
- Managed care companies stand to get an extra \$14.2 billion over 10 years under the Medicare bill in extra payments designed to entice them to offer drug coverage.
- Hospitals will receive at least \$2.7 billion over 10 years in direct-payment rate increases under the Medicare bill. Rural hospitals and other health care providers will enjoy a \$25 billion infusion of cash over 10 years from increased payments.
- Bush's crusade for federal medical malpractice legislation earns him huge points not only with doctors and hospitals, but also with nursing homes. National Healthcare Corp., whose CEO W. Andrew Adams is a Ranger, has faced at least 87 personal injury or wrongful death lawsuits. More lawsuits may be coming after a fire in September that killed 14 residents in its Nashville facility, which had not been equipped with a sprinkler system.
- Nursing home executives welcomed Centers for Medicare and Medicaid Services (CMS) actions that eliminated a requirement for feeding aides in nursing homes to be licensed or certified, and reduced the number of hours of training required for these aides from approximately 75 to eight.
- Hospitals benefited twice last year when the CMS eased requirements for on-call emergency room staffing and weakened prohibitions against patient "dumping" – which relieved some facilities of their obligation to provide emergency care to poor people.
- The Bush administration modified provisions of the Health Insurance Portability and Accountability Act covering privacy of medical records so control over health information was transferred from the patient to the provider and protections against use of private information for marketing purposes were removed.

Insurance Industry

- As a whole, the insurance industry pooled more than \$12 million for Bush campaign efforts in 2000 and 2004. [See Figure 11]

- In 2000, the industry mustered up 14 Pioneers. So far in 2004, the industry has produced four Rangers and eight Pioneers.
- Seven of the nine insurance companies that have produced Pioneers this cycle have faced class-action lawsuits against them or the companies they insure.

Paybacks & Future Payoffs:

- After the terrorist attacks of 2001, Bush personally spearheaded the insurance industry's top priority. Within weeks, he announced a plan to cover 80 percent of damages caused by terrorism and to place limits on terrorism-related lawsuits. In the end, the government promised to cover up to \$100 billion of the insurance industry's costs over a three-year period in the event of future attacks.
- Bush has also championed another industry priority – the so-called Class Action Fairness Act. An official from the Alliance of American Insurers has labeled it “the most promising piece of legislation” for property-casualty insurers. The legislation would hurt consumers but help insurance companies and their corporate clients by pushing more lawsuits from state to federal courts, where judges are less likely to certify a class action.

Media Conglomerates

- Media and entertainment companies donated at least \$7.7 million to Bush campaign efforts in 2000 and 2004. [See Figure 12]
- Comcast – the country's largest provider of cable TV and broadband Internet services – has increased its political giving along with its mergers and acquisitions. CEO Brian Roberts was a co-chairman of the host committee at the 2000 Republican Convention. Comcast Cable President Stephen Burke has raised at least \$200,000 for Bush's re-election campaign.
- California billionaire Jerry Perenchio – the CEO of Univision – is a Pioneer who gave \$100,000 to the Bush inauguration. He also was the leading out-of-state donor to Bush's 1998 Texas gubernatorial campaign.

Paybacks & Future Payoffs:

- President Bush's Federal Communications Commission (FCC) voted to allow one company to own television stations reaching up to 45 percent of the U.S. viewing public. Congress moved to overturn the proposal. Eventually the White House signed off on a “compromise” ownership cap of 39 percent – just enough to ensure that neither News Corp. nor Viacom would have to sell off any stations.
- Bush's FCC also made possible the controversial \$3 billion merger of Univision and Hispanic Broadcasting. Perenchio profited handsomely from that deal, which combined his television network with the country's largest Spanish-language radio network. It also handed over 80 percent of the Spanish-language radio and television market to Univision.
- Comcast recently made an unsolicited offer to buy Walt Disney Corp. If the deal is approved by Disney shareholders, it would create the largest media company in the world. But the merger also will need the approval of the FCC.

Figure 2

**Top Contributing Companies to Bush-Cheney '04,
Jan. 1 – Dec. 31, 2003**

Note: Rangers in **BOLD**, 2000 Pioneers denoted by *

Organization	Total	Rangers and Pioneers
Merrill Lynch	\$434,654	E. Stanley O'Neal
PricewaterhouseCoopers	\$337,550	Richard R. Kilgust
UBS Americas	\$336,150	Joseph J. Grano
MBNA Corp.	\$335,750	Charles M. Cawley* , Lance Loring Weaver
Goldman Sachs	\$272,475	Peter R. Coneway* , Henry M. Paulson Jr., George H. Walker IV,
Credit Suisse First Boston	\$240,750	John Mack , Patrick J. Durkin *
Lehman Brothers	\$227,496	Stephen M. Lessing
Bear Stearns	\$219,000	James E. Cayne, Douglas R. Korn
Blank Rome LLP	\$206,900	David F. Girard-diCarlo* , Carl M. Buchholz, Mark A. Holman
Ernst & Young	\$188,205	Leslie J. Brorsen *
Citigroup Inc.	\$172,250	
Deloitte Touche Tohmatsu	\$161,200	Paul Maynard
Microsoft Corp.	\$160,050	John Connors, John Kelly
Southern Co.	\$158,197	Dwight H. Evans
Haynes & Boone	\$157,650	Paul Dickerson, Michael M. Boone*
Winston & Strawn	\$156,250	James Neis
Morgan Stanley	\$154,725	William H. Strong
Amerquest Capital	\$152,800	Roland & Dawn Arnall
Union Pacific Corp.	\$152,000	Richard K. Davidson
Vinson & Elkins	\$145,500	Thomas P. Marinis Jr.*
SBC Communications	\$141,850	Edward E. Whitacre Jr.
Manor Care Inc.	\$133,540	M. Keith Weikel
National HealthCare Corp.	\$119,275	W. Andrew Adams
United Technologies	\$117,951	
American International Group	\$117,050	Maurice 'Hank' R. Greenberg*
Blackstone Group	\$110,750	Stephen A. Schwarzman
EMC Corp.	\$109,050	Richard J. Egan*
Akin, Gump et al	\$100,450	Bill Paxon*, James (& Sandy) Langdon Jr.*
Burlington Northern Santa Fe Corp.	\$95,001	Matthew K. Rose*
Enterprise Rent-A-Car	\$89,300	Raymond & Ann Wagner Jr.*
Cendant Corp.	\$86,500	
Pfizer Inc.	\$83,844	Hank McKinnell
Bank of New York	\$83,730	Thomas A. Renyi
Waste Management Inc.	\$80,175	A. Maurice Myers
Comcast Corp.	\$78,810	Stephen B. Burke
Verizon Communications	\$78,300	Ivan Seidenberg
General Motors	\$75,470	
General Electric	\$75,425	
UnitedHealth Group	\$75,000	William McGuire
USAA	\$74,750	Robert G. Davis
Morgan Keegan & Co.	\$74,000	Allen Morgan Jr.
Cargill Inc.	\$73,800	Warren R. Staley
Bryan Cave LLP	\$73,270	John C. Danforth

Organization	Total	Rangers and Pioneers
Kirkland & Ellis	\$72,550	
AON Corp.	\$72,250	Patrick G. Ryan , Michael O'Halleran
FedEx Corp.	\$72,000	Frederick W. Smith
Clark Consulting	\$71,300	
Wachovia Corp.	\$71,125	
Fidelity Investments	\$70,008	James P. MacGilvray
Bass Brothers Enterprises	\$70,000	Lee Bass*
TCW Group	\$68,000	Mark I. Stern
Northwestern Mutual	\$67,402	Ron Beshear, Douglas E. Corn
Anthem Inc.	\$66,900	L. Ben Lytle
Stephens Group	\$65,849	Warren Stephens
Anheuser-Busch	\$65,500	August Busch III
UST Inc.	\$64,750	Edward D. Kratovil*
Blue Cross/Blue Shield	\$64,050	Michael R. Hightower*
Friedman, Billings & Ramsey Group	\$63,000	
Accenture	\$62,950	
JP Morgan Chase & Co.	\$61,550	
Skadden, Arps et al	\$60,760	
KPMG LLP	\$59,600	
Locke, Liddell & Sapp	\$59,350	Jeff B. Love *
Lockheed Martin	\$59,325	
Pyramid Companies	\$57,501	Robert J. Congel
Time Warner	\$57,500	
Eli Lilly & Co.	\$56,500	
Greenberg, Traurig et al	\$56,500	Jack A. Abramoff
AFLAC Inc.	\$56,492	David Pringle
American Financial Group	\$55,000	Carl H. Lindner III, Carl H. Lindner Jr., Sandra Heimann
International Paper	\$54,260	
Berkshire Hathaway	\$54,000	
FirstEnergy Corp.	\$54,000	Anthony J. Alexander*
Federated Investors Inc.	\$52,000	
Irell & Manella	\$51,200	
Mayer, Brown et al	\$51,000	

Source: Center for Responsive Politics data through Dec. 31, 2003, and Public Citizen analysis of Bush campaign disclosures. Ranger and Pioneer information from www.WhiteHouseForSale.org – a project of Public Citizen and Texans for Public Justice.

Figure 3

2004 Bush Campaign Rangers and Pioneers by State

State	Rangers	Pioneers	Total
Alabama	4	5	9
Alaska	0	0	0
Arizona	3	2	5
Arkansas	2	0	2
California	16	21	37
Colorado	2	1	3
Connecticut	1	7	8
Delaware	2	0	2
Florida	22	25	47
Georgia	5	10	15
Hawaii	2	2	4
Idaho	0	1	1
Illinois	4	12	16
Indiana	5	3	8
Iowa	1	0	1
Kansas	0	1	1
Kentucky	1	1	2
Louisiana	1	0	1
Maine	0	1	1
Maryland	2	0	2
Massachusetts	3	0	3
Michigan	3	13	16
Minnesota	3	4	7
Mississippi	1	0	1
Missouri	3	7	10
Montana	0	1	1
Nebraska	2	1	3
Nevada	2	3	5

State	Rangers	Pioneers	Total
New Hampshire	0	0	0
New Jersey	4	6	10
New Mexico	0	1	1
New York	14	18	32
North Carolina	4	2	6
North Dakota	0	0	0
Ohio	10	15	25
Oklahoma	0	2	2
Oregon	1	3	4
Pennsylvania	5	4	9
Rhode Island	0	0	0
South Carolina	2	4	6
South Dakota	1	0	1
Tennessee	8	7	15
Texas	15	34	49
Utah	0	2	2
Vermont	0	1	1
Virginia	5	13	18
Washington	2	4	6
West Virginia	0	1	1
Washington, D.C.	1	13	14
Wisconsin	2	0	2
Wyoming	1	0	1

Total Rangers by State	165
Total Pioneers by State	251
Total Rangers and Pioneers	416

Source: Public Citizen analysis of Bush campaign disclosures. Ranger and Pioneer information from www.WhiteHouseForSale.org – a project of Public Citizen and Texans for Public Justice.

¹ “Bush Ads Target Base, Hispanics,” Associated Press, March 1, 2004.

² Public Citizen analysis of data filed with the Federal Election Commission; www.WhiteHouseForSale.org.

³ Public Citizen research and analysis of campaign information disclosed by Bush-Cheney '04.

⁴ Public Citizen research and analysis of campaign information disclosed by Bush-Cheney '04; see the Public Citizen release, “Bush’s Hypocrisy: President Condemns Influence of Special Interests but Accepted at Least \$6.5 Million Bundled by Lobbyists,” Feb. 13, 2004.

⁵ Center for Responsive Politics data through Dec. 31, 2003.

⁶ Public Citizen research and analysis of campaign information disclosed by Bush-Cheney '04.

⁷ Public Citizen research and analysis of campaign information disclosed by Bush-Cheney '04.

Brought To You By... *Wall Street*

Nearly one in five Rangers and Pioneers comes from the financial sector. This group of 73 bankers, stockbrokers and wealthy private investors – which bundled at least \$10.8 million for the Bush campaign last year – includes no less than 15 leading Wall Street executives. In fact, Wall Street accounted for six of the top 10 companies whose employees donated the most to Bush in 2004: Merrill Lynch, UBS Americas, Goldman Sachs, Credit Suisse First Boston, Lehman Brothers and Bear Stearns.

These financial titans know a good investment when they see one. While publicly pledging to crack down on corporate corruption, Bush has pursued policies that promise to line Wall Street's pockets. Chief among these was passage of the president's tax plan, which the *Washington Post* described as "almost everything they ever dreamed of."¹

Figure 4

Financial Industry Contributions to Bush Campaign and Affiliated Entities, 2004 and 2000

Donor	2004 Bush	2004 RNC	2000 Contributions [†]	Total	Select Rangers & Pioneers
Goldman Sachs	\$272,475	\$280,454	\$861,999	\$1,414,928	Peter R. Coneway* Henry Paulson, Jr. George H. Walker IV
Credit Suisse First Boston	\$240,750	\$43,200	\$1,010,840	\$1,294,790	John Mack Patrick J. Durkin*
Merrill Lynch	\$434,654	\$68,060	\$539,722	\$1,042,436	E. Stanley O'Neal
TCW Group	\$68,000	\$150,550	\$511,680	\$730,230	Marc I. Stern
UBS Americas	\$336,150	\$108,625	\$238,950	\$683,725	Joseph J. Grano
Federated Investors	\$52,000	\$115,500	\$338,450	\$505,950	
Lehman Brothers	\$218,000	\$51,552	\$126,800	\$396,352	Stephen M. Lessing
Bear Stearns	\$219,000	\$32,646	\$93,470	\$345,116	James E. Cayne Douglas R. Korn
Citigroup Inc.	\$54,650	\$11,951	\$197,095	\$263,696	
All Other Companies	\$3,129,282	\$2,632,736	\$25,913,660	\$31,679,678	
INDUSTRY TOTALS	\$5,024,961	\$3,495,274	\$29,836,666	\$38,356,901	2004 Rangers: 34 2004 Pioneers: 38 2000 Pioneers: 79

Sources: Center for Responsive Politics data through Dec. 31, 2003 and Public Citizen analysis. Ranger and Pioneer information from www.WhiteHouseForSale.org, a project of Public Citizen and Texans for Public Justice.

