

HOMELAND UNSECURED



**THE BUSH ADMINISTRATION'S HOSTILITY TO REGULATION
AND TIES TO INDUSTRY
LEAVE AMERICA VULNERABLE**

**Public
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Acknowledgments

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About Public Citizen

Public Citizen is a 150,000-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, transportation safety, clean and safe energy sources, environment protection, fair trade, campaign finance reform, and corporate and government accountability.



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The Bush Administration's Hostility to Regulation and Ties to Industry Leave America Vulnerable

Since the 9/11 attacks, President Bush has made protection of the American people from terrorism the rhetorical centerpiece of his presidency. As he said in a speech last summer, "The events of September the 11th, 2001, demonstrated the threats of a new era. ... [t]he terrorists intend to strike the United States again." The president asserted, "Our government is doing everything we can to stop another attack. ... We're doing everything we can to protect our country."¹

Public Citizen strongly agrees that protecting Americans from attack must be our nation's paramount goal. The American people think so, too; in a recent *Newsweek* poll, registered voters identified terrorism and homeland security as the issue they are most concerned about, ahead of the economy, Iraq and health care.²

But three years after the most horrific attack ever on American soil, has our government, in fact, taken the steps necessary to harden our defenses against terrorism and secure the most vulnerable, high-impact targets? The answer, according to a wide variety of experts inside and outside of government, is a resounding no.

While the administration has focused on weaknesses in aviation security, the overall security picture reveals that the United States has made very little progress in the sectors that may put Americans most at risk. It is no overstatement to say that the Bush administration has abdicated its responsibility to protect the American homeland from the risk of potentially catastrophic terrorist attacks upon chemical plants, nuclear reactors, hazardous materials transport, seaports and water systems. In many cases, the administration and its Republican allies in Congress have either opposed security reforms or obstinately refused to act even though ready solutions are obvious.

The president asserted during the first 2004 presidential campaign debate that his administration has tripled spending on homeland security from pre-9/11 levels.³ In fact, security spending for the agencies now located with the Department of Homeland Security has barely doubled in the wake of 9/11.⁴ Much of that funding is being distributed to all states based on a formula unrelated to terrorist risks or vulnerabilities.⁵ The president's priorities – especially the Iraq war and large tax cuts for the wealthiest Americans – have siphoned away the government funds needed to address the serious

security gaps that remain. Funding of homeland security needs under the jurisdiction of other government agencies has been minimal and yet would cost a fraction of the expenditures for the war in Iraq. Key programs, such as technology modernization for first responders, remain short of funds.

The problem, however, is much deeper than money.

Eight-five percent of the nation's critical infrastructure is controlled by the private sector. "Homeland security and national preparedness therefore often begins with the private sector," the 9/11 Commission's report says.⁶ Security expert Stephen Flynn, director of the Hart-Rudman commission that concluded prior to 9/11 that America's greatest security challenge was the threat of a catastrophic terrorist attack, states flatly that "without standards, or even the threat of standards, the private sector will not secure itself."⁷

Yet the administration has failed to use its executive powers or support legislation to mandate regulatory steps that can and should be taken without large taxpayer expenditures. In some cases, it has played a leading role in blocking critical measures.

This reflects the administration's hostility toward the reasonable regulation of industry, even where the safety and security of Americans is at grave risk. Within days of taking office, the Bush administration began setting up hurdles in the regulatory process and installing industry executives and their allies in the government. A particularly telling appointment was that of John Graham, a well-known industry-backed academic hostile to regulation, who was given the job of regulatory czar within the White House Office of Management and Budget. The administration has hired more than 100 industry lobbyists, lawyers or company executives to fill high-level government jobs during Bush's tenure in office.⁸

While business lobbyists work within the administration to block regulatory initiatives and dismantle existing ones, industries that would be affected by new security measures have lobbied hard against such proposals – and found much success. And, as this report shows, these same industries have provided strong financial support for the Bush presidential campaigns and the Republican Party.

The chemical, nuclear, hazardous materials transport, ports and shipping, and water utility industries have contributed \$19.9 million to Bush and the Republican National Committee since the 2000 election cycle. Thirty of Bush's top fundraisers – 10 so-called "Rangers" and 20 "Pioneers," who each raise at least \$200,000 and \$100,000, respectively – hail from those industries. In addition, these industries have spent more than \$201 million to lobby the administration and Congress since 2002.

Bush's Failure to Act Effectively Leaves Gaping Holes in Homeland Security

The five sections of this report outline these failures in key sectors: chemical plants, nuclear power plants, rail and truck transport of hazardous materials, seaports and

water supply systems. The evidence presented draws upon congressional testimony, the writings of security experts, public records, and investigations by the news media, government agencies and non-profit organizations, including Public Citizen.

The Bush administration and many experts believe that terrorists will attempt to strike again at the United States. Success in thwarting such an attack may well depend on whether the government *requires and helps* the private sector to adopt strong defenses. Thus far, however, the administration has shunned mandatory protective regulation, legislation and supportive federal funding, professing instead its faith in “voluntary” efforts by industry. Blinded by its anti-regulation ideology and its allegiance to political contributors, the administration has been unwilling to use its executive powers or clout when a Congress led by his own party has refused to enact necessary legislation or provide essential funding. This is a tragic mistake that must be confronted if the United States is going to secure our highly vulnerable vital infrastructure against terrorism.

Endnotes

¹ President George W. Bush, remarks on homeland security, Glenview, Illinois, July 22, 2004, available at <http://www.whitehouse.gov/news/releases/2004/07/20040722-12.html>. See also Department of Homeland Security, "Department of Homeland Security Announces FY 2005 Budget in Brief," Feb. 2, 2004, available at

<http://www.dhs.gov/dhspublic/display?theme=12&content=3132>. See also The White House, "Protecting the Homeland," available at <http://www.whitehouse.gov/infocus/achievement/chap4.html>.

² Pollingreport.com, available at <http://www.pollingreport.com/prioriti.htm>. 26 percent of respondents identified "terrorism and homeland security," as compared with 21 percent for the economy, 20 percent for Iraq, 11 percent for health care, 8 percent for jobs and foreign competition, 5 percent for education, and 1 percent for taxes.

³ President George W. Bush, remarks made during presidential debate, Sept. 30, 2004, transcript available at <http://www.nytimes.com/2004/10/01/politics/campaign/01dtext.html>.