[†] 2000 Contributions include donations to Bush campaign, RNC, recount fund and inauguration.

KEY:
2004 Rangers in **bold**.
* 2004 Ranger or Pioneer who was a 2000 Pioneer.
2000 Pioneers only in *italics*.

Ending the alleged “double taxation” of dividends was the securities industry’s No. 1 legislative priority in 2003.² While Congress did not approve the total elimination of dividend tax, as Bush and Wall Street had proposed, the dividend tax rate was slashed from 38.6 percent to 15 percent. But the financial sector also will reap the rewards of the reduction in the capital gains tax, the phase-out of the estate tax and a lowering of top income tax rates. Not only were the Bush tax cuts skewed toward Wall Street’s richest customers, but the CEOs themselves stood to personally save hundreds of thousands – if not millions – of dollars.³

Wall Street is now leading the drive to make the Bush tax cuts permanent, a major step toward its goal of all investment income being tax-free. The industry also heartily has endorsed plans put forward by the Bush Treasury Department to create “retirement savings accounts” and “lifetime savings accounts,” which are being sold as simpler alternatives for average citizens than the existing alphabet soup of traditional retirement options. These proposals – declared “a top priority” by the Securities Industry Association – would further shield capital gains from taxes and allow Wall Street to cherry pick the wealthiest clients.⁴

The industry is also salivating over the prospect of Social Security privatization. In his 2004 State of the Union speech, Bush reiterated his commitment to allowing Americans to divert their Social Security money to private investment accounts. A Republican official told the *Washington Post* that the White House “wants to spend a lot of money” on advertising to promote this issue during the campaign.⁵

Meanwhile, as the uproar over the corporate scandals of 2001 has diminished, companies in the finance sector have started to whisper about being over-regulated. Merrill Lynch CEO Stan O’Neal, a Ranger, lamented in an April 2003 *Wall Street Journal* op-ed that “if we attempt to eliminate risk – to legislate, regulate, or litigate it out of existence – the ultimate result will be economic stagnation, perhaps even economic failure.”⁶

O’Neal’s article was a thinly veiled attack on New York Attorney General Eliot Spitzer – who launched the investigation into conflicts of interest between investment bankers and stock analysts that eventually led to a \$1.4 billion “global settlement” by Merrill Lynch and nine other Wall Street firms (seven of which have since spawned Rangers or Pioneers).⁷ A few months later, Rep. Richard Baker (R-La.) introduced a bill – originally circulated on the Hill by Morgan Stanley – to rein in state regulators and prevent them from forcing structural changes in the securities industry. The measure, which would have paralyzed Spitzer’s probe, was tacitly endorsed by SEC Chairman William Donaldson before being dropped from consideration after some unsought media coverage.⁸

Since then, Spitzer has further enraged Wall Street – and the lax regulators at the Securities and Exchange Commission (SEC) – by going after mutual funds for fraudulent trading practices. A battle is shaping up in Congress this year over the regulation of mutual funds, especially issues of corporate governance, fund fees and disclosure.⁹ But Wall Street is betting that Bush is at best a reluctant reformer. The president seems eager to give the wayward firms a slap on the wrist, declare the corporate reform effort complete, and get back to business as usual. Wall Street hopes a second Bush term will not only quiet Spitzer, but deter further regulation of hedge funds, derivatives trading, and arcane, highly profitable tax-avoidance schemes.

The stockbrokers and investment bankers aren't the only financiers currying favor with the Bush administration. Credit-card companies like MBNA – which gave more to Bush than any other company in 2000 and ranks third this cycle – also are clamoring for a “bankruptcy reform” bill limiting consumers’ ability to avoid paying debt. The credit-card companies stand to make an extra billion dollars a year – at least \$75 million in profits at MBNA alone – if the measure becomes law.¹⁰ Bush endorsed the bill – which had been vetoed by President Clinton – shortly after taking office in 2001, but it has been mired in the Senate ever since.¹¹ Charles Cawley, MBNA’s recently retired CEO, has hosted at least three Bush fundraisers at his homes since 1999, most recently an event with Laura Bush last November that netted \$350,000.¹²

Not to be outdone, the Wall Street titans collected \$4 million for Bush at the June 23, 2003 “New York Kickoff Reception” – still the president’s single biggest event this cycle– helping them to secure a private meeting with the commander-in-chief to discuss “economic policy” in September.¹³ Cheney raised another \$1.3 million at two separate New York events later in the fall and also headlined a Ranger- and Pioneer-only “friendraiser” on Ellis Island.¹⁴

Both Bush and Cheney will return to the Big Apple in September 2004 for the Republican Convention – yet another occasion for Wall Street CEOs to break out their wallets and Rolodexes. Rangers Henry Paulson of Goldman Sachs and Joseph Grano of UBS are co-chairmen of the convention who each have pledged to raise \$5 million, as did Citigroup’s Sanford Weil.¹⁵ Though Weil – who often supports Democrats – is not a Pioneer, Citigroup employees gave \$172,250 to Bush last year.

The Bush campaign isn’t quite finished fundraising among the financial services. The president is scheduled to return to New York in March for a “clean up” event, the *Post* recently noted, just “to make sure the campaign has vacuumed up all the Wall Street cash it can.”¹⁶

-
- ¹ Ben White, "Wall Street Bankers, Re-election Backers," *Washington Post*, Jan. 22, 2004, p. E1.
- ² Securities Industry Association press release, May 6, 2003.
- ³ See the Public Citizen report "Bullish on Bush: A Ranger and Two Pioneers from Wall Street Save \$1.9 million from Bush's Tax Cut – Firms Get Windfall."
- ⁴ Jonathan Weisman, "Treasury Renews Campaign for Tax-Free Savings Accounts," *Washington Post*, Dec. 6, 2003.
- ⁵ Mike Allen, "Bid to Change Social Security Is Back," *Washington Post*, Nov. 21, 2003, p. A14.
- ⁶ Stan O'Neal, "Risky Business," *Wall Street Journal*, April 24, 2003.
- ⁷ National Association of Securities Dealers (NASD) press release, April 28, 2003.
- ⁸ Gretchen Morgenson, "House Panel Votes to Limit States' Policing of Wall Street," *New York Times*, July 11, 2003; Brooke A. Masters and Ben White, "Donaldson Backs SEC Supremacy Bill," *Washington Post*, July 16, 2003; Masters and White, "Bill to Limit State Probes of Wall Street Delayed," *Washington Post*, July 25, 2003.
- ⁹ Paula Dwyer, "Breach of Trust," *Business Week*, Dec. 15, 2003; Siobahn Hughes, "Abuses Force Reluctant Hand of Congress in Toughening Mutual Fund Regulations," *CQ Weekly*, Jan. 10, 2004.
- ¹⁰ Christopher H. Schmitt, "Tougher Bankruptcy Laws—Compliments of MBNA," *Business Week*, Feb. 26, 2001.
- ¹¹ Tom Hamburger, Laurie McGinley and David S. Cloud, "Influence Market: Industries that Backed Bush Are Now Seeking Return on Investment," *Wall Street Journal*, March 6, 2001; Shawn Zeller, "Bankruptcy Defeat Widens GOP Tensions," *National Journal*, Nov. 23, 2002; "Tracking the Payback: Bankruptcy Reform," Center for Responsive Politics, March 19, 2003.
- ¹² Hamburger *et al.*, *ibid.*; www.WhiteHouseForSale.org.
- ¹³ Deborah Orin, "Apple Sweet to Bush," *New York Post*, June 24, 2003; David Teather, "Party Animal Bush Raises \$4m in One Night," *The Guardian*, June 25, 2003; Glen Justice, "Once at Arm's Length, Wall Street Is Bush's Biggest Donor," *New York Times*, Oct. 23, 2003.
- ¹⁴ www.WhiteHouseForSale.org.
- ¹⁵ Ben White, "Wall Street Bankers, Re-election Backers," *Washington Post*, Jan. 22, 2004, p. E1.
- ¹⁶ White, *ibid.*

Brought To You By.... *Real Estate Developers*

Real estate moguls have supported President Bush's campaigns generously. Forty-seven of the nation's pre-eminent developers were named Pioneers in 2000; already in 2004, 17 developers are Rangers and 20 are Pioneers. The real estate industry's patronage has paid off nicely. Among the plentiful anti-environment actions taken by the Bush administration are a number specifically benefiting developers.

Most notably, the Bush administration – working closely with its developer friends and donors – has attempted to weaken protection of wetlands. Wetlands perform vital functions, filtering pollutants from water, mitigating flood damage, and providing critical habitat for thousands of endangered species. The Clean Water Act attempts to limit wetland loss by requiring developers to obtain permits before they build in these areas.

The biggest attempted overhaul occurred in January 2003, when the Environmental Protection Agency (EPA) and Army Corps of Engineers solicited public comments on whether the Clean Water Act should be narrowed to no longer cover intra-state waters, including ponds, streams and wetlands.¹ The *Los Angeles Times* received a leaked draft of a proposed rule in November 2003 that would have lifted protections of most wetlands and streams.² After intense opposition from environmentalists, scientists, hunting and fishing groups, state officials and a group of bipartisan members of Congress, the administration backed down in December and announced it would not issue a new rule.³

Figure 5

Real Estate Industry Contributions to Bush Campaign and Affiliated Entities, 2004 and 2000

Donor	2004 Bush	2004 RNC	2000 Contributions [†]	Total	Select Rangers & Pioneers
The Villages	\$42,000	\$150,000	\$373,500	\$565,500	Gary Morse
Trammell Crow Co.	\$28,000	\$25,750	\$120,300	\$174,050	
Cendant Corp.	\$79,250	\$8,794	\$42,740	\$130,784	
Irvine Co.	\$29,000	\$52,000	--	\$81,000	<i>Gary H. Hunt</i>
AG Spanos Companies	\$30,000	\$50,000	--	\$80,000	Alex G. Spanos*
All Other Companies	\$6,553,182	\$2,814,197	\$21,768,884	\$31,136,263	
INDUSTRY TOTALS	\$6,761,432	\$3,100,741	\$22,305,424	\$32,167,597	2004 Rangers: 17 2004 Pioneers: 20 2000 Pioneers: 47

Sources: Center for Responsive Politics data through Dec. 31, 2003 and Public Citizen analysis. Ranger and Pioneer information from www.WhiteHouseForSale.org, a project of Public Citizen and Texans for Public Justice.

[†] 2000 Contributions include donations to Bush campaign, RNC, recount fund and inauguration.

KEY:
2004 Rangers in **bold**.
* 2004 Ranger or Pioneer who as a 2000 Pioneer.
2000 Pioneers only in *italics*.

But not all of the administration's attempts to weaken wetlands protections have been halted. In January 2003, the EPA and Army Corps of Engineers also instructed field staff to get approval from headquarters in Washington before requiring a permit to build on certain "isolated" wetlands. Conversely, field staff does not need approval to let construction proceed without a permit.⁴ As a result of this "guidance," which still stands, as many as 20 million acres of wetlands and up to 60 percent of stream miles could lose protection under the Clean Water Act.⁵

The administration has changed other permitting requirements to make it easier to build on all wetlands—not just those deemed to be isolated. Specifically, the Army Corps of Engineers weakened requirements for obtaining general permits, which are supposed to be issued only if projects pose minimal adverse environmental effects.⁶ One effect of this change is that qualifying projects are no longer required to replace every acre of wetlands they destroy. The EPA criticized the Corps plan for lacking a scientific basis. And the Fish and Wildlife Service predicted "tremendous destruction of aquatic and terrestrial habitat" – but its comments were never submitted to the Corps by Interior Secretary Gale Norton.⁷

Under the Bush administration, the Endangered Species Act (ESA) – long seen as a major obstacle by developers – is threatened with extinction. The administration has listed just 25 endangered species since 2001, according to Defenders of Wildlife, all a result of court orders. By comparison, the Clinton administration added an average of 65 species per year; Bush's father's administration averaged 58 per year.⁸ And the president recently cut the budget for ESA implementation by \$7.5 million. Experts say an increase of at least \$50 million is needed to ensure the recovery of endangered and threatened species.⁹ Moreover, the president has appointed crusading opponents of the ESA to key positions at the Interior Department. Craig Manson, Bush's Assistant Interior Secretary for Fish, Wildlife and Parks, once told the Los Angeles Times: "If we are saying that the loss of species in and of itself is inherently bad, I don't think we know enough about how the world works to say that."¹⁰

Nowhere better illustrates the benefits developers have gotten from this administration than Florida – home to 12 Rangers and Pioneers from the real estate industry. Pioneer Peter Rummell, a former Disney executive, is using his connections to turn the forests, wetlands and small towns of Northwest Florida into high-priced golfing communities. As the CEO of St. Joe Co., Rummell has pushed for a giant new regional airport – a project that local residents dismiss as a boondoggle whose only purpose is to enhance the value of the company's real estate. President Bush has declared the new airport a "high priority" and earmarked \$2 million for its planning. Florida Gov. Jeb Bush, a former developer, also has endorsed the project. The airport is expected to cost \$200 million, with 80 percent paid by the taxpayers.¹¹

At the other end of the state, years of unchecked development have ravaged the Eastern Everglades – fouling the water, destroying cypress trees, sea grasses and wild orchids, and killing off all but approximately 50 endangered Florida panthers. In 2000, President Clinton approved an \$8 billion program to restore the region. Despite this commitment to protecting an important ecosystem, federal agencies now are allowing developers to engage in the same types of destructive practices in the Western Everglades.

President Bush appointed a new EPA regional administrator who has made it nearly impossible to deny permits for developers wishing to build in the Western Everglades. The administrator often refused to support EPA biologist Bruce Boler when he vetoed permits that would impair the region's water quality.¹² Boler later quit after the EPA accepted a developer-financed study concluding that wetlands discharge more pollution than they absorb.¹³ The implication of the study is that developers could actually improve water quality by replacing wetlands with golf courses and mansions. The result is that it will be very difficult for EPA to deny future permits on the grounds that building on wetlands will impair water quality. One of the developers who helped finance this study is Al Hoffman¹⁴ – a 2004 Ranger, 2000 Pioneer and current finance chairman of the Republican National Committee.¹⁵ Hoffman dismisses regulators as radicals “who think the world will end if they can't protect that little tree” and has called the Florida panther “a bastardized species.”¹⁶

Bush Pioneers Itchko Ezratti and Fred Pezeshkan also are building in the Western Everglades – an area that already has the highest concentration of golf holes per capita on earth. Although it is one of the most rapidly developing areas of the country, all senior EPA officials in the area either have quit or been relocated.¹⁷ “You can't stop it,” says Hoffman of development in the region. “There's no power on earth that can stop it! It's a tidal wave!”¹⁸

¹ 68 *Fed. Reg.* 1991-98 (Jan. 15, 2003).

² Elizabeth Shogren, “Rule Drafted that Would Dilute the Clean Water Act,” *Los Angeles Times*, Nov. 6, 2003.

³ “EPA and Army Corps Issue Wetlands Decision,” Environmental Protection Agency, Dec. 16, 2003, available at: <http://www.epa.gov/owow/wetlands/>.

⁴ 68 *Fed. Reg.* 1991-98 (Jan. 15, 2003).

⁵ Elizabeth Shogren, “Administration Backs Off Clean Water Act,” *Los Angeles Times*, Dec. 17, 2003; Eric Pianin, “EPA Scraps Changes to Clean Water Act,” *Washington Post*, Dec. 17, 2003.

⁶ 67 *Fed. Reg.* 2019-95 (Jan. 15, 2002).

⁷ Michael Grunwald, “White House Relaxes Rules on Protection of Wetlands,” *Washington Post*, Jan. 15, 2002.

⁸ “Bush Administration ‘Sabotaging Endangered Species Act,’ Group Charges,” Defenders of Wildlife press release, Dec. 3, 2003.

⁹ “White House Budget Takes Aim at Artic Refuge and Undercuts Environmental Protection,” Defenders of Wildlife press release, Feb. 2, 2004, available at: <http://www.defenders.org/releases/pr2004b/pr20040202.html>.

¹⁰ Julie Cart, “Species Protection Act ‘Broken,’” *Los Angeles Times*, Nov. 14, 2003.

¹¹ Craig Pittman, “Florida's Great Northwest, Brought to You by the St. Joe Company,” *St. Petersburg Times*, April 21, 2002.

¹² “Resignation Statement of Bruce Boler,” available at: http://www.peer.org/EPA/Boler_Statement.html; Public Citizen interview with Bruce Boler, Dec. 15, 2003.

¹³ *Id.* See also Pamela Smith Hayford, “Harper Methodology Making Waves for Wetlands,” *Ft. Myers News-Press*, Nov. 23, 2003; Hayford, “Biologist Leaves EPA Position for 'Glades,” *Ft. Myers News-Press*, Oct. 21, 2003.

¹⁴ Pamela Smith Hayford, “Harper Methodology Making Waves for Wetlands,” *News-Press*, Nov. 23, 2003.

¹⁵ www.WhiteHouseForSale.org; www.rnc.org.

¹⁶ Michael Grunwald, “Growing Pains in Southwest Florida; More Development Pushes Everglades to the Edge,” *Washington Post*, June 25, 2002.

¹⁷ Public Citizen interview with Ann W. Hauck, Council of Civil Associations, Feb. 2, 2004; Public Citizen interview with Bruce Boler, *Id.*

¹⁸ Grunwald, *Id.*

Brought To You By... *Electric Utilities*

In May 1999, Thomas Kuhn, president of the Edison Electric Institute, sent a letter to his colleagues in the electric utility industry soliciting support for George W. Bush's nascent presidential campaign. In the memo, written on stationery labeled "George W. Bush Presidential Exploratory Inc.," Kuhn exhorted industry officials to put his tracking number on their checks to "ensure that our industry is credited and that your progress is listed among the other business/industry sectors."¹

The industry apparently earned extra credit. Electric utilities gave \$5.2 million in 2000 to the Bush campaign, the Republican National Committee (RNC) and the presidential inauguration.² FirstEnergy President Anthony Alexander, TXU Chairman Erle Nye and Kuhn, head of the industry's main trade group, were named Pioneers. Since Bush entered the White House, the electric utility industry has enjoyed unfettered access to his administration and an unprecedented opportunity to dismantle the nation's clean air laws and push for continued deregulation.

Alexander, Nye and Kuhn – along with representatives from Southern Co. and Dominion Energy – all were included on the Department of Energy (DOE) transition team. Electric utility officials and their high-priced lobbyists also met behind closed doors numerous times with Dick Cheney's secretive energy task force.³ The White House refuses to release any information on the group's deliberations, and Cheney seems unconcerned about the appearance of corruption. "Just because somebody makes a campaign contribution," he said, "doesn't mean that they should be denied the opportunity to express their view to government officials."⁴

Figure 6

Electric Utility Industry Contributions to Bush Campaign and Affiliated Entities, 2004 and 2000

Donor	2004 Bush	2004 RNC	2000 Contributions [†]	Total	Select Rangers & Pioneers
FirstEnergy Corp.	\$54,000	--	\$530,315	\$584,315	Anthony Alexander*
Southern Co.	\$152,197	\$15,000	\$366,790	\$533,987	Dwight Evans
TXU Corp.	\$35,000	\$400	\$436,049	\$471,449	Erle Nye*
Dominion Resources	\$28,000	--	\$441,155	\$469,155	
Cinergy Corp.	\$25,000	--	\$299,440	\$324,440	
All Other Companies	\$400,390	\$48,884	\$3,158,462	\$3,607,736	
INDUSTRY TOTALS	\$694,587	\$64,284	\$5,232,211	\$5,991,082	2004 Rangers: 2 2004 Pioneers: 4 2000 Pioneers: 7

Sources: Center for Responsive Politics data through Dec. 31, 2003 and Public Citizen analysis. Ranger and Pioneer information from www.WhiteHouseForSale.org, a project of Public Citizen and Texans for Public Justice.

[†] 2000 Contributions include donations to Bush campaign, RNC, recount fund and inauguration.

KEY:
 2004 Rangers in **bold**.
 * 2004 Ranger or Pioneer who was a 2000 Pioneer.
 2000 Pioneers only in *italics*.

However, the energy task force refused to meet in person with any environmental groups until the day before the final report was sent to the president. A lawsuit filed by the Natural Resources Defense Council did reveal that task force members met with representatives of the Edison Electric Institute at least 14 times and with Southern Co. officials at least seven times. FirstEnergy's Alexander and the chairman of Cinergy also held meetings with task force members.⁵

2000 Pioneer and super-lobbyist Haley Barbour, who represented Southern Co. and the Electric Reliability Coordinating Council (ERCC), met with Cheney, Deputy Energy Secretary Frank Blake, and DOE Chief of Staff Kyle McSlarrow on behalf of the utilities. The ERCC, a group set up by the industry to lobby and funnel campaign money, also hired lobbyist Marc Racicot, whom Bush subsequently named chairman of the RNC and his re-election campaign. Just two weeks before the Cheney task force released its report, Barbour (who is now the governor of Mississippi) donated \$250,000 to an RNC event – \$150,000 of which came from Southern Co.⁶

In its report, the Cheney task force recommended that the Environmental Protection Agency (EPA) reassess a key clean air rule, New Source Review (NSR), which was the basis of federal lawsuits against nine electric utilities. The rule had required utilities to install modern anti-pollution equipment when making major upgrades to old coal-fired plants that significantly increased emissions. Under the new, severely weakened NSR rule – implemented by the EPA in August 2003 – the requirement to upgrade won't be triggered unless the modification amounts to more than 20 percent of the cost of the entire production line. Worse, a loophole in the new rules could allow companies to systematically replace entire generating plants without installing upgraded anti-pollution equipment.⁷

But according to an EPA consultant, violations at 51 coal-fired plants that triggered the lawsuits created “massive amounts of air pollutants” that were to blame for 5,000 to 9,000 premature deaths and 80,000 to 120,000 asthma attacks every year. The EPA estimates that bringing the coal-fired plants into compliance would have reduced air pollution by nearly 7 million tons annually – cutting the amount of air pollution from all U.S. power plants in half.⁸

The Bush administration's top air quality official misled Congress about the effect of the proposed rule change on ongoing lawsuits against these companies, including Cinergy, FirstEnergy and Southern Co. Shortly after the new rules were announced, two top EPA appointees left for jobs in the private sector – one at Southern Co., the other at Racicot's lobbying firm, Bracewell & Patterson.⁹

The rule change, which hampered the existing lawsuits, will save the utility companies billions in costly fines and upgrades. Grateful utility executives have poured money into Bush's re-election bid. Alexander, Kuhn and Nye all have re-enlisted as Pioneers. Two other executives from firms that faced NSR lawsuits – Dwight Evans of Southern Co. and James Klauser of Wisconsin Electric – are now Rangers.¹⁰

The gutting of the New Source Review rule is just one egregious example of the Bush administration's pandering to polluters from the electric utility industry. During his first three months in office, Bush also reversed his campaign pledge to regulate carbon dioxide emissions and abandoned the Kyoto treaty on global warming.¹¹ The administration proposed a program of

voluntary compliance and further research instead. Yet two years later, just 50 companies have joined the administration's "Climate Leaders" program, and only 14 of those actually have set goals. The General Accounting Office concluded that the Bush plan to reduce greenhouse gas intensity would cut overall emissions by only 2 percentage points more than with no federal program at all.¹²

Next on the agenda is Bush's "Clear Skies" initiative, which would replace existing clean air regulations with a "market-based," "cap-and-trade" system of pollution credits. The Bush plan would allow the release of more sulfur dioxide, nitrogen oxide and airborne mercury than existing regulations – delaying by as much as a decade emissions cuts currently required under the Clean Air Act – and it would do nothing to contend with carbon dioxide.¹³ Kuhn has characterized Clear Skies as "an exciting opportunity for our industry."¹⁴

Unable to pass Clear Skies in Congress, the Bush administration is trying to push through the package via regulations. In December 2003, the EPA proposed new rules governing mercury emissions from coal-fired power plants – which spew nearly 50 tons of mercury into the atmosphere annually. An agency working group had recommended using "maximum achievable control technology" to reduce mercury emissions – which cause neurological and developmental damage – by 90 percent over three years. Yet under pressure from the Edison Electric Institute, Southern Co. and TXU, the EPA instead substituted a "cap-and-trade" program that would reduce 70 percent of emissions by 2018. The rule, which would allow pollution levels nearly seven times higher than the current law allows for at least 15 years, is particularly bad news for those downwind of a squalid plant purchasing pollution credits.¹⁵

The Bush administration's proposed mercury regulations are indistinguishable from proposals put forward by the electric utility industry. In fact, passages in the preamble published in the Federal Register appear to be copied verbatim from a report sent to the EPA by West Associates, an industry organization representing 23 large Western utility companies. At least a dozen other paragraphs were lifted directly from memos prepared by Latham & Watkins, a corporate law firm that specializes in environmental issues for companies like Cinergy. The EPA official who devised the mercury proposal – Jeffrey Holmstead, the same official who misled Congress about the New Source Review – worked for Latham & Watkins before joining the Bush administration.¹⁶

The biggest prize of all for the electric utility industry may be repeal of the Public Utilities Holding Company Act (PUHCA) – a boondoggle that would lead to widespread deregulation and consolidation of electric utilities. PUHCA was instituted in 1935 to protect utility ratepayers by preventing bankruptcies, financial instability and consolidation and mergers among power companies. Repealing PUHCA would place an estimated \$1 trillion in regulated electric power generation, transmission and distribution facilities up for sale to the highest bidder without ownership or geographic restrictions. This would allow big power companies like Southern and Cinergy to merge and expand, opening the door to further Enron-style debacles.¹⁷

Yet another item from the industry wish list lauded by Cheney's task force, PUHCA repeal is a centerpiece of the hulking energy bill now stalled in Congress. Among the leading proponents of the measure is Bush Pioneer David L. Sokol, the chairman of MidAmerican Energy Holdings. MidAmerican is underwritten by mega-billionaire Warren Buffet, who has pledged to spend as much as \$15 billion to buy up utilities if the bill passes.¹⁸