⁴ Congressional Budget Office, "Federal Funding for Homeland Security," available at <http://www.cbo.gov/showdoc.cfm?index=5414&sequence=0> (showing increase from \$21 billion (including \$4 billion after 9/11) in 2001 to an estimated \$41 billion for 2004). See also Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2005*, p. 178 available at <http://www.whitehouse.gov/omb/budget/fy2005/pdf/budget/homeland.pdf> (increase from \$19.7 billion in FY 2001 to \$36.5 billion in FY 2004).

⁵ Dan E. Murphy, "Security Grants Still Streaming to Rural States," *New York Times*, Oct. 12, 2004.

⁶ *The 9/11 Commission Report: Final Report of the National on Terrorist Attacks Upon the United States* (New York, NY: WW Norton & Company, 2004), p. 398.

⁷ Stephen Flynn, *America the Vulnerable: How Our Government is Failing to Protect us from Terrorism*, (New York, NY: HarperCollins Publishers, 2004), p. 54.

⁸ Anne C. Mulkern, "When Advocates Become Regulators," *Denver Post*, May 23, 2004.

Homeland Unsecured: The Bush Administration's Hostility to Regulation and Ties to Industry Leave America Vulnerable

Executive Summary

A closer look at America's overall security picture reveals very little progress in those crucial areas where "business as usual" likely puts Americans most at risk. It is not an overstatement to say that the Bush administration has forsaken its responsibility to improve homeland security and prevent a potentially catastrophic terrorist attack upon chemical plants, nuclear reactors, hazardous materials transport, seaports or water systems.

While officials have discussed in great detail the location and nature of gaps in our security, there has been a stunning lack of action by the administration, and in some cases Congress, to address some of these gaps. The administration has blocked or failed to push legislation under consideration in Congress, balked at using executive branch authority to regulate private industry and failed to provide adequate funding to improve security.

The administration's failures to close the security gaps are in part ideological – based on a strong aversion to government regulation of the private sector – and in part preferential – some of the administration's favored industries and biggest campaign contributors do not want new rules to follow, even if their participation could help to stave off a terrorist attack.

Industries and individuals working in the five homeland security areas examined in this study collectively have donated considerable sums and provided ample support for Bush and Republican campaigns:

- Raised at least \$19.9 million for the Bush campaigns, the Republican National Committee or the Bush inauguration since the 2000 cycle.
- Provided 10 Rangers and 20 Pioneers – individuals who raise at least \$200,000 and \$100,000, respectively – to the Bush presidential campaigns.
- Spent at least \$201 million lobbying the White House, executive branch agencies and Congress from 2002 through June 2004. [See Figure 1 at the end of this section.]

In analyzing the Bush administration's handling of security threats, Public Citizen looked into security practices and risks in five key areas: chemical plants, nuclear power plants, hazardous material rail and truck transport, public water systems and ports.

Chemicals Unsecured

One of the largest threats to America's safety is the risk of a terrorist attack at one or more of the 15,000 industrial chemical plants across the United States. It is estimated that a strike could cause thousands, even millions, of deaths and injuries. A 2001 Army study concluded that up to 2.4 million people could be killed or wounded by a terrorist attack on a single plant. The U.S. Environmental Protection Agency (EPA) concluded that there are more than 123 plants where an accident or attack could threaten more than 1 million people.

The nation's chemical facilities manufacture and store a wide range of products, from plastics and petrochemicals, to fertilizers and pesticides. Twenty years ago, we saw the killing power of toxic chemicals with the accidental release of a cloud of methyl isocyanate at a Union Carbide insecticide plant in Bhopal, India, which killed approximately 8,000 people immediately and another 12,000 people later.

The idea of using chemicals for an attack has most certainly crossed terrorists' minds. Evidence at the trials of the terrorists who bombed the World Trade Center in 1993 indicated that they had stolen cyanide from a chemical plant and were plotting to introduce it into building ventilation systems. The FBI obtained evidence that Mohammed Atta, ringleader of the 9/11 hijackers, landed a plane in Tennessee in March 2001 and asked a local man what kind of chemicals were contained in storage tanks he had flown over. In fact, the plant contained some 250 tons of sulfur dioxide that could have killed tens of thousands if released.

Repeated media investigations have shown that U.S. chemical plants have inadequate security, with unlocked gates and unguarded chemical tanks.

Bush Administration Fails to Assure Chemical Security

- The administration and the chemical industry together blocked the Chemical Security Act (S. 157), sponsored by Sen. John Corzine (D-N.J.), which would shift the chemical industry away from unsafe technology toward new processes using safer chemicals and technologies where they are available and cost-effective. The bill also would make chemical production safer and less vulnerable to attack by terrorists. The legislation was initially approved by an overwhelming vote in the Senate Environment and Public Works Committee (EPW), but stalled as seven Republican supporters withdrew their support under pressure from industry and the administration.
- The EPA tried to address terrorist threats by drawing up a plan that called for it to use its existing authority under the Clean Air Act to compel chemical plants to increase security. But under pressure from industry, the agency backed down and decided instead to ask Congress for additional authority to mandate action. Subsequently, the Bush administration totally overruled EPA's fledgling initiative by allocating responsibility for chemical security to the new Department of Homeland Security (DHS), even though DHS has no authority to enforce the Clean Air Act or to establish and enforce new plant security standards.

- After initially announcing in October 2002, with the EPA, that voluntary security steps by chemical plant operators were insufficient to protect the homeland, DHS has failed to issue mandatory security and safety standards. Instead, it is relying on voluntary industry measures, which are widely viewed as inadequate.

Chemical Industry Money Supports Bush and Republicans

- The chemical companies that make up the American Chemistry Council (ACC) and the petrochemical companies that are members of the American Petroleum Institute (API) – the two major chemical industry trade associations that led the fight against Corzine’s bill – have strongly supported President Bush in their political giving. Over the past three election cycles, the two trade groups, their member companies and their employees have donated at least \$8.1 million to the Bush-Cheney presidential campaigns, the Bush-Cheney Inaugural Committee and the Republican National Committee (RNC), which has as its primary purpose election of the president.
- Ten executives and one spouse from the chemical and petrochemical industries have achieved Ranger or Pioneer status – meaning they personally have collected from employees, colleagues or friends at least \$200,000 or \$100,000, respectively, for the Bush campaign in 2000 or 2004 – or they have pledged to do so. The five confirmed rainmakers (the Bush campaign has not yet confirmed that six of the individuals succeeded in raising the amount pledged) have rounded up at least \$1.4 million for Bush’s presidential campaign efforts.
- Chemical industry executives were among the earliest backers of Bush. Frederick L. Webber, former president of the ACC (then known as the Chemical Manufacturers of America), organized a trip of industry CEOs in February 1999 to meet with Bush in Austin, Texas. Webber then helped set up “Chemical Industry Executives for Bush,” a group of 25 CEOs who agreed to fundraise for Bush.
- Since 2002, the ACC, API and their member companies that lobbied against the Corzine bill or agency actions to increase chemical plant security have spent \$101.8 million on efforts to influence the White House, executive branch agencies and Congress. Limitations of the lobby disclosure system prevent knowing the exact amount spent lobbying on homeland security issues.
- In leading the effort against the Corzine legislation, the leaders of the ACC and API called on some of Washington’s biggest and most influential trade associations to lobby Congress. Some 30 trade associations – including such heavyweights as the American Farm Bureau Federation, the Edison Electric Institute, the National Association of Manufacturers and the U.S. Chamber of Commerce – signed a letter to the Senate opposing Corzine’s bill. (The extensive contributions of these more inclusive trade associations to the Bush campaign and their lobbying expenditures are not included in this report.)

Nuclear Power Plants Unsecured

Of the 103 nuclear reactors at 65 power plants in the United States, more than half are near metropolitan areas, including New York, Philadelphia, Boston and Chicago. The White House has identified nuclear facilities as among “the nation’s highest risk targets” and among “the most vulnerable potential targets of terrorists.” The 9/11 Commission staff reported that “unidentified nuclear power plants” were among the 10 targets originally planned by al Qaeda for 9/11.

Each one of these nuclear plants represents a potential radioactive “dirty bomb” that could be exploded with devastating effects. Twenty-seven state attorneys generals warned Congress in October 2002 that “the consequences of a catastrophic attack against a nuclear power plant are simply incalculable.”

In mock terrorist attacks staged between 1991 and 2001, security guards failed to protect nuclear power plants nearly half the time. There are too few security guards at nuclear plants, and guards do not have adequate weapons and training to deal with terrorists. Emergency evacuation plans in the event of an attack are similarly insufficient.

Nuclear plants built in the 1960s and 1970s were not designed to withstand the impact of aircraft crashes or explosive forces, and there is no government requirement that nuclear plants be protected from attack by aircraft.

Bush Administration Fails to Assure Nuclear Security

- The NRC worked on a coordinated strategy with the Nuclear Energy Institute, the nuclear plant owners trade association, to quash bipartisan legislation (S. 1746) approved by the Senate Environment and Public Works Committee in 2002 that would have required nuclear plants to withstand attacks comparable to 9/11, mandated corrective actions for facilities that repeatedly fail security tests, and required NRC review of emergency response plans and regular emergency response exercises. The Bush administration opposed the bill. In all, the committee has passed nuclear security legislation in various forms three times since 9/11 (including unanimous support for one bill, S. 1043, in May 2003), but none of these bills have been voted on by the full Senate, in part because the Bush administration has not made it a priority.
- In 2003, the U.S. Government Accountability Office (GAO) identified three major deficiencies in the NRC’s oversight of nuclear plant security. A year later, it found that little had been accomplished to address the serious shortcomings highlighted by the GAO, including: the NRC’s assessment of individual plant security plans is merely a “paper review” and lacks detail sufficient to determine whether plants can repel an attack; security plans are largely based on a template that often omits key site-specific information; NRC officials do not typically visit plants to obtain site-specific information; NRC readiness tests at all facilities will take three years to conduct; and the NRC does not plan to make the improvements to its inspection plan

recommended by the GAO in 2003, such as following up to see whether cited violations of security requirements have been corrected.

- In March 2004, the NRC proposed *weakening* fire safety regulations for nuclear power plants, which would make it harder for a reactor to be safely shut down in the event of a fire caused by a terrorist attack. The NRC wants to allow plant operators to rely on manual, rather than automatic, shut-downs of equipment in areas surrounded by smoke, fire and radiation. The NRC has been accused of wanting to water down the rule because many plants are not actually in compliance with current fire protection regulations.

Nuclear Industry Money Supports Bush and Republicans

- The nuclear industry's trade association, and member companies that own commercial nuclear reactors, as well as other firms focused on nuclear plant construction and security, including their employees, have given \$8 million to the Bush campaigns, the Bush-Cheney Inaugural Committee and the Republican National Committee (RNC) since the 2000 election cycle.
- Nine top nuclear industry executives and lobbyists were named Bush campaign Rangers or Pioneers. These individuals collectively raised at least \$1.4 million – and almost certainly much more – for the Bush campaigns in 2000 and 2004. Anthony Alexander of First Energy, which operates three nuclear plants in Ohio and Pennsylvania and whose company oversees the troubled Davis-Besse plant in Ohio, also was named a member of “Team 100” for raising at least \$250,000 for the RNC in 2000.
- Both Alexander and Erle Nye of TXU, a nuclear plant owner – and a past chairman of the Nuclear Energy Institute (NEI), a trade group – were named to the Department of Energy (DOE) transition team, as were representatives of Dominion, Southern California Edison, Southern Co. and USEC Inc. (USEC processes uranium from old warheads into nuclear fuel as part of a “megatons-to-megawatts” program.) Also serving on the DOE transition team were Joe Colvin, CEO and president of NEI, and Thomas Kuhn, president of the Edison Electric Institute and another 2000 Pioneer. Before taking charge of the primary electric utility trade association, Kuhn headed the American Nuclear Energy Council, the precursor of NEI.
- James Klauser, a Bush Ranger and lobbyist for Wisconsin Electric (which runs one of the state's nuclear plants) is chairman of Bush's campaign in that battleground state.
- Since 2002, NEI and its member companies that lobbied on nuclear plant security issues have spent a total of \$51.2 million on efforts to influence the White House, the NRC and other executive branch agencies and Congress. Limitations of the lobby disclosure system prevent knowing the exact amount spent lobbying on homeland security issues.