-
- ¹ Memo from Thomas Kuhn, "June 22 Reception with Gov. George W. Bush," May 27, 1999.
- ² Center for Responsive Politics.
- ³ *EPA's Smoke Screen*, *ibid*.
- ⁴ Robert F. Kennedy Jr., "Crimes Against Nature," *Rolling Stone*, Dec. 11, 2003.
- ⁵ "Data Shows Industry Had Extensive Access to Cheney's Energy Task Force," Natural Resources Defense Council, May 21, 2003.
- ⁶ See the Public Citizen report *EPA's Smoke Screen: How Congress Was Given False Information While Campaign Contributions and Political Connections Guttled a Key Clean Air Rule*, October 2003; Michael Weisskopf and Adam Zagorin, "Getting the Ear of Dick Cheney," *Time*, Feb. 3, 2002; Pete Yost, "Almost All Energy Policy Meetings Participants Were from Industry," Associated Press, March 2, 2002.
- ⁷ *EPA's Smoke Screen*, *ibid*.
- ⁸ *EPA's Smoke Screen*, *ibid*; "U.S. Sues Electric Utilities in Unprecedented Action to Enforce the Clean Air Act," EPA press release, Nov. 3, 1999; "Bush Administration to Gut Clean Air Act," Natural Resources Defense Council, Aug. 22, 2003; Internal EPA memo from Office of Enforcement and Compliance Assurance (OECA) obtained by NRDC and provided to Public Citizen.
- ⁹ *EPA's Smoke Screen*, *ibid*; Seth Borenstein, "EPA Brass Departing in Uproar," *Houston Chronicle*, Sept. 4, 2003.
- ¹⁰ Public Citizen analysis of Bush campaign disclosures; www.WhiteHouseForSale.org.
- ¹¹ Scott Lindlaw, "Bush Decides Against Carbon Dioxide Regulations," Associated Press, March 13, 2001; Oliver Knox, "Bush Bins Kyoto Climate Treaty," Agence France-Press, March 29, 2001.
- ¹² Guy Gugliotta and Eric Pianin, "Bush Plans on Global Warming Alter Little," *Washington Post*, Jan. 1, 2004, p. A1.
- ¹³ Robert Perks and Gregory Wetstone, "Rewriting the Rules, Year-End Report 2002," Natural Resources Defense Council, January 2003; Tom Hamburger, "Clear Skies Hits Storm Front," *Wall Street Journal*, Sept. 23, 2003.
- ¹⁴ Frank O'Donnell, "Bad Air Days," *TomPaine.com*, July 2, 2003.
- ¹⁵ Eric Pianin, "EPA Announces 'Cap and Trade' Plan to Cut Mercury Pollution," *Washington Post*, Dec. 16, 2003, p. A35; Jennifer E. Lee, "EPA Raises Estimate of Babies Affected by Mercury Exposure," *New York Times*, Feb. 10, 2004; Eric Pianin, "EPA Led Mercury Policy Shift," *Washington Post*, Dec. 30, 2003; Robert F. Kennedy Jr., "The Mercury Scam," *Rolling Stone*, Jan. 22, 2004.
- ¹⁶ Darren Samuelsohn, "More Industry Materials Found Duplicated in EPA's Mercury Rule," *Greenwire*, Feb. 26, 2003; Eric Pianin, "Proposed Mercury Rules Bear Industry Mark," *Washington Post*, Jan. 31, 2004; Eric Pianin, "EPA Led Mercury Policy Shift," *Washington Post*, Dec. 30, 2003; *EPA's Smoke Screen*, *ibid*.
- ¹⁷ Lynn Hargis, "PUHCA for Dummies," Public Citizen Critical Mass Energy and Environment Program, September 2003; Lynn Hargis, "Energy Bill Score – Utilities: 1 Trillion; Consumers 0," Public Citizen Critical Mass Energy and Environment Program, Nov. 19, 2003; Nancy Dunne, "U.S. Senate Votes on 'Winning' Energy Bill," *Financial Times*, April 26, 2002.
- ¹⁸ *Report of the National Energy Policy Development Group*, May 2001, ch. 5, p. 12; Ron Orol, "Lawmakers Spar Over Puhca Repeal," *The Daily Deal*, Feb. 7, 2002; also see the Public Citizen report *Bush's Rangers and Pioneers Enjoy Their Share of Energy Bill Booty*, November 2003.

Brought to You By.... *Oil and Gas Companies*

George W. Bush and Dick Cheney made their fortunes in the oil business. So it's no surprise that some of their campaign's most stalwart supporters are in the same line of work. Still, the policies pursued by the Bush administration on behalf of the oil and gas industries went beyond a wildcatter's wildest dreams.

Oil and gas companies – which gave \$13.4 million to the Bush campaign and related entities in 2000 – were welcomed in Washington with open arms. 2000 Pioneer Don Evans, former chairman of the oil company Tom Brown Inc., was appointed Secretary of the Commerce Department. At least a dozen industry officials were named to the transition teams at the Energy and Interior departments as well as the Environmental Protection Agency.¹ At Interior, the team included Bruce Benson of Benson Mineral Group, a 2000 Pioneer and 2004 Ranger, and Mark Rubin of the American Petroleum Institute, which has seven Rangers and Pioneers among its membership. They assisted Interior Secretary Gale Norton, who had been the lead attorney at the Mountain States Legal Foundation, where she represented Amoco, Chevron, Exxon, Marathon Oil, and Texaco. Her top deputy, Steven Griles, previously lobbied for Chevron, Shell and Texaco.

Figure 7

Oil and Gas Industry Contributions to Bush Campaign and Affiliated Entities, 2004 and 2000

Donor	2004 Bush	2004 RNC	2000 Contributions [†]	Total	Select Rangers & Pioneers
Enron Corp.	--	--	\$1,258,965	\$1,258,965	<i>Kenneth Lay</i>
IRI International	--	\$50,000	\$379,875	\$429,875	
El Paso Energy	\$220	\$2,000	\$402,745	\$404,965	<i>William Wise</i>
Chevron Corp.	\$14,000	\$3,050	\$387,650	\$404,700	
Anadarko Petroleum	\$4,000	--	\$334,385	\$338,385	
Reliant Energy	\$16,250	--	\$309,636	\$325,886	
Conoco Inc.	\$14,750	\$1,450	\$309,475	\$325,675	<i>Archie Dunham</i>
BP Amoco	\$2,400	\$1,700	\$312,376	\$316,476	
Exxon Mobil	\$27,170	\$5,000	\$224,190	\$256,360	
Bass Brothers Enterprises	\$70,000	--	\$43,000	\$113,000	Lee Bass*
All Other Companies	\$1,212,045	\$931,119	\$9,438,792	\$11,581,956	
INDUSTRY TOTALS	\$1,360,835	\$994,319	\$13,401,089	\$15,756,243	2004 Rangers: 5 2004 Pioneers: 7 2000 Pioneers: 41

Sources: Center for Responsive Politics data through Dec. 31, 2003 and Public Citizen analysis. Ranger and Pioneer information from www.WhiteHouseForSale.org, a project of Public Citizen and Texans for Public Justice.

[†] 2000 Contributions include donations to Bush campaign, RNC, recount fund and inauguration.

KEY:
 2004 Rangers in **bold**.
 * 2004 Ranger or Pioneer who was a 2000 Pioneer. 2000 Pioneers only in *italics*.

Oil and gas companies have been heavily involved in all aspects of creating the administration's energy policy. The American Petroleum Institute met with Cheney's secretive energy task force at least six times, and the American Gas Association had contact with the task force at least eight times.² Unsurprisingly, the administration's *National Energy Policy* report focused on expanding the supply of oil and gas rather than reducing demand through efficiency and alternative energy sources.

The administration's method of choice is opening up formerly protected lands for oil and gas exploration. The number of leases for oil and gas exploration and coal mining on public lands increased by 51 percent during the first year of the Bush administration – from 2.6 million to 4 million acres.³ This has greatly pleased Pioneers such as Archie Dunham, CEO of ConocoPhillips and a board member of the American Petroleum Institute. Dunham met with Cheney on March 21, 2001 to stress the need for more oil and gas exploration.⁴

The centerpiece of the administration's plan is opening up the Arctic National Wildlife Refuge (ANWR) for drilling – even though this precious ecosystem likely contains only enough oil to satisfy six months of American oil demand. The Senate voted down the plan in 2003, but the administration continues to press forward undaunted. The 2005 budget includes \$2.4 billion in projected revenues from oil lease sales in ANWR in 2006.⁵

But the administration is also opening up federal lands in the Lower 48. In May 2001, the administration approved six new oil and gas leases on prime wildlife habitat near Yellowstone National Park.⁶ In February 2002, the administration authorized oil and gas exploration in some of Utah's most scenic landscapes near Arches and Canyonlands national parks.⁷ In August 2002, the administration approved plans to explore for oil and gas inside Colorado's Canyons of the Ancients National Monument (though the process stalled when a federal judge issued a temporary ban last fall).⁸ In November 2002, the administration issued a permit to allow drilling on Padre Island National Seashore – the longest remaining undeveloped barrier island in the world and home to endangered sea turtles. (A section of the pending energy bill would further encourage oil and gas development in national parks including Padre Island.)

The administration has targeted Wyoming's Powder River Basin for coalbed methane drilling – a technique that requires pumping out millions of gallons of high-saline groundwater to get at gas trapped in coal seams. This could contaminate rivers and streams, kill wildlife and make the water unsuitable for crop use. In May 2002, the EPA declared the project "environmentally unsatisfactory," its worst possible rating.⁹ Griles sent a memo to the EPA afterward noting that the agency's criticism could "impede the ability to move forward in a constructive manner." Before joining the government, Griles had lobbied for the Coalbed Methane Ad Hoc Committee as well as four companies hoping to receive leases for coalbed methane development. The administration approved such drilling in April 2003.¹⁰

Another industry priority raised by ConocoPhillips' Dunham in his meeting with Cheney was the need to end unilateral sanctions preventing U.S. companies doing business in Iran and Libya.¹¹ On Feb. 26, 2004, the administration granted Dunham's wishes and began normalizing relations with Libya. It lifted a travel ban and allowed the four U.S.-based oil companies that had been

operating in Libya in 1986 – when President Reagan ordered them out of the country – to begin negotiating their return. The administration says these steps reward Libya for abandoning its nuclear weapons program. But trade sanctions remain in place, and only these four companies – ConocoPhillips, Marathon Oil, Amerada Hess and Occidental Petroleum – are being allowed to negotiate their possible return.¹²

Issuing executive orders has been one of Bush's favored methods of promoting policies beneficial to oil and gas companies. In at least one case, industry practically wrote the order signed by the president. According to the Natural Resources Defense Council (NRDC), Executive Order 13211, issued in May 2001, is “nearly identical in structure and impact” and “nearly verbatim in a key section” to a draft sent by the American Petroleum Institute to an Energy Department official.¹³ The order requires federal agencies to prepare a “Statement of Energy Effects” when undertaking a “significant energy action.” The statement must include information regarding how an agency decision or regulation will affect energy supply, distribution and use.

Executive Order 13303, issued on May 22, 2003, shields oil companies from any liability arising from the sale of Iraqi oil. It states: “Any attachment, judgment, decree, lien, execution, garnishment, or other judicial process is prohibited, and shall be deemed null and void,” with respect to the Development Fund for Iraq and “all Iraqi petroleum and petroleum products, and interests therein.” Oil companies that, for example, might cause environmental damage or abet human rights violations, appear to be entirely immune from liability under this order.¹⁴

Finally, oil and gas companies have a huge stake in the energy bill currently held up in Congress. The billions in industry benefits buried in the massive legislation include measures that would lease the entire National Petroleum Reserve in Alaska; exempt all oil and gas construction activities, such as building roads and refineries, from permit requirements for dumping construction runoff into waterways; speed up the permitting process for drilling and exploration on federal lands; compensate oil and gas companies 115 percent of the costs of cleaning up abandoned wells on public lands; and give companies huge benefits by mandating royalty exemptions for certain offshore wells.¹⁵ Four of these five items were also included as recommendations in Cheney's national energy policy.¹⁶

Another provision of the energy bill can be traced to the American Petroleum Institute. On March 20, 2001, an American Petroleum Institute lobbyist e-mailed a staff member on Cheney's task force recommending the promotion of a “royalty-in-kind” program.¹⁷ Three years later, the oil industry's wishes have been granted. The current energy bill allows oil companies drilling on public lands to forgo paying cash royalties to the federal government and instead pay with oil as an “in-kind” contribution.

In 2000, the oil and gas industry produced 41 Pioneers. But in the current cycle, the industry is represented by just a dozen rainmakers publicly showing their gratitude to President Bush. They include several longtime Bush supporters from Texas such as billionaire Pioneer Lee Bass, Pioneer Joe O'Neill (who introduced Bush to his wife Laura), and Rangers Richard and Nancy Kinder. (Richard is the former president of Enron, where Nancy once was Ken Lay's secretary.) But oil goliaths such as ConocoPhillips, BP Amoco and Exxon are notably absent thus far. The

companies may be keeping a lower political profile, hoping to avoid a Halliburton-like backlash. Then again, they may simply be biding their time until the energy bill passes. But you can be sure they will find a way to get their funds into Bush's coffers.

¹ OMB Watch, "Transition Advisory Teams," available at: <http://www.ombwatch.org/ombwatcher/Transition.pdf>.

² "Data Show Industry had Extensive Access to Cheney's Energy Task Force," Natural Resources Defense Council press release, available at: <http://www.nrdc.org//media/pressreleases/020521.asp>.

³ Don Van Natta, Jr. and Neela Banerjee, "Bush Policies Have Been Good to Energy Industry," *New York Times*, April 21, 2002.

⁴ Peter H. Stone, "Big Oil's Whitehouse Pipeline," *National Journal*, April 7, 2001.

⁵ "Bush Budget Calls for Oil Drilling in Arctic," Reuters, Feb. 4, 2004.

⁶ Maria Weidner and Nancy Watzman, *Paybacks*, Earthjustice and Public Campaign, available at: <http://www.earthjustice.org/policy/admin/>.

⁷ Timothy Egan, "Bush Administration Allows Oil Drilling Near Utah Parks," *New York Times*, Feb. 8, 2002; "Oil Project is Halted Outside Utah Park," *New York Times*, Feb. 26, 2002.

⁸ "Board Approves Utah Drilling in Blow to Environmentalists," *Natural Gas Week*, Sep. 2, 2002; "Conservationists Bring Suit to Protect Canyons of the Ancients," Earthjustice press release, Aug. 19, 2002, available at: <http://www.earthjustice.org/news/display.html?ID=429>.

⁹ Michael Grunwald, "Interior Official's Memo Raises Conflict Issue," *Washington Post*, May 25, 2002.

¹⁰ Weidner and Watzman, *Id.*; "Powder River Basin Leases: Coalbed Methane," Earthjustice, available at: <http://www.earthjustice.org/urgent/display.html?ID=105>

¹¹ Stone, *Id.*

¹² Carla Anne Robbins and Susan Warren, "U.S. Opens Door for Oil Concerns' Return to Libya," *Wall Street Journal*, Feb. 27, 2004.

¹³ "Heavily Censored Energy Department Papers Show Industry is the Real Author of Administration's Energy Task Force Report," Natural Resources Defense Council press release, available at: <http://www.nrdc.org/media/pressreleases/020327.asp>.

¹⁴ Lisa Girion, "Immunity from Iraqi Oil Dealings Raises Alarm," *Los Angeles Times*, Aug. 7, 2003.

¹⁵ "Environmental Community Urges Senate to Oppose the 'New' Energy Bill, S. 2095," Natural Resources Defense Council, available at: <http://www.nrdc.org/air/energy/fs2095.asp>.

¹⁶ *Report of the National Energy Policy Development Group*, May 2001.

¹⁷ "Letter to Chairman Domenici," Public Citizen Critical Mass Energy and Environment Program; also see "The Cheney Energy Task Force," Natural Resources Defense Council, available at:

www.nrdc.org/air/energy/taskforce/tfinx.asp, <http://www.citizen.org/documents/Kelliher.pdf>

Brought to You By.... *Mining Companies*

“We were looking for friends, and we found one in George W. Bush.”¹

So says James H. “Buck” Harless, the 83-year-old West Virginia coal baron, describing what may be the most coal-friendly administration ever. Harless, a Pioneer in 2004 and 2000, is chairman of International Industries, a holding company with mining, timber, and other interests. He is also on the board of Massey Energy, a major Appalachian coal company that specializes in “mountaintop removal” mining and that has been targeted for protests by the United Mine Workers for its “disregard toward the environment, worker safety and the well-being of Appalachian coalfield communities.”²

Joining Harless on the most recent list of top Bush fundraisers is Jack Gerard, president of the National Mining Association (NMA). Formerly a top staffer for Sen. James McClure (R-Idaho), who headed the Senate Natural Resources Committee, Gerard came to the NMA in January 2001 with a plan to change the organization into a more pro-active lobbying group.³ His timing was perfect: The Bush administration has made it very clear that it aims to do everything possible to boost the mining industry.

From day one, mining industry officials have enjoyed an inside track with the administration. Both Harless and Gerard served on the Department of Energy transition team.⁴ The NMA’s general counsel, Harold P. “Hal” Quinn served on the Interior Department transition team, and NMA Vice President Bobby Jackson served on the Labor Department transition team. Quinn and Jackson then helped install industry insiders including Rebecca Watson, Assistant Interior Secretary for Land and Minerals Management; Jeffrey Jarrett, Director of the Office of Surface Mining; and David Lauriski, Assistant Secretary of Labor for Mine Safety and Health.

Figure 8

Mining Industry Contributions to Bush Campaign and Affiliated Entities, 2004 and 2000

Donor	2004 Bush	2004 RNC	2000 Contributions	Total	Select Rangers & Pioneers
Lehman Brothers/ Peabody Energy	\$12,000	\$101,000	\$779,200	\$892,200	
International Industries	\$6,000	\$18,000	\$129,500	\$153,500	James "Buck" Harless*
Drummond Co	\$27,000	\$30,000	\$4,500	\$61,500	
All Other Companies	\$191,346	\$46,800	\$1,771,058	\$2,009,204	
INDUSTRY TOTALS	\$236,346	\$195,800	\$2,684,258	\$3,116,404	2004 Rangers: 0 2004 Pioneers: 2 2000 Pioneers: 1

Sources: Center for Responsive Politics data through Dec. 31, 2003 and Public Citizen analysis. Ranger and Pioneer information from www.WhiteHouseForSale.org, a project of Public Citizen and Texans for Public Justice.

[†] 2000 Contributions include donations to Bush campaign, RNC, recount fund and inauguration.

KEY:
 2004 Rangers in **bold**.
 * 2004 Ranger or Pioneer who was a 2000 Pioneer.
 2000 Pioneers only in *italics*.

None of these regulators, however, has as much influence as the second-in-command at the Interior Department, Deputy Secretary Steven Griles. This former lobbyist for the NMA, Arch Coal and other polluters has continued to receive payments from his old firm while in office.⁵ Shortly after assuming his post, Griles assured the West Virginia Coal Association that “we will fix the federal rules very soon” to allow the dumping of mountaintop removal waste.⁶

Representatives from the National Mining Association also met with Dick Cheney’s secretive energy task force at least nine times.⁷ In April 2001, Harless and other coal industry leaders met with the vice president. After the meeting, William Raney, director of the West Virginia Coal Association and a close Harless associate, told the press: “We were told coal is an important part of the administration’s strategy.”⁸

Bush’s industry handouts had started a month earlier when the president reneged on his campaign pledge to regulate carbon dioxide emissions and then withdrew from the Kyoto global warming treaty. “You did everything you could to elect a Republican president,” Raney told industry executives in May 2001. “You are already seeing in his actions the payback, if you will, his gratitude for what we did.”⁹

The paybacks just kept coming. In May 2002, the EPA adopted an environmentally devastating rule promoting mountaintop removal. In this eminently destructive process, miners blast the tops off mountains to get to the coal and dump the resulting waste in valleys, burying hundreds of miles of streams under piles of rubble. Nearby communities face increased air pollution from dust and debris, as well as violent floods.¹⁰ Yet the administration – at Griles’ urging – decided to change the definition of “fill material” under the Clean Water Act so that mountaintop removal waste could legally be dumped into waterways. U.S. District Court Judge Charles Haden prohibited the practice despite the administration’s rule change, which he said was “designed simply for the benefit of the mining industry and its employees.”¹¹ However, in January 2003, a higher court overturned the decision.¹²

Still not satisfied, Bush continued to find more ways to promote mountaintop removal. In 1998, as part of a legal settlement with Trial Lawyers for Public Justice, the federal government agreed to create an environmental impact statement assessing mountaintop removal mining and valley fills. A preliminary draft of the statement prepared under the Clinton administration suggested limiting valley fills. But when the Bush administration released the actual draft report in May 2003, it included no such limits.¹³ Griles had objected to the Clinton proposals, telling regulators their focus should be on “centralizing and streamlining coal mine permitting.”¹⁴ Although the report concluded that mountaintop removal led to irreparable environmental harm, the administration made recommendations that would allow mountaintop removal to continue at an accelerated rate. Most egregiously, the administration recommended lifting a Reagan-era rule that banned mining within 100 feet of a stream, unless a company could prove that the mining would not affect water quality. EPA was accepting public comments on the environmental assessment and its recommendations until January 21, 2004. A final statement will likely be released this year.

The administration also has sided with industry on mine health and safety issues. On October 11, 2000, a Massey Energy coal slurry broke through an impoundment and spilled more than 300

million gallons of black wastewater into local streams, killings hundreds of thousands of fish, flooding homes, polluting wells and blackening waterways all along the Kentucky-West Virginia border. Jack Spadaro, the superintendent of the National Mine Health and Safety Academy, blames the Bush administration for failing to act after a Mine Safety and Health Administration investigation into the disaster found that Massey Energy and federal regulators had been aware for years of potential problems at the facility. No heads rolled at MSHA, and the agency only charged Massey with two minor violations, fining them a mere \$110,000.¹⁵ “I’ve been regulating mining since 1966,” Spadaro said. “This is the most lawless administration I’ve ever encountered.”¹⁶

Bush giveaways to the hard-rock mining industry include the weakening of environmental and land-use protections for hard-rock mining issued before Clinton left office. A new regulation, replacing a stronger one enacted by the Clinton administration, prevents the Interior Department from blocking proposed mines on federal land if they are predicted to result in “substantial irreparable harm.”¹⁷ Also, in October 2003, the Bush administration overturned another Clinton policy that restricted the amount of public land mining companies can use for dumping waste. Previously, each 20-acre mining claim could access only one five-acre “mill site” for dumping. But the Bush Interior Department concluded there is no limit to the number of five-acre mill sites that can be used.¹⁸

The biggest gift of all to the industry would be passage of the energy bill. Even the “pared down” version of the bill crafted by Sen. Pete Domenici (R-N.M.) to speed passage still contains \$7.4 billion in subsidies and tax breaks for the mining industry.¹⁹ Environmentally questionable “clean coal” technologies would qualify for \$2.2 billion in new tax breaks. Another \$1.8 billion over nine years would go toward the Clean Coal Power Initiative, a federally funded research and development program that the General Accounting Office has singled out several times for mismanagement.²⁰ The bill also includes \$1 billion in subsidies to assist with the installation of pollution control equipment and technology. And Buck Harless and Massey Energy secured federal loan guarantees for a new coal gasification plant.

Gerard told the West Virginia Coal Symposium in January 2004, “The Energy Policy Act may well be the best opportunity the mining industry will have in our lifetimes.”²¹

Or at least until a second Bush administration.

-
- ¹ Tom Hamburger, "Political Energy: A Coal-Fired Crusade Helped Bring Bush A Crucial Victory," *Wall Street Journal*, June 13, 2001.
- ² Roger Alford, "UMW President Arrested at Massey Sludge Spill Site," *The Charleston Gazette and Daily Mail*, Mar. 15, 2002.
- ³ Steve Fiscor, "Gerard Reorganizes the National Mining Association," *Coal Age*, Jan. 1, 2002.
- ⁴ OMB Watch, "Transition Advisory Teams," available at: <http://www.ombwatch.org/ombwatcher/Transition.pdf>.
- ⁵ Eric Pianin, "Official's Lobbying ties Decried; Interior's Griles Defends Meetings as Social, Informational," *Washington Post*, Sept. 25, 2002.
- ⁶ Ken Ward, "Interior Official Maintains Coal Ties, Former Lobbyist Steven Griles Signed Recusal Agreement," *Charleston Gazette*, Sept. 29, 2002.
- ⁷ Natural Resources Defense Council, Press Release, "Data Shows Industry had Extensive Access to Cheney's Energy Task Force," available at: <http://www.nrdc.org//media/pressreleases/020521.asp>.
- ⁸ Michael Weisskopf and Adam Zagorin, "Cheney Gets Coal Fired: The Veep's Energy Task Force Wants to Ease the Way for Carbon Fuel, Fewer Regs and More Nukes," *Time*, May 7, 2001.
- ⁹ Tom Hamburger, "Political Energy: A Coal-Fired Crusade Helped Bring Bush A Crucial Victory," *Wall Street Journal*, June 13, 2001.
- ¹⁰ Elizabeth Shogren, "Federal Coal-Mining Policy Comes Under Fire," *Los Angeles Times*, Jan. 7, 2004.
- ¹¹ *Kentuckians for the Commonwealth, Inc. v. Rivenburgh*, 204 F. Supp. 2d 927, 946 (S.D. W.Va. 2002).
- ¹² *Kentuckians for the Commonwealth, Inc. v. Rivenburgh*, 317 F.3d 425 (4th Cir. 2003).
- ¹³ Environmental Protection Agency, Mountaintop Mining Environmental Impact Statement, www.epa.gov/region3/mtntop/index.htm.
- ¹⁴ Elizabeth Shogren, "Federal Coal-Mining Policy Comes Under Fire," *Los Angeles Times*, Jan. 7, 2004.
- ¹⁵ "Kentucky Coal Investigation," *Living on Earth*, Feb. 5, 2004.
- ¹⁶ Robert F. Kennedy, Jr., "The Junk Science of George W. Bush," *The Nation*, Feb. 19, 2004.
- ¹⁷ 66 *Fed. Reg.* 54833-62 (Oct. 30, 2001).
- ¹⁸ Department of the Interior, Memo: Mill Site Location and Patenting Under the 1872 Mining Law, Oct. 7, 2003, available at: <http://www.doi.fov/patenting.pdf>.
- ¹⁹ Jack Gerard, "The Resurgence of Coal," Comments at the West Virginia Coal Symposium, Jan. 15, 2004.
- ²⁰ See, e.g., Jim Wells, GAO, Director, Natural Resources and the Environment, "Fossil Fuel R&D: Lessons Learned in the Clean Coal Technology Program," Testimony before the Subcommittee on Energy, Committee on Science, House of Representatives, June 12, 2001.
- ²¹ Jack Gerard, "The Resurgence of Coal," Comments at the West Virginia Coal Symposium, Jan. 15, 2004.

Brought To You By.... *The Pharmaceutical Industry*

Pharmaceutical companies have spent more than half a billion dollars since 1999 on campaign contributions, lobbying and industry front groups in an all-out effort to prevent passage of Medicare prescription drug legislation that would give the government the power to negotiate lower prices. Decrying “price controls” and clamoring for a “market-based” solution, the nation’s drug-makers – already the most profitable industry in the country – made it clear they wouldn’t tolerate any threat to their bottom line.¹

During Bush’s first run for the White House, executives and in-house lobbyists from drug companies Bayer Corp., AstraZeneca and Wyeth were named Pioneers for raising at least \$100,000.² At Bristol Myers-Squibb, executives reportedly were pressured to make maximum donations to the Bush campaign. Reluctant donors were warned that CEO Charles A. Heimbold Jr. – whom Bush later named ambassador to Sweden – would be informed if they failed to give. When Bush won the 2000 election, one drug industry executive told the *New York Times*, “There were a lot of high-fives around here.”³

They’re still celebrating in the executive suites. The Medicare bill passed by Congress and signed by Bush last fall is tailor-made to serve their interests. The bill – which will cost taxpayers at least \$530 billion over 10 years – greatly expands the customer base for the pharmaceutical giants, but ensures that the prescription drug benefit will be administered by private companies.⁴ In fact, the bill expressly prohibits the government from negotiating lower prices, declaring that the secretary of Health and Human Services “may not interfere with the negotiations between drug manufacturers and pharmacies and [prescription drug plan] sponsors” and “may not require a particular formulary or institute a price structure for the reimbursement of covered ... drugs.”⁵

The pharmaceutical industry also aggressively has opposed efforts to limit the protection of brand-name pharmaceutical patents and the reimportation of less expensively priced Canadian drugs. Pfizer – the maker of immensely profitable prescription drugs like Lipitor, Zolofit and Viagra – has threatened to blacklist any Canadian pharmacies that sell drugs to Americans. The Bush administration has marched in lockstep with the drug-makers, insisting drugs from Canada pose a risk to public safety. Yet when pressed by Congress to substantiate these claims, one top FDA official admitted, “We have very little evidence.”⁶ The real danger, it seems, is to drug company profit margins.