Hazardous Materials Unsecured

Every year, trains and trucks carry tens of millions of tons of toxic chemicals and other hazardous materials across our highways and through our communities. More than 1.7 million carloads of hazardous materials are carried by rail in the U.S. annually. Every day, up to 76,000 trucks transport such materials on our roads and highways.

As the 9/11 Commission concluded, transport vehicles are tempting targets for terrorists because the opportunities for harm are great and the targets are difficult to protect. Terrorists repeatedly have targeted rail systems for attack. They also repeatedly have used trucks filled with explosives as a means of attack. A weapon as common as a 50-caliber rifle has the potential to inflict serious damage on train cars or trucks carrying lethal materials through densely populated areas, causing an explosion or leak that could put millions of people at risk.

Earlier this year, the National Transportation Safety Board concluded that more than half of the nation's 60,000 rail tank cars carrying hazardous materials do not meet current industry standards and are thus more likely than newer cars to break open after derailing.

The urgent issue of trains carrying hazardous materials through major population centers is particularly evident in Washington, D.C., through which 8,500 rail cars carrying hazardous materials travel each year. Ninety-ton rail cars that regularly pass within four blocks of the U.S. Capitol building in Washington, D.C., contain enough chlorine to kill 100,000 people within 30 minutes and could endanger 2.4 million people.

Bush Administration Fails to Assure Hazardous Materials Security

- The Bush administration has failed to conduct a comprehensive assessment of the dangers of hazardous materials transport by truck. This is needed because there are insufficient checks on where trucks carrying hazardous materials may drive; insufficient oversight as to the types, amounts and locations of trucks moving these lethal loads; and insufficient controls on the issuance of commercial licenses to become a driver of a truck carrying hazardous materials.
- Truck transport security measures have been weakened or have not come to fruition by the administration. A final rule on the transport of highly hazardous materials, except those that are radioactive, exempted carriers from providing drivers with a written route and conducting a pre-trip inspection; it also required infrequent communications between the driver and carrier. A proposal to run fingerprint-based background checks on truck drivers licensed to carry hazardous materials was delayed until 2005 after industry groups opposed it. And the Federal Motor Carrier Safety Administration so acutely dropped the ball on promulgating key new truck safety rules mandated by Congress throughout the 1990s that Public Citizen sued, leading to a settlement agreement laying out a timetable for the issuance of the rules.

- The Bush administration is increasing the risk of a terrorist attacks by moving ahead with a controversial plan to transport some 100,000 shipments of highly radioactive nuclear waste across 44 states over 24 years to Yucca Mountain, Nevada. Each train car would carry 240 times the long-lived radiation released by the Hiroshima bomb. Government testing of the truck waste storage casks has found that they are vulnerable to sophisticated anti-tank weapons and high-energy explosive devices.
- In September 2004, the House Judiciary Committee approved legislation (H.R. 4824) authored by Rep. Ed Markey (D-Mass.) to alleviate the danger of hazardous materials rail transport by requiring additional physical security for the most hazardous materials carried by rail; pre-notification to law enforcement of such shipments; coordination between authorities to create a response plan for a terrorist attack on a hazardous shipment; and rerouting of the most hazardous shipments if a safer route is available. After the measure was opposed by a coalition of 33 trade associations, including the American Trucking Associations and the Association of American Railroads, House Republican leaders stripped the proposal from the version of the 9/11 Recommendations Implementation Act brought to the floor for a vote.
- In Washington, D.C., the city council considered a bill requiring rerouting of hazardous material-carrying trains away from the city, in part because the trains pass within blocks of the U.S. Capitol. Decisive action by the city was postponed because the Transportation Security Administration (TSA) promised to establish a “working group” to address the issue. However, in May 2004 a TSA official told Congress in testimony that the federal government intended to continue allowing trains and hazardous materials to pass close to the Capitol and that efforts to reroute trains away from major cities would be “quite limited.”

Hazmat Transport Industry Money Supports Bush and Republicans

- The railroad and trucking industry companies, their main trade associations and their employees have contributed at least \$2.9 million to the Bush presidential campaigns, the Bush-Cheney Inaugural Committee and the Republican National Committee since the 2000 election cycle.
- Five top railroad executives and two top representatives of the American Trucking Associations were named Rangers or Pioneers by the Bush campaign. These individuals collectively brought in at least \$1.3 million – and almost certainly much more – for Bush campaign efforts in 2000 and 2004.
- Union Pacific CEO, Richard K. Davidson, served on the Department of Transportation transition team, as did officials from the Association of American Railroads, the American Short Line & Regional Railroad Association, and Norfolk Southern.
- In 2002, Bush appointed Richard K. Davidson as chairman of the National Infrastructure Advisory Committee and a member of the Homeland Security

Advisory Council. In a 2003 profile, Davidson said he “firmly believes that government regulation of critical infrastructure companies must be avoided. Instead, we should rely on market forces.” Davidson became a Bush Ranger in 2004.

- At least 13 trade associations, railroads and trucking companies lobbied the federal government on hazmat transport security issues during the past three years. Since 2002, these groups and companies have spent nearly \$43 million on federal lobbying. Limitations of the lobby disclosure system prevent knowing the exact amount spent lobbying on homeland security issues.

Ports and Shipping Unsecured

As a matter of geography, defending America’s ports and coastline poses major challenges. Our nation has 361 seaports and river ports, 95,000 miles of coastline and about 26,000 miles of navigable waterways. A huge number of ships and a staggering amount of cargo move through these waterways and ports. Every year, 8,100 foreign cargo ships make 50,000 visits to the United States. They deliver an average of 21,000 containers every day, or nearly 8 million containers a year, and they arrive from 3,000 ports worldwide.

For terrorists, international sea transport is an attractive target because there are so many points of vulnerability: millions of shipping containers, hundreds of ports and dozens of methods to damage infrastructure, disrupt the world economy, undermine our military readiness and harm Americans.

Potential terrorist attacks could include smuggling a biological or chemical weapon in a ship container, exploding an oil tanker at anchor or using a large vessel as a bludgeon, knocking out bridges and blocking ship channels. Al Qaeda already has demonstrated its capacity for using sea vessels as weapons in the U.S.S. Cole attack.