Pfizer, for instance, made \$9.1 billion in profits in 2002 on revenues of \$32.4 billion, a rate of return nine times that of Wal-Mart and 31 times as much as General Motors.⁷ The company boasted 14 drugs that are the top sellers in their respective categories (as well as over-the-counter medicines like Sudafed and Benadryl) – even before taking over rival Pharmacia in 2003. Pfizer CEO Hank McKinell, one of the country’s most politically active executives, is a 2004 Pioneer.

Until last year, McKinell also served as chairman of the board for the Pharmaceutical Research & Manufacturers of America (PhRMA), the drug industry trade association, which has spent more than \$34 million on lobbying during the Bush administration. Currently, McKinell is also chairman of the Business Roundtable, the trade association for CEOs of “leading corporations,”

which itself has spent \$26.5 million lobbying Congress since 2001 on issues including Medicare reform.⁸

Munr Kazmir, president of the direct-mail pharmacy Direct Meds Inc., also had a major stake in the Medicare bill. A Ranger who also achieved Pioneer status in 2000, Kazmir estimates that about 100,000 customers on his mailing list will now have more money to buy drugs from his company.⁹ Also achieving Pioneer status in 2004 is retired Bristol Myers vice chairman Bruce Gelb, now a senior consultant to the company. Gelb's ties to the Bush family go back much further: He was appointed as chief of the U.S. Information Agency and ambassador to Belgium by the president's father.¹⁰ Super-lobbyists on the drug industry payroll – such as Jack Abramoff, Lanny Griffith and former U.S. Rep. Bill Paxon – also populate the list of leading Bush fundraisers.

The \$6.6 million the industry has given to Bush and various Republican entities during the past two presidential elections is just a small portion of its political spending. Since 1999, the pharmaceutical industry has pooled at least \$43 million in campaign contributions for Republican candidates. Drug companies and their trade associations also deployed at least 675 lobbyists – spending \$91.4 million on lobbying in 2002 alone – to stamp out proposals that would result in the federal government negotiating the cost of drugs on behalf of Medicare beneficiaries or otherwise limiting the industry's astronomical profits.¹¹

Figure 9

Pharmaceutical Industry Contributions to Bush Campaign and Affiliated Entities, 2004 and 2000

Donor	2004 Bush	2004 RNC	2000 Contributions [†]	Total	Select Rangers & Pioneers
Pfizer Inc.	\$83,844	\$17,800	\$629,625	\$731,269	Hank McKinnell
Bristol-Myers Squibb	\$14,225	--	\$546,222	\$560,447	Bruce S. Gelb
Eli Lilly & Co	\$56,500	\$16,250	\$395,830	\$468,580	
Merck & Co.	\$5,950	\$2,000	\$256,400	\$264,350	
Invacare Corp.	\$26,500	--	\$200,000	\$226,500	Malachi Mixon
All Other Companies	\$410,245	\$258,625	\$3,672,415	\$4,341,285	
INDUSTRY TOTALS	\$597,264	\$294,675	\$5,700,492	\$6,592,431	2004 Rangers: 2 2004 Pioneers: 4 2000 Pioneers: 10

Sources: Center for Responsive Politics data through Dec. 31, 2003 and Public Citizen analysis. Ranger and Pioneer information from www.WhiteHouseForSale.org, a project of Public Citizen and Texans for Public Justice.

[†] 2000 Contributions include donations to Bush campaign, RNC, recount fund and inauguration.

KEY:
2004 Rangers in **bold**.
* 2004 Ranger or Pioneer who was a 2000 Pioneer.
2000 Pioneers only in *italics*.

Those profits seem safe as long as Bush remains in power. Consider the administration's proposed budget for Homeland Security, which includes even more giveaways to the pharmaceutical giants. Bush has requested \$2.5 billion next year for Project BioShield, "a program to develop and purchase vaccines, drugs and other tools for biodefenses."¹² While \$400 million would be earmarked to stockpile vaccines in case of a biological weapons attack, the remainder of the money will be given to the pharmaceutical companies as "an incentive to manufacture" the "next generation" of medications.¹³ As the online magazine *Slate* concluded, Project BioShield "is essentially a cash handout to pharmaceutical companies."¹⁴

When it comes to advertising, the Bush administration and the pharmaceutical industry have a number of shared interests – and employees. After the Medicare bill passed, the Bush administration launched an ad campaign touting the new program under the slogan, "Same Medicare. More benefits." To place the ads around the country, taxpayers paid \$9 million to hire National Media Inc. – a company that is also working on ads for Bush's re-election campaign.¹⁵

National Media is the same firm that has been used by the pharmaceutical industry front group Citizens for Better Medicare to broadcast ads supporting Republican congressional candidates and assailing Democrats pursuing lower prescription drug prices. The firm – which produced ads for the \$65 million the drug industry spent in 2000 – employs Alex Castellanos, a Republican attack dog who made his mark with a 2000 Bush campaign ad that flashed the word "RATS" on screen while criticizing Al Gore's prescription drug proposal.¹⁶

¹ See Public Citizen's Congress Watch reports *The Other Drug War 2003: Drug Companies Deploy an Army of 675 Lobbyists to Protect Profits*, June 2003 and *2002 Drug Industry Profits: How Pharmaceutical Company Margins Dwarf Other Industries*, June 2003.

² www.WhiteHouseForSale.org.

³ Sheryl Gay Stolberg and Gardiner Harris, "Industry Fights to Put Imprint on Drug Bill," *New York Times*, Sept. 5, 2003.

⁴ Robert Pear, "Bush Aides Put Higher Price Tag on Medicare Law," *New York Times*, Jan. 30, 2004.

⁵ Donald L. Barlett and James B. Steele, "Why We Pay So Much for Drugs," *Time*, Feb. 2, 2004.

⁶ Barlett and Steele, *ibid.*

⁷ Hoovers.com; Barlett and Steele, *ibid.*

⁸ Public Citizen analysis of lobby disclosure reports filed as of June 30, 2003 with the Secretary of the Senate and Clerk of the House pursuant to the Lobby Disclosure Act of 1995.

⁹ Thomas B. Edsall, "2 Bills Would Benefit Top Bush Fundraisers," *Washington Post*, Nov. 22, 2003.

¹⁰ *The Other Drug War 2003: Drug Companies Deploy an Army of 675 Lobbyists to Protect Profits*.

¹¹ See Public Citizen's Congress Watch reports *The Other Drug War 2003: Drug Companies Deploy an Army of 675 Lobbyists to Protect Profits* and *2002 Drug Industry Profits: How Pharmaceutical Company Margins Dwarf Other Industries*.

¹² www.WhiteHouseForSale.org

¹³ "Budget Summary: Major Agencies," Associated Press, Feb. 3, 2004.

¹⁴ *Budget of the United States Government Fiscal Year 2005*. See "Analytical Perspectives" section, pp. 26, 34 and 53.

¹⁵ Fred Kaplan, "Homeland Security's Mystery Money," *Slate*, Feb. 23, 2004.

¹⁶ Mark Sherman, "Media Firm Does Ads for Medicare," Associated Press, Feb. 5, 2004.

¹⁷ See the Public Citizen report, *Citizens for Better Medicare: The Truth Behind the Drug Industry's Deception of America's Seniors*, July 2001; "In a Flash, GOP Ad Is Gone," Reuters, Sept. 13, 2000.

Brought To You By... *HMOs, Hospitals and Nursing Homes*

Executives in managed health care, hospitals and nursing homes like what they hear as Bush travels from state to state, extolling the massive Medicare package that he signed in December and advocating federal medical malpractice legislation to curtail the legal and financial rights of injured patients.

Both measures contain provisions that have topped the wish lists of HMOs, hospitals and nursing homes. And little wonder: The Medicare expansion delivers billions of dollars to HMOs to provide prescription drug coverage, and it increases reimbursement rates for hospitals and nursing homes. Meanwhile, the malpractice bill would insulate health care providers from the costs of their own negligence by limiting payments to patients, especially those who have been catastrophically injured.

Representatives from health care corporations and associations know how to show their appreciation. Two of Bush's 2004 Rangers come from the nursing home industry, and four of his 2004 Pioneers come from HMOs. In the world of private hospitals, Charles "Chip" Kahn III, president of the Federation of American Hospitals, is a Pioneer who says Bush's advocacy for medical malpractice limits has unlocked doors and opened checkbooks. "Medical-malpractice reform is a mountaintop issue for our members," he told the *National Journal*. "That's why people were motivated and why we were successful" at soliciting campaign contributions.¹

Figure 10

Health Care Providers Industry Contributions to Bush Campaign and Affiliated Entities, 2004 and 2000

Donor	2004 Bush	2004 RNC	2000 Contributions [†]	Total	Select Rangers & Pioneers
Manor Care Inc.	\$133,540	--	--	\$133,540	M. Keith Weigel
National HealthCare Corp.	\$119,275	--	--	\$119,275	W. Andrew Adams
Owen Healthcare	\$4,000	\$15,000	\$87,700	\$106,700	
HCA Inc.	\$37,000	\$250	\$51,500	\$88,750	
UnitedHealth Group	\$75,000	\$500	\$7,475	\$75,500	William McGuire
All Other Companies	\$942,047	\$284,128	\$3,778,094	\$5,004,269	
INDUSTRY TOTALS	\$1,310,862	\$299,878	\$3,924,769	\$5,535,509	2004 Rangers: 5 2004 Pioneers: 5 2000 Pioneers: 3

Sources: Center for Responsive Politics data through Dec. 31, 2003 and Public Citizen analysis. Ranger and Pioneer information from www.WhiteHouseForSale.org, a project of Public Citizen and Texans for Public Justice.

[†] 2000 Contributions include donations to Bush campaign, RNC, recount fund and inauguration.

KEY:
2004 Rangers in **bold**.
* 2004 Ranger or Pioneer who was a 2000 Pioneer.
2000 Pioneers only in *italics*.

There can be little argument that the biggest plums for health care providers were delivered in the new Medicare law. It begins with how the whole program is structured, providing prescription drug coverage through private insurance companies and HMOs rather than through the traditional Medicare program itself, as hospital and physician coverage is administered.

Moreover, when the bill was being considered in Congress, Americans were told the cost would be about \$400 billion over 10 years. Less than two months after Bush signed the bill, swollen with industry paybacks and packed with corporate subsidies, the White House acknowledged that the legislation actually will cost taxpayers at least \$530 billion over 10 years.²

As part of the push for privatization, the Medicare law contains large inducements to attract participation by HMOs and other managed care entities.

William McGuire is a 2004 Pioneer and CEO of the nation's largest health insurer, UnitedHealth Group, a \$25-billion-a-year corporation that provides health services to over 17 million people through managed health care companies. UnitedHealth and other managed care companies stand to get at least an extra \$14.2 billion over 10 years under the Medicare bill, according to the Congressional Budget Office (CBO), in payments designed to entice them to offer drug coverage.³

Also under the new law, Medicare revenues for corporations in the managed care industry are projected to rise from \$37 billion in 2003 to \$226 billion in 2010 – a six-fold increase.⁴ And based on “average” profit assumptions, a minority staff report by the Senate Committee on Health, Education, Labor and Pensions calculates that Medicare profits for the managed care industry can be expected to increase by 611 percent to \$6.6 billion a year in 2010.⁵

The hospital industry also is well served by the mammoth Medicare package. As one securities analyst observed after the legislation passed, “By and large the hospital industry is going to be pretty happy with the bill.” And why wouldn't they be? Hospitals receive higher rates of compensation – at least \$2.7 billion over 10 years in direct-payment rate increases under the Medicare Part A program.⁶

Additionally, rural hospitals and other health care providers will enjoy a \$25 billion infusion of cash over 10 years⁷ – from increased payments for inpatient services at rural hospitals, a 5 percent increase in payments to home health agencies for rural services, and increased payments to ambulance companies in rural areas.⁸

Helping the Bush administration craft a Medicare package that satisfied health care interests was Tom Scully, administrator of the Centers for Medicare and Medicaid Services (CMS), who previously held Kahn's job at the Federation of American Hospitals, which represents 1,700 privately owned and managed hospitals and health care systems nationwide.⁹ During the five months leading to passage of the Medicare bill, Scully was actively negotiating for a job among companies affected by the legislation. Within weeks of its passage, he accepted positions with two firms that have significant financial stakes in health care corporations that will benefit from the new law.¹⁰

Although the White House has yet to push federal medical malpractice legislation through Congress, Bush makes no secret of his desire for a \$250,000 “cap” on non-economic damages. Such a measure would arbitrarily limit payments to those patients who are most seriously injured by medical negligence or error, and would have its more severe impact on women and children, low-income and minority patients, who generally have less earning potential than others.

According to White House press advisories and speech summaries, Bush has raised the issue of medical malpractice legislation more than 100 times during the past six months, both in national addresses and at campaign fundraisers in three dozen different states. When addressing the question of injured patients and their right to seek legal damages, Bush talks derisively of “frivolous lawsuits” and “junk lawsuits.”

Bush’s crusade for federal medical malpractice legislation earns him points not only with doctors and hospitals, but also with nursing homes – as dramatized by the case of one 2004 Ranger, W. Andrew Adams. Adams is president of National Healthcare Corp., a chain with more than 80 nursing homes and 30 home health-care programs in 11 states. When it comes to negligence and liability, National Healthcare has obvious concerns: As of June 2003, the company faced at least 87 personal injury or wrongful death lawsuits – including 46 suits in Florida, where the company was forced to close shop after its insurer canceled its liability policy. More lawsuits may be coming: A fire in September killed 14 residents in a Nashville facility that had not been equipped with a sprinkler system.¹¹

And while they are not officially classified as fundraisers from the health care industry, three physicians are Rangers for Bush’s 2004 campaign, and three others are Pioneers. State and national physician groups have been leading proponents of the sort of limits on malpractice payments that Bush advocates.

In addition to the two main courses on the Bush buffet line of paybacks, the administration also has found ways to serve up regulatory favors to its friends in the health care industry. For instance, hospitals benefited twice in September 2003, when CMS eased requirements for on-call emergency room staffing and when CMS weakened prohibitions against patient “dumping” – which relieved some facilities of their obligation to provide emergency care to poor people.¹²

And nursing home executives – like M. Keith Weikel of Ohio-based HCR Manor Care, the nation’s largest operator of long-term care facilities – welcomed CMS’ actions that eliminated a requirement for feeding aides in nursing homes to be licensed or certified, and reduced the number of hours of training required for these aides from approximately 75 to eight. This change was made at the urging of the nursing home lobby, according to the Senior Citizens Law Center.¹³

The Bush administration also responded to the desires of the health care industry when it modified provisions of the Health Insurance Portability and Accountability Act covering privacy of medical records. Health plans, insurance companies, drug manufacturers and health product marketers had deluged the Clinton administration’s Health and Human Services Department (HHS) with objections to the act’s privacy requirements.¹⁴ Under Bush, the HHS transferred control over health information from the patient to the provider, requiring only that a provider

make a good faith effort to obtain a patient's written acknowledgement of privacy rights. The Bush modifications also removed protections against use of private information for marketing purposes.¹⁵

In effect, the Bush administration invented the concept of "regulatory permission" for release of medical records. As Public Citizen pointed out in comments,¹⁶ this set a "troublesome precedent" – if the government can consent to the release of an individual's private health information under the guise of promoting cost effectiveness and efficiency, can the government extend "regulatory permission" in other circumstances?

Health care consumers are left to worry about these kinds of questions. In contrast, special interests within the health care industry have fewer worries than ever – and they know they have a president in the White House willing to support their agenda for higher profits and less accountability.

¹ Peter Stone, "The Texan's Rangers," *National Journal*, Oct. 25, 2003.

² Robert Pear, "Bush Aides Put Higher Price Tag on Medicare Law," *New York Times*, Jan. 30, 2004.

³ Ellen Beck, "Analysis: Medicare Costs Hard to Predict," United Press International, Jan. 20, 2004.

⁴ Senate Committee on Health, Education, Labor and Pensions, "The Impact of Republican Medicare Proposals on Insurance Industry Revenues and Profits," minority staff report, Revised Jan. 16, 2004.

⁵ *Id.*

⁶ Deloitte, "Following Enactment of the Medicare Drug Bill, the Health Care Industry Can Expect a Great Deal of Regulatory and Not Much Legislative Action This Election Year," *Health Care Review*, January 2004.

⁷ Jeff Tieman, "Winning Big in Reform Bill," *Modern Healthcare*, Nov. 24, 2003.

⁸ U.S. Department of Health & Human Services, "Secretary Thompson Urges Senate to Approve Medicare Bill," news release, Nov. 23, 2003.

⁹ Joint Commission on Accreditation of Healthcare Organizations, press information on-line at www.jcaho.org/news+room/press+kits/scully_bio.htm.

¹⁰ "Former Medicare and Medicaid Chief Joins Alston & Bird," *Atlanta Business Chronicle*, Dec. 19, 2003; and "Select Medical Corporation Appoints Thomas Scully to Its Board," CNN Money, Feb. 11, 2004, on-line at <http://money.cnn.com/services/tickerheadlines/prn/phw047.P2.02112004164241.03241.htm>.

¹¹ Scott Reeves, "Owner of Nursing Home in Deadly Fire Has Self-Funded Insurance; It Warned Could Be Inadequate," Associated Press, Sept. 28, 2003.

¹² 68 FR 53221, Sept. 9, 2003; 68 FR 53221, Sept. 9, 2003.

¹³ http://www.nslc.org/news/04/feb/feedasst_suit.htm

¹⁴ <http://www.ombwatch.org/article/articleview/1269/1/39/>.

¹⁵ U.S. Department of Health & Human Services, "Modifications to the Standards for Privacy of Individually Identifiable Health Information," news release, Aug. 9, 2002, on-line at:

<http://www.hhs.gov/news/press/2002pres/20020809.html>.

¹⁶ http://www.citizen.org/congress/regulations/issue_areas/hhs/articles.cfm?ID=8359.

Brought to You By... *The Insurance Industry*

The insurance industry supported Bush heavily in 2000, and it is doing so again in 2004. The industry was the No. 10 contributor of hard money to the Bush campaign, giving \$1,669,038,¹ and mustered up 14 Pioneers.² So far in 2004 the industry has held on to its No.10 spot, giving \$2,057,389 and producing eight Pioneers and four Rangers.³

Why is the insurance industry sticking so hard to its 2000 investment? Probably because ever since Bush took office the industry has enjoyed his support on all major planks of its legislative agenda. In addition to his cheerleading for so-called tort “reforms” covering class-action lawsuits, asbestos liability and medical malpractice, Bush personally spearheaded the \$100 billion Terrorism Risk Insurance Program.

Figure 11

Insurance Industry Contributions to Bush Campaign and Affiliated Entities, 2004 and 2000

Donor	2004 Bush	2004 RNC	2000 Contributions [†]	Total	Select Rangers & Pioneers
American Financial Group [see note]	\$51,000	\$58,400	\$380,245	\$489,645	Carl Lindner Jr., Carl Lindner III, Sandra Heimann
American International Group	\$92,750	\$7,276	\$260,626	\$360,652	Maurice "Hank Greenberg", Edward "Ned" Cloonan
Blue Cross/Blue Shield	\$54,050	\$1,720	\$292,165	\$347,935	Michael Hightower*
AON Corp.	\$71,250	\$30,580	\$100,488	\$202,318	Patrick Ryan, Michael O'Halleran
Citigroup Inc	\$25,550	\$25,750	\$137,100	\$188,400	
Northwestern Mutual	\$67,402	\$2,050	\$84,850	\$154,302	Ron Beshear, Douglas Corn
USAA	\$74,750	\$250	--	\$75,000	Robert G. Davis
AFLAC Inc.	\$56,492	\$16,500	--	\$72,992	David Pringle
All Other Companies	\$1,564,145	\$515,652	\$8,044,427	\$10,124,224	
INDUSTRY TOTALS	\$2,057,389	\$658,178	\$9,299,901	\$12,015,468	2004 Rangers: 4 2004 Pioneers: 8 2000 Pioneers: 14

Sources: Center for Responsive Politics data through Dec. 31, 2003 and Public Citizen analysis. Ranger and Pioneer information from www.WhiteHouseForSale.org, a project of Public Citizen and Texans for Public Justice.

[†] 2000 Contributions include donations to Bush campaign, RNC, recount fund and inauguration.

Note: American Financial Group figures represent only the insurance segment of the company's business.

KEY:
2004 Rangers in **bold**.
* 2004 Ranger or Pioneer who was a 2000 Pioneer.
2000 Pioneers only in *italics*.

Two weeks after the September 11 attacks, the insurance industry began making entreaties to the president for government subsidies in the event of future terrorism attacks.⁴ Within a month, Bush announced a plan to cover 80 percent of damages caused by such attacks and to place limits on terrorism-related lawsuits.⁵ Consumer groups denounced the plan as an unnecessary bailout of an industry⁶ – and even insurance executives like AIG Chairman and Bush Pioneer Maurice “Hank” Greenberg acknowledged that “as far as the safety of the insurance industry is concerned, it is very safe. The insurance industry is well capitalized... and will meet its claims and obligations.”⁷

When the Senate balked at the lawsuit limits contained in the plan and the insurance industry fumbled by predicting, in the words of one industry representative, “[T]he economy would come to a grinding halt” if Congress didn’t act by the beginning of 2002⁸ (a deadline that passed without event), Bush came to the rescue. Making the bill a priority, he raised the issue of terrorism insurance in a weekly radio address and on television, and he brokered a deal with Senate naysayers. “At every dead-end alley, the president would open the doors and get us to the next level,” said one lobbyist who worked on the bill.⁹

In the end, the government promised to cover up to \$100 billion of the insurance industry’s costs over a three-year period in the event of future attacks. The bill did not, however, put any price controls on the premiums insurance companies can charge their clients for terrorism insurance, which industry experts predicted would remain high.¹⁰

Bush’s anti-consumer tort “reform” agenda would significantly limit the financial liability faced by insurance companies, both for their own mistakes and misdeeds and for those of their clients. Federal legislation limiting medical malpractice payouts, capping asbestos liability and undermining many class-action lawsuits have not passed Congress, but the votes have been close. When the class-action bill was narrowly defeated in December 2003, Bush admonished lawmakers, saying, “[Tort reforms] got stuck, unfortunately, in the Senate. In my judgment, it was a mistake. It was a mistake not to let class-action lawsuit reform go forward. It was a mistake not to get asbestos reform, a mistake not to get medical liability reform.”¹¹

The so-called Class Action Fairness Act is a big deal for insurance companies. An official from the Alliance of American Insurers has labeled it “the most promising piece of legislation” for property-casualty insurers¹² – and no industry has thrown more manpower behind its passage than insurance companies and their industry associations. Together they have devoted at least 193 lobbyists to the issue since 2000, with 105 coming from the insurance companies (and their industry associations) that have produced Bush Rangers and Pioneers.¹³

The legislation would help insurance companies and their corporate clients by pushing more lawsuits from state to federal courts, where judges are less likely to certify plaintiff attempts to seek large settlements as representatives of an injured “class” of consumers. In fact, a Public Citizen review of 43 class-action cases involving life insurance companies found while 65 percent of aspiring class-action cases were certified at the state court level, only 35 percent of class-action cases were certified in federal courts. In other words, life insurers were nearly *twice as likely* to avoid having a class action certified in federal court.¹⁴

Insurers face exposure to class-action suits not only through the corporations they insure but also because of their own unfair or fraudulent practices. Consumers have used class-action lawsuits to win compensation from life insurance companies for a number of deceptive sales practices. Property and casualty insurers have faced class actions over techniques similar to those used by HMOs to reduce payouts, including bad-faith denial of claims. HMOs have drawn class-action suits from customers and physicians over fraudulent billing practices, underpaying health-care providers, and failing to provide a standard quality of care.¹⁵ [For more on Bush's paybacks to the HMO industry see the Health Care section of this report.]

Of the nine insurance companies that have produced Bush Pioneers, at least seven have faced or are facing potential class-action suits against themselves or companies they insure:

- **Anthem** is a defendant in a class-action lawsuit brought by doctors who allege it has engaged in a racketeering conspiracy by illegally denying claims for necessary medical treatments and delaying payments.¹⁶
- **Aon** has settled 10 class-action lawsuits, for \$7.25 million, filed by shareholders who alleged that the company misled them about the company's finances.¹⁷
- **American Financial Group** has a subsidiary that has been named in a suit seeking class-action status alleging misleading sales practices.¹⁸
- **Northwestern Mutual** is being investigated by the National Association of Securities Dealers for deceptive sales practices, an allegation that often leads to class-action suits.¹⁹
- **American International Group** is a defendant in at least one class-action suit that alleges it conspired with its corporate policy holders in junk lawsuits against asbestos-injury victims in order to force the victims to settle rather than go through expensive litigation and receive their full due damages.²⁰
- **USAA** is a defendant in a whistle-blower class-action suit alleging that it repeatedly retaliated against employees for complaining about fraudulent practices at the company.²¹
- **Zurich** has a division that was sued in a class-action alleging that the company had willfully failed to pay benefits on policies held by Holocaust victims.²²

With the class-action bill offering them legal advantages in lawsuits that involve billions of dollars, it is little wonder that the life, health, and property and casualty insurers are proud to receive Bush's recognition that they've "worked long and hard on this issue."²³ Equally, they must be delighted with the return on their investment: As one insurance industry association official said, "Any time the president of the United States uses his bully pulpit to remind the American people that an out-of-control legal system hurts consumers, that is a good day."²⁴

-
- ¹ Center for Responsive Politics data.
- ² www.WhiteHouseForSale.org.
- ³ Center for Responsive Politics data and www.WhiteHouseForSale.org.
- ⁴ CNBC Business Center, Sept. 21, 2001.
- ⁵ Stephen Labaton, "Bush Proposes Paying 80% of Future Terrorist Damage," *New York Times*, Oct. 14, 2001.
- ⁶ David Stout, "Bush Hails Terrorism Insurance, Signs Bill," *New York Times*, Nov. 27, 2002.
- ⁷ CNBC Business Center, Sept. 21, 2001.
- ⁸ Deirdre Davidson, "Leaders gave insurers' fight for coverage stronger focus," *American Lawyer Media*, Nov. 27, 2002.
- ⁹ Deirdre Davidson, "Leaders Gave Insurers' Fight for Coverage Stronger Focus," *American Lawyer Media*, Nov. 27, 2002.
- ¹⁰ David Stout, "Bush Hails Terrorism Insurance, Signs Bill," *New York Times*, Nov 27, 2002.
- ¹¹ President Bush, speech, Dec. 15, 2003..
- ¹² Steven Brostoff, P-C Insurers Warned to Move Fast In Congress," *National Underwriter Property & Casualty-Risk & Benefits Management Edition*, Dec. 29, 2003
- ¹³ Public Citizen's Congress Watch, "Unfairness Incorporated: The Corporate Campaign Against Consumer Class Actions," pp. 21-24 and pp. 28-30.
- ¹⁴ *Id.*, p. 83.
- ¹⁵ *Id.*, p. 31.
- ¹⁶ "In the courts HMOs: Doctors can seek damages under RICO, judge rules," *American Political Network: American Health Line*, Dec. 10, 2003.
- ¹⁷ Mark Skertic, "Aon settles lawsuits for more than \$7 million," *Chicago Tribune*, Nov. 19, 2003.
- ¹⁸ "American Financial Group unit named in purported class suit," *Federal Filings Newswires*, Mar. 30, 2001.
- ¹⁹ Maria Tor, "NASD investigates Northwestern Mutual policy sales," *SNL Insurance Daily*, Feb. 20, 2004.
- ²⁰ Roger Parloff, "Infinite liability," *The American Lawyer*, October 2002.
- ²¹ "USAA faces class-action suit," *St. Petersburg Times*, Jan. 31, 2003.
- ²² "Swiss insurer says New York court dismisses Holocaust lawsuit," *Associated Press*, April 25, 2003.
- ²³ Carl Parks, senior vice president with the Des Plaines, Ill.-based National Association of Independent Insurers, quoted in Steven Brostoff, "Tort Reforms Targeted in New Congress," *National Underwriter Property & Casualty-Risk & Benefits Management Edition*, Dec. 30, 2002.
- ²⁴ Mark A. Hoffman, "Tort, Benefits Changes on the Agenda; Bush Calls for Health Cover Initiatives, Civil Justice Reform in Key Address," *Business Insurance*, Jan. 26, 2004.