Too few shipping containers are inspected today. Inspectors are not adequately trained. Innovative pilot security programs have not been implemented. Currently the Coast Guard and the Customs Service can verify the contents of only 4-6 percent of all containers. Last summer, in a test of port security, ABC News shipped a suitcase of about 15 pounds of harmless uranium inside a teak trunk from Jakarta, a city regarded as an al Qaeda hotspot, to Los Angeles. Customs agents did not detect the mock bomb. Administration officials reacted by investigating the ABC journalists involved, rather than by tightening security.

Bush Administration Fails to Assure Port Security

At least one important security initiative has been adopted since 9/11, the Maritime Transportation Security Act (MTSA) of 2002. But these new security measures and the proposed funding levels put forward by the Bush administration fall far short of what is needed.

- There is no overall strategic plan, nor is there strong federal leadership in support of improvements in port security. Three years after 9/11, the administration has failed to put forward a comprehensive strategic plan mobilizing port authorities, shipping

firms and local governments. The U.S. Coast Guard and U.S. Customs and Border Protection have not yet signed a memorandum of agreement to delineate their respective responsibilities and how they would share information.

- There is serious under-funding of port security measures. The Commandant of the Coast Guard told Congress in 2003 that it would cost \$1.4 billion simply to make basic improvements in physical security at ports and another \$7.3 billion over 10 years to implement the Maritime Transportation Security Act. Since then, the administration and Congress have provided only \$425 million for fiscal years 2003 to 2005 in port security grants, still \$1 billion short of what the Coast Guard recommends. Even worse, the president's budget proposed only \$46 million for port security in 2005 – a sum increased to \$150 million by Congress.
- President Bush's 2005 budget proposal would eliminate funding for Operation Safe Commerce, a pilot program launched in three major ports to test the security of containers entering the country to determine if cargo has been tampered with.

Port and Shipping Money Supports Bush and Republicans

As a relatively small industry, trade groups and individual firms involved in the port security issue are small-time players when it comes to financing political campaigns and lobbying efforts.

- While no port or shipping executives ranked among the Rangers and Pioneers, a pair of rainmakers plays a key role in port security issues. Federal Maritime Commissioner A. Paul Anderson, a 2000 Pioneer, received a recess appointment from Bush in 2003 where he helps regulate waterborne commerce. In 2001, Bush appointed Capt. William G. Shubert to the U.S. Maritime Administration, a division of the Transportation Department, which helps oversee the maritime industry. Designated as a Pioneer in 2000, it is not clear that he ever fulfilled his obligation to raise \$100,000.
- Four trade associations accounted for most of the industry lobbying on port security issues. One of them, the World Shipping Council (WSC), which represents 40 international shipping companies, spent \$1.2 million from January 2002 to June 2004 to lobby Congress, the Coast Guard and the Customs Service on maritime and port security, among other issues. Limitations of the lobby disclosure system prevent knowing the exact amount spent lobbying on homeland security issues.

Water Systems Unsecured

Few acts of sabotage against the public could be more insidious than delivering poison into a family's home through tap water. In addition to the threat to public health and safety posed by attacks on the nation's 170,000 public water systems, disruptions in water supplies could mean that a fire department cannot fight a fire or that crops would be ruined. In addition to agriculture, manufacturing, energy generation and any number of other water-intensive industries could be devastated by physical or contaminant attacks on local or regional water systems.

The water distribution network — the pumping stations, storage tanks and pipes that can cover thousands of miles within a metropolitan area — provides countless opportunities to introduce biological, chemical or radiological contaminants into a public water system, as well as physical attacks that could interrupt water supply.

A community's water may come from rivers, lakes, reservoirs, underground sources or any combination thereof, a fact which also provides ample opportunities for sabotage. Source waters can cover vast areas that are difficult to protect and defend.

Community water and wastewater systems traditionally treat water with chemicals such as chlorine, chloramines, or chlorine dioxide, to remove bacteria or other contaminants. An assault on stored chemicals at water processing facilities, particularly gaseous chlorine, could release a cloud of toxic gas into densely populated areas.

Bush Administration Fails to Assure Drinking Water Security

- The Public Health Security and Bioterrorism Preparedness and Response Act of 2002 required communities in which drinking water systems serve more than 3,300 people to conduct an assessment of vulnerabilities to terrorism. While the law authorized \$160 million for the vulnerability assessment program, the EPA ultimately was provided only \$113 million. The American Water Works Association, an organization of water supply and system professionals, estimates the cost of conducting vulnerability estimates nationwide at \$500 million. And the administration capped the maximum individual grant for vulnerability assessments at \$115,000, even though conducting an adequate assessment could cost several million dollars for larger systems.
- There is no funding mechanism for the federal government to provide direct grants to cities to upgrade water security, funding which experts agree is critically needed. Administration officials have testified that the president is actually opposed to increasing federal funding for water infrastructure. The National Academy of Sciences says it “makes little sense to improve the security of our water system without addressing the history of the deferred maintenance of the water infrastructure.” The EPA estimates that gap at \$500 billion. Yet, the administration repeatedly has tried to slash funding for the Clean Water State Revolving Loan Fund from \$1.35 billion to \$850 million and resisted attempts to increase funding for the

Safe Drinking Water Revolving Loan Funds – money that is needed to help states upgrade existing wastewater and water systems.

- The private water utility industry’s campaign to take over public water systems is getting a helpful hand from the Bush administration, and could make securing our water supply even more difficult. The administration is pushing language in legislation to reauthorize federal water funding assistance programs that would require cities to consider water privatization before they could receive federal funding. The administration’s attempts to cut water infrastructure assistance to public utilities plays into the hands of the private water companies, which hope to starve localities so that government officials will look, erroneously, to privatization as a means to address funding shortfalls.
- The privatization of water would make security concerns even more difficult to address, as private water companies, like chemical companies, nuclear power companies, hazardous transport companies and shippers, will strongly resist security standards mandated by the government for economic reasons.

Water Industry Money Supports Bush and Republicans

As industries go, the private water utility industry is a small player in the Washington money game, most likely because it’s a relatively new industry in the United States.

- Remarkably, 92 percent of the nearly \$900,000 in contributions to Bush’s 2000 to 2004 campaign efforts from the private water utility industry have come from one company, American Water Works Co. In fact, nearly all of the industry’s support (\$810,000) for Bush can be traced to Bush Pioneer Marilyn Ware, former chairwoman of American Water Works, and her immediate family.
- Ware also serves on the board of Progress for America (PFA), a Section 527 group dedicated to running ads in support of Bush’s reelection. PFA claims to have raised more than \$35 million, chiefly from five major funders who are each Rangers or Pioneers. The group was founded by Tony Feather, the political director of Bush’s 2000 campaign and a consultant for Bush’s 2004 campaign. PFA has been represented by Benjamin Ginsberg, who was counsel to Bush’s 2004 campaign until it was revealed that he was also serving as counsel to Swift Boat Veterans for Truth, another Section 527 group, which ran highly controversial and misleading ads blasting Sen. John Kerry’s service in Vietnam.
- The National Association of Water Companies, the industry’s main trade association, coordinates the water utility industry’s lobbying efforts, which after 9/11 focused on homeland security bills that appropriated money to secure the water infrastructure. The industry spent more than \$1.2 million on efforts to influence the federal government from January 2002 to July 2004, the most recent data available. Limitations of the lobby disclosure system prevent knowing the exact amount spent lobbying on homeland security issues.

Five Major Homeland Security Industries Wield Money and Power in Washington

Some of the industries in which increased federal attention to security is most needed are also among the biggest players in Washington, and are substantially invested in President Bush and the Republican National Committee. This may be one explanation for why the Bush administration, despite its heated rhetoric, has not taken the necessary steps to better protect the public.

The five industries covered in this report have provided the following:

- **Rangers & Pioneers:** These five industries produced 30 big money-bundling Rangers and Pioneers – the honorary titles given to fundraisers who collected at least \$200,000 or \$100,000, respectively, for Bush’s presidential bids. In the 2000 campaign, 19 individuals from these five industries pledged to become Pioneers – although the Bush campaign would not confirm whether nine of them reached their \$100,000 goal or exactly how much they raised. In 2004, the five industries had 10 Rangers and seven Pioneers, six of whom had also been Pioneers in 2000. Two of the 2004 Rangers – Duane Acklie of the American Trucking Associations and James Nicholson of PVS Chemicals – also achieved “Super Ranger” status, meaning they raised at least \$300,000 for the RNC during the 2004 cycle, in addition to raising at least \$200,000 for Bush. All told, this elite group of 30 rainmakers personally collected at least \$4.3 million – and probably much more – for Bush campaign efforts.
- **Campaign Contributions:** In all, these five industries had contributed a total of nearly \$20 million to President Bush’s presidential campaigns, the Bush-Cheney Inaugural Committee, and the Republican National Committee since the 2000 cycle. These figures include contributions from individual members or employees of an organization and political action committees, as well as unrestricted “soft money” donations from individuals and corporate treasuries prior to the 2004 election cycle (when such contributions were outlawed).
- **Lobbying:** The trade associations and companies in each industry that lobbied on security issues spent a total of more than \$201 million to influence the federal government since January 2002, the start of the first full reporting period after 9/11, and the first half of 2004, the most recent data available. Twice a year, lobbyists must describe the issues they worked on, list which agencies and departments they contacted, and disclose their total lobbying expenditures from the previous six months. Lobbyists are not required to itemize their expenditures, so it’s impossible to know exactly how much these industries spent on homeland security matters. However, the total lobbying expenditures provide a measure of the industries’ clout in Washington.

Figure 1
Spending on Political Influence by Five Major Homeland Security Industries

Industry	Rangers & Pioneers 2000-2004	Contributions to Bush & RNC 2000-2004	Lobbying Expenditures 2002-2004
Chemical Industry	3 Rangers, 8 Pioneers	\$8,084,596	\$101,754,052
Nuclear Industry	3 Rangers, 6 Pioneers	\$7,999,924	\$51,222,738
Hazmat Transport Industry	4 Rangers, 3 Pioneers	\$2,925,784	\$42,830,075
Ports & Shipping Industry	2 Pioneers	\$26,300	\$3,994,400
Water Utility Industry	1 Pioneer	\$878,789	\$1,240,000
TOTAL	10 Rangers, 20 Pioneers	\$19,915,393	\$201,041,265

Sources:

Rangers and Pioneers: Source: Public Citizen research and analysis of Bush campaign disclosures, www.WhiteHouseforSale.org.

Campaign Contributions: Public Citizen analysis of data provided by the Center for Responsive Politics. Totals include contributions from political action committees and individual members or employees of an organization, as well as unrestricted "soft money" donations from individuals and corporate treasuries before the 2004 election cycle (when such donations became illegal). Contribution data are as of Oct. 1, 2004.

Lobbying Expenditures: Public Citizen analysis of lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House, 2002-2004. Dollar amounts reflect the total federal lobbying expenditures by companies and organizations during reporting periods in which they lobbied on water infrastructure and security issues. Lobby disclosure reports do not itemize expenditures for specific lobbying issues or bills.

Chemicals Unsecured: Chemical Plants Dangerously Vulnerable to Terrorism

One of the most urgent threats to America's safety is the risk that terrorists could cause thousands, even millions, of deaths and injuries by sabotaging one or more of the 15,000 industrial chemical plants across the United States.

To address this danger, the government and industry should provide greater physical security for chemical facilities and shift to safer chemicals and technologies where available and cost-effective. Soon after the 9/11 attacks, Sen. Jon Corzine (D-N.J.) introduced commonsense legislation, the Chemical Security Act, requiring chemical plants to take these steps.

Unfortunately, three years after 9/11, the rules covering the safety of chemical plants are no stronger than they were before, and serious vulnerabilities remain unaddressed.

Under pressure from the chemical industry – which has contributed more than \$8 million to the campaigns of President Bush, his inaugural committee and the Republican National Committee since 2000 – the administration has failed to take the measures necessary to make us safer. The administration and the chemical industry have blocked the Corzine legislation (S. 1062 in the 107th Congress; S. 157 in the 108th Congress), generally viewed as offering major improvements to chemical security, and prevented efforts by the Environmental Protection Agency to enhance chemical security. The Corzine legislation would begin to fundamentally shift the chemical industry away from inherently unsafe technology toward new processes to make chemical production safer and less vulnerable to attack by terrorists.