Brought To You By... *Media Conglomerates*

On Feb. 2, the Federal Communications Commission (FCC) swung into action, promising a “thorough and swift” investigation of a burgeoning national media calamity. “I am outraged by what I saw during the halftime show,” FCC Commissioner Michael Powell declared, referring to singer Janet Jackson’s mid-game performance. “Like millions of Americans my family and I gathered around the television for a celebration. Instead, that celebration was tainted by a classless, crass, deplorable stunt.”¹

For his part, President Bush said he dozed off during the second quarter and missed all of the excitement. The “wardrobe malfunction seen around the world” (as one CNN commentator put it²) may have garnered all the headlines, but the real outrage at the FCC under Bush has been the nonstop deregulation and unfettered consolidation of the companies controlling the airwaves. On these issues, the president hoped to catch the public napping.

Yet when the FCC voted to allow one company to own television stations reaching up to 45 percent of the U.S. viewing public, more than 2 million e-mails and postcards poured into the agency in protest. Angry constituents also called up Congress in droves. Indeed, the FCC decision – which also would allow one company to own up to three TV stations, eight radio stations and the daily newspaper in the same market – was second only to the Iraq war in the number of complaints received on Capitol Hill last year. The Senate voted to block the new rules. Powell complained that the rule-making had been upset by “a concerted grassroots effort to attack the commission from the outside in.”³

Figure 12

TV/Movies/Music Industry Contributions to Bush Campaign and Affiliated Entities, 2004 and 2000

Donor	2004 Bush	2004 RNC	2000 Contributions [†]	Total	Select Rangers & Pioneers
Chartwell Partners/Univision	\$60,250	\$4,500	\$637,000	\$701,750	Jerry Perenchio
News Corp.	\$26,250	\$1,250	\$361,000	\$388,500	
Time Warner	\$41,500	\$27,275	\$314,606	\$383,381	
Clear Channel Communications	\$39,200	\$50,982	\$29,400	\$119,582	
Comcast Corp.	\$76,810	\$275	\$40,080	\$117,165	Stephen B. Burke
All Other Companies	\$544,660	\$295,410	\$5,110,392	\$5,950,462	
INDUSTRY TOTALS	\$788,670	\$379,692	\$6,492,478	\$7,660,840	2004 Rangers: 1 2004 Pioneers: 5 2000 Pioneers: 12

Sources: Center for Responsive Politics data through Dec. 31, 2003 and Public Citizen analysis. Ranger and Pioneer information from www.WhiteHouseForSale.org, a project of Public Citizen and Texans for Public Justice.

[†] 2000 Contributions include donations to Bush campaign, RNC, recount fund and inauguration.

KEY:
 2004 Rangers in **bold**.
 * 2004 Ranger or Pioneer who was a 2000 Pioneer.
 2000 Pioneers only in *italics*.

Eventually, the White House signed off on a “compromise” ownership cap of 39 percent – just enough to ensure that neither News Corp. nor Viacom would have to sell off any stations.⁴ But to the chagrin of Powell and the media titans, media ownership had been transformed from an obscure regulatory issue into a hot public topic. In such a political climate, returning Bush to office – and thus preserving the 3-to-2 Republican majority at the FCC – is crucial for the next round of media mega-mergers to win approval.

That narrow 3-to-2 margin made possible the controversial \$3 billion merger of Univision and Hispanic Broadcasting in 2003. Univision Chairman and CEO Jerry Perenchio, a Pioneer, profited handsomely from that deal, which combined his television network with the country’s largest Spanish-language radio network. A 72-year-old billionaire, Perenchio is a major Republican Party fundraiser who also has supported Democrats like former California Gov. Gray Davis and New Mexico Gov. Bill Richardson. He was the leading out-of-state contributor to George W. Bush when he ran for governor of Texas in 1998. Perenchio also gave \$100,000 to the Bush-Cheney inauguration and donated at least \$250,000 for a July 2001 “salute” to President Bush that raised \$20 million for Republican congressional candidates.⁵

Univision, the country’s fifth-largest television network, now controls the No. 1 TV station and No. 1 or No. 2 radio station in the top eight Latino markets. Univision owns 62 television stations reaching nearly all of the Latino households in the country in addition to 65 radio stations that it either owns or programs. That reach potentially gives Perenchio’s media behemoth vast influence over the largest bloc of minority voters. Before the merger, one Latino media executive told the *Washington Post* that approving the deal “would be like the four major networks merging and then buying Clear Channel.”⁶

Clear Channel – whose employees have donated \$119,582 to Bush – just happened to be Hispanic Broadcasting’s largest shareholder. And the largest individual shareholder in Hispanic Broadcasting was McHenry Tichenor, who lent his private jet to Bush so often that Democrats nicknamed it “Bush Air.” He was reimbursed \$144,000 for the flights, making him the biggest contributor of corporate jet use to the 2000 campaign.⁷ (2000 Pioneer Tom Hicks – who bought out Bush’s share of the Texas Rangers – is a member of the Clear Channel board of directors.)

To help win approval for the merger, Hispanic Broadcasting hired the lobbyists Haley Barbour and Lanny Griffith, both Bush Pioneers. Around the same time, their lobbying firm also helped set up a front group called the Committee on Justice to fund advertisements supporting the judicial nomination of Miguel Estrada. House Democratic Caucus Chairman Bob Menendez, who opposed the merger, accused Univision of currying favor with the administration by running favorable coverage of Estrada (who has since withdrawn his name from consideration).⁸

In September 2003, the FCC handed over 80 percent of the Spanish-language radio and television market to Univision by allowing the merger with Hispanic Broadcasting. A month earlier, after word leaked out that the FCC was going to approve the merger, Perenchio snagged \$146.7 million when his Univision stock shot upward. That one-day windfall capped a 65 percent gain in the stock price over the previous year.⁹

Compared to Comcast’s plans, the Univision merger was small potatoes. It should be no surprise, then, that Comcast Cable President Stephen Burke has raised at least \$200,000 for Bush’s re-election campaign. On Feb. 11, 2004, Comcast – the country’s largest provider of cable TV and

broadband Internet services – made an unsolicited offer to buy Walt Disney Corp. for \$47.8 billion. If it goes through, the deal would create the largest media company in the world.¹⁰

Burke is integral to the takeover bid. A senior Disney executive for a dozen years, whose father was also a Disney executive, Burke left the company in 1998 for the No. 2 spot at Comcast. He would oversee implementation of the merger and replace current Disney CEO Michael Eisner in the new company. As Comcast CEO Brian Roberts said at the news conference announcing the bid: “Steve is very intimate with where Disney’s been, where Disney is, and where it might go in the future.”¹¹

First Comcast must persuade Disney shareholders; the company’s board of directors already has rejected the overture. But Burke and Comcast have experience with hostile takeovers from a \$51 billion merger with AT&T Broadband, which was approved by the FCC in November 2002. That deal made Comcast the biggest cable company in the country, with 22 million subscribers in 35 states. The proposed Disney deal was made possible by the undoing of a rule that had prevented companies from owning television stations and cable systems in the same market. The FCC elected not to appeal when a federal court struck down the regulation in 2002.¹²

Comcast’s political giving has increased along with its mergers and acquisitions. The company was a “platinum sponsor” at the 2000 GOP convention, and Roberts was a co-chairman of the host committee at the Philadelphia event. Burke was appointed to the President’s Council of Advisers on Science and Technology in 2002.¹³

Comcast isn’t the only company poised to profit from the merger. Wall Street investment bankers could make hundreds of millions in fees from their work on the deal. Comcast’s merger with AT&T Broadband generated \$222 million in such fees. The firms advising Comcast include Morgan Stanley, Merrill Lynch and Credit Suisse First Boston – all of which boast Rangers or Pioneers of their own. However, Disney has retained Goldman Sachs and Bear Stearns, two other firms actively bundling for Bush, to fend off the takeover.¹⁴ Comcast – which has spent at least \$4.25 million to lobby the executive branch and Congress since 2001 – also has hired a coterie of high-powered influence-peddlers, including former Pentagon spokeswoman Victoria Clarke and Pioneers Lanny Griffith and Judy Black.¹⁵

The merger’s biggest impediment may not be Disney’s resistance or antitrust concerns – especially after approval of the merger between DirecTV and Rupert Murdoch’s News Corp. (whose employees have given Bush \$388,500). Rather, the main obstacle may be a political one. Opponents argue that the merger would consolidate too many information sources in one company and could increase already expensive cable rates. Media reform groups oppose the deal, as does the AFL-CIO. “If you have a much more left-wing, regulatory type of commission,” one lobbyist told the *Financial Times*, “I think the deal would be in trouble.”¹⁶ A second Bush administration, on the other hand, seems sure to rubber-stamp the deal.

There’s one more way Bush will contribute to the bottom lines of the media conglomerates. The president’s unprecedented ad-buying spree promises to pour tens of millions of dollars into the pockets of local broadcasters and national cable networks. The president’s first major ad buy – expected to hit the airwaves on March 4 – includes millions spent on Murdoch’s Fox News, Univision, and several Comcast-owned cable channels.¹⁷

-
- ¹ Eric Fisher and Jennifer Harper, "FCC to Probe Super Bowl Show," *Washington Times*, Feb. 3, 2004; Jeremy Pelofsky, "FCC to Investigate Super Bowl Show," Reuters, Feb. 3, 2004.
- ² David Haffenreffer, "Perspective on Proposed Indecency Bill," CNNfn, Feb. 4, 2004.
- ³ Frank Ahrens, "'Soldier's Ethic' Guides Powell at the FCC," *Washington Post*, Oct. 15, 2003; Robert W. McChesney and John Nichols, "Up In Flames," *The Nation*, Nov. 17, 2003.
- ⁴ Jonathan D. Salant, "Congress Increases Media Firms' Television Reach to 39%," Associated Press, Jan. 2, 2004.
- ⁵ Frank Ahrens and Krissah Williams, "Spanish-Language Media Expand," *Washington Post*, Aug. 11, 2003; "Fund-raising Dinner Rakes \$20 million into GOP coffers," *Washington Post*, July 1, 2001.
- ⁶ Marcelo Ballve, "The Battle for Latino Media," *NACLA Report on the Americas*, January 2004; Frank Ahrens and Krissah Williams, "Spanish-Language Media Expand," *Washington Post*, Aug. 11, 2003.
- ⁷ Yochi Dreazen and Eduardo Porter, "Hispanic Media Deal Assailed," *Wall Street Journal*, June 20, 2003.
- ⁸ Anne C. Mulkern and John Aloysius Farrell, "Univision Deal Arouse D.C. Ire," *Denver Post*, June 2, 2003; Brody Mullins, "Univision Battle Heats Up," *Roll Call*, May 22, 2003.
- ⁹ Paul Tharp, "A Univision-ary: Perenchio Reaps \$146m from Hispanic TV Boom," *New York Post*, Aug. 9, 2003.
- ¹⁰ "Cable Giant Bids to Take Over Disney," *New York Times*, Feb. 12, 2004; "Comcast Proposes to Buy Walt Disney," Associated Press, Feb. 11, 2004.
- ¹¹ Jeff Leeds, "Comcast Executive Lands Role for Which He Was Destined," *Los Angeles Times*, Feb. 13, 2004; Lisa de Moraes, "Comcast Chief Knows His ABC," *Washington Post*, Feb. 12, 2004; Peter Grant, "Takeover Team Knows Prey Inside and Out," *Wall Street Journal*, Feb. 12, 2004; Griff Witte, "Former Mouse May Be the Next Lion King," *Washington Post*, Feb. 12, 2003.
- ¹² "Disney, Struggling to Retain Glory, Gets \$48.7 Billion Bid from Comcast," *Wall Street Journal*, Feb. 12, 2004; Doug Halonen, "Watchdogs Target Comcast," *Television Week*, Feb. 16, 2004.
- ¹³ Anne Marie Squeo, "The Battle for Disney: Comcast's Emergence as a Titan Is Backed by Powerful Lobbying," *Wall Street Journal*, Feb. 16, 2004; Neil MacDonald, "Dell, Moore Are Among Members of Bush's S&T Advisory Council," *Federal Technology Report*, Jan. 10, 2002.
- ¹⁴ Joseph N. DiStefano, "Merger Media Attracts a Horde of Hangers-On," *Indianapolis Star*, Feb. 19, 2004; "Will Comcast Get Its Trophy?" *Wall Street Journal*, Feb. 12, 2004; Dan Lonkevich, "Morgan Stanley Ranks First In Fighting Hostile Bids," Bloomberg News, Feb. 24, 2004.
- ¹⁵ Demetri Sevastopulo, "Lobbyists Go into Battle for Comcast," *Financial Times*, Feb. 19, 2004; Squeo, *ibid.*; Public Citizen analysis of lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House pursuant to the Lobby Disclosure Act of 1995.
- ¹⁶ Sevastopulo, *ibid.*
- ¹⁷ "Bush Ads Target Base, Hispanics," Associated Press, March 1, 2004.