Stephen Flynn, a former Coast Guard Commander and staff director of the bipartisan commission co-chaired by former Sens. Gary Hart (D-Colo.) and Warren Rudman (R-N.H.) that warned of terrorist threats prior to 9/11, writes about the chemical threat in his new book, "America the Vulnerable":

The morning after the first terrorist strike on this sector, Americans will look around their neighborhoods and suddenly discover that potentially lethal chemicals are everywhere, and be aghast to learn that the U.S. government has still not developed a plan to secure them. The subsequent political pressure to shut down the industry until some minimal new safeguards can be put in place – as we did with commercial aviation following the 9/11 attacks – will be overwhelming.¹

Chemical Plants Are Likely Terrorist Targets

Chemical facilities in the United States manufacture and store a wide range of products, from plastics to petrochemicals, fertilizers to pesticides.

In November 2001, Fred Webber, the then-president of the chemical industry's principal trade association, the American Chemistry Council (ACC), admitted in a news article, "If you're looking for the big bang, obviously you don't have to go far in your imagination to think about what the possibilities are."² And a 1998 report from the ACC (then called the Chemical Manufacturers Association) acknowledged that, "[p]ut in the right place, bombs can deliver the destructive power of a weapon of mass destruction."³

The potential dangers posed by chemical plants are clear. Twenty years ago, the world learned an important lesson about the killing power of toxic chemicals. The accidental release of a cloud of methyl isocyanate at a Union Carbide insecticide plant in Bhopal, India, in 1984 killed approximately 8,000 people immediately, more than twice the death toll of 9/11. Another 12,000 people have subsequently died from the effects of the Bhopal incident and 150,000 more have suffered injuries.⁴

A terrorist group could potentially cause even greater harm by entering a plant in the United States and setting off an explosion that produces a deadly gas cloud. As former Sen. Rudman told reporters: "If you were terrorists and you decided to cause a major disaster, why would you not go to a plant that if you could penetrate it and blow up part of it, would cause fumes to waft over the entire area to kill who knows how many people."⁵

Several studies and investigations have illustrated the destructive potential of a chemical plant attack. Among them:

- A study by the Army surgeon general, conducted soon after 9/11, found that up to 2.4 million people could be killed or wounded by a terrorist attack on a single chemical plant.⁶
- After reviewing EPA documents in the months following 9/11, *The Washington Post* reported⁷ on some of the potential dangers of chemical plants:
 - A suburban California chemical plant routinely loads chlorine into 90-ton railroad cars that, if ruptured, could poison more than 4 million people in Orange and Los Angeles counties, depending on wind speed and direction and the ambient temperature.
 - A Philadelphia refinery keeps 400,000 pounds of hydrogen fluoride that could asphyxiate nearly 4 million nearby residents.
 - A South Kearny, N.J., chemical company's 180,000 pounds of chlorine or sulfur dioxide could form a cloud that could threaten 12 million people.

- The West Virginia sister plant of the infamous Union Carbide factory in Bhopal, India, keeps up to 200,000 pounds of methyl isocyanate that could emit a toxic fog over 60,000 people near Charleston.
- The Atofina Chemicals Inc. plant outside Detroit projects that a rupture of one of its 90-ton rail cars of chlorine could endanger 3 million people.

Chemical plants and storage facilities are a ubiquitous feature of our industrialized landscape and pose a major threat if left unsecured.

Terrorist Groups Have Indicated an Interest in Chemical Attacks

There is clear evidence that terrorists are interested in chemical plant attacks. In his February 2002 congressional testimony, CIA Director George Tenet warned, “Al Qaeda or other terrorist groups might ... try to launch conventional attacks against the chemical or nuclear industrial infrastructure of the United States to cause widespread toxic or radiological damage.”⁸

In February 2003, the government’s National Infrastructure Protection Center, then part of the FBI, warned that U.S. chemical plants were “viable targets” of al Qaeda terrorists bent on causing “contamination, disruption, and terror.”⁹ Also in February 2003, the Justice Department warned in a letter to the Government Accountability Office (GAO), that “[t]he risk of terrorists’ attempting in the foreseeable future to cause an industrial chemical release is both real and credible.”¹⁰

Beyond the warnings of federal officials are other indications:

- Evidence at the trials of the terrorists who bombed the World Trade Center in 1993 indicated that they had stolen cyanide from a chemical plant and were plotting to introduce it into building ventilation systems.¹¹
- The FBI obtained eyewitness evidence that Mohammed Atta, ringleader of the 9/11 hijackers, landed a plane in Tennessee in March 2001 and asked a local man what kind of chemicals were contained in storage tanks he had flown over. The plant, in fact, contained some 250 tons of sulfur dioxide that could have killed tens of thousands if released.¹²
- In December 2001, U.S. forces found copies of American chemical trade publications in an Osama bin Laden hideout in Afghanistan.¹³
- In the United States, at least twice in the late 1990s, individuals sought to cause the release of chemicals from factories, once at a propane storage facility and once at a gas refinery.¹⁴ In the propane case, in 1999 the FBI arrested two alleged militia members who reportedly were plotting to explode six propane tanks located about a mile from a residential area in the Sacramento suburbs.¹⁵

U.S. Chemical Plants Today Vulnerable to Attack

There is ample and disturbing evidence that chemical plants and storage facilities are among the most vulnerable high-impact targets that terrorists could exploit. A former head of security for Georgia-Pacific has said, “Security at a 7-Eleven after midnight is better than that at a plant with a 90-ton vessel of chlorine.”¹⁶

That lack of security was demonstrated in February 2003 when an intruder broke through a fence at a chemical plant in Gulfport, Mississippi, seeking to steal anhydrous ammonia, apparently to make illegal crystal methamphetamine. The break-in resulted in an ammonia leak that shut down the Biloxi airport and several miles of interstate highway for 10 hours and prompted the evacuation of nearby hotels.¹⁷ If a common criminal can defeat plant security measures today, it seems clear that terrorist groups can do the same.

Investigations by the *Pittsburgh Tribune-Review*, CBS’s *60 Minutes* and others have highlighted lax or nonexistent security at chemical plants.

- The *Tribune Review* found that “anyone has unfettered access to more than two dozen potentially dangerous plants in [Western Pennsylvania]. ... The security was so lax at 30 sites that in broad daylight a Trib[une] reporter – wearing a press pass and carrying a camera – could walk or drive up to tanks, pipes and control rooms considered key targets for terrorists.”¹⁸
- After subsequent investigations in the Baltimore, Chicago and Houston areas, the *Tribune Review* reporter, Carl Prine, concluded that security was low at some of the “potentially deadliest plants” and that plant personnel “not only let a stranger walk through warehouses, factories, tank houses and rail depots, but also gave directions to the most sensitive valves and control rooms.”¹⁹ Prine later said, “I found almost non-existent security in a lot of places. I walked right up to the tanks. There was one plant in Chicago, I simply sat on top of the tank and waved, ‘Hello, I’m on your tank.’”²⁰
- *60 Minutes* found that its crew was able to gain ready access to a number of plants; they saw “gates unlocked or wide open, dilapidated fences, and unprotected tanks filled with deadly chemicals.”²¹

The EPA’s Attempts to Address Threats Overruled by White House

The Environmental Protection Agency under Christine Todd Whitman did its part to evaluate and address the chemical plant threat, but EPA efforts were derailed by the Bush White House.

The EPA has identified 140 toxic and flammable chemicals that pose the greatest risk to human health and the environment. The agency also identified approximately 15,000 facilities that produce, use or store one or more of these chemicals in significant quantities.²² The EPA identified 123 chemical facilities where an accident or attack

could threaten more than a million people and 7,605 plants that threatened more than 1,000 people.²³

In June 2002, the EPA formulated a plan based on its determination that it could use its existing authority under the Clean Air Act to compel chemical plants to increase security.²⁴ Following the Corzine legislation's approach, the agency also planned to promote the use of less hazardous chemicals where feasible.²⁵

The chemical industry worked to derail the EPA initiative. A letter from Red Cavaney, president and CEO of the American Petroleum Institute, which represents numerous petrochemical companies, to James Connaughton, chairman of the White House Council on Environmental Quality, captures the industry approach. He warned that allowing the EPA plan to proceed would endanger cooperation between industry and government and lead to "potential litigation."²⁶

The threat by industry to cease cooperating with the agency and sue the government ultimately made EPA officials hesitant to pursue enforcement under the existing Clean Air Act. Instead, the agency decided to seek additional authority from Congress to mandate chemical plant security.²⁷

Subsequently, in response to industry pressure, the Bush administration overruled the EPA initiatives.²⁸ In December 2003, Bush formally took away EPA's authority in this area and announced that chemical security was now the province of the new Department of Homeland Security (DHS) under Secretary Tom Ridge, even though DHS had no authority to enforce the Clean Air Act nor to establish and enforce new plant security standards.²⁹

Department of Homeland Security Ignores Threat

Secretary Ridge, in October 2002, issued a joint statement with EPA Administrator Whitman asserting that voluntary security steps by chemical plant operators were insufficient to protect U.S. security.³⁰ Yet although Bush gave the department the responsibility to oversee chemical security, DHS has not asked for mandatory security and safety standards.

As *The Wall Street Journal* disclosed in August 2004, DHS tried to reduce the threat of catastrophic attack with the stroke of a pen alone. The department announced that the number of plants that threaten more than 1,000 people was only 4,391, not 7,605, as EPA had determined, and the number endangering more than a million people was not 123, but two.³¹ While DHS has set in motion plans to install security cameras at 13 chemical plants in seven states, it has excluded some high-threat states such as Florida, Ohio and Minnesota.³²

Although members of DHS staff visit plants and offer advice,³³ the department lacks sufficient funding and personnel to deal with thousands of facilities³⁴ and remains

without the power to impose and enforce security standards, relying instead on voluntary efforts by the industry.

While some in the industry claim they can and will address the issue voluntarily, such an approach is completely inadequate to assure security. For example, the major chemical industry trade association, ACC, now requires its members to identify and address vulnerabilities at their plants. Yet ACC members account for only about 1,000 of 15,000 significant U.S. chemical facilities. Moreover, the ACC does not require companies to hire a third party to assess the adequacy of security measures.³⁵

Without enforceable requirements, chemical firms will remain reluctant to put sufficient safeguards in place, for fear that their competitors will scrimp on security and thus be able to undercut them on price.³⁶

In public comments, former Sen. Rudman has concurred on the need for mandatory, rather than voluntary, controls: “What I would recommend is that federal security experts working with the Congress establish minimum standards [and] that Congress pass a law enabling the Department of Homeland Security to set those standards and to enforce those standards.”³⁷

In sum, the government is not developing an adequate protective regime to harden the defenses of chemical plants against attack. Moreover, it has failed to sufficiently investigate the risks and the industry’s weaknesses. Earlier this year, the GAO concluded, “Despite a congressional mandate to do so, the federal government has not conducted the assessments necessary to develop comprehensive information on the chemical industry’s vulnerabilities to terrorist attacks.”³⁸

Chemical Industry Poured Millions Into Bush campaign and Republican National Committee

The chemical companies that make up the ACC and the petrochemical companies that are members of the American Petroleum Institute (API) – the two trade associations that led the fight against Sen. Corzine’s “Chemical Security Act” – strongly favor Republicans in their political giving.

Without question, the chemical industry’s favorite candidate is Bush:

- Over the past three election cycles, according to Public Citizen’s analysis of data provided by the Center for Responsive Politics, the two trade groups, their member companies and their employees have donated at least \$8.1 million to the Bush-Cheney presidential campaigns, the Bush-Cheney Inaugural Committee and the Republican National Committee (RNC). [See Figure 1.]
- The companies and their employees who gave the most to Bush’s campaign efforts during the past three election cycles were ChevronTexaco (\$802,050), Eli Lilly (\$674,246), Dow Chemical (\$575,954), ConocoPhillips (\$557,168) and

Occidental Petroleum (\$434,004). Excluding those firms whose employees gave nothing, the average company's employees contributed nearly \$100,000 each. [For a complete list of campaign contributions by company, see Figure 4.]

- Ten executives and one spouse from the chemical and petrochemical industries have achieved “Ranger” or “Pioneer” status – meaning they personally have collected from employees, colleagues or friends at least \$200,000 or \$100,000, respectively, for the Bush campaign in 2000 or 2004 – or they pledged to do so. The five confirmed rainmakers have rounded up at least \$1.4 million – and surely much more – for Bush’s presidential campaign efforts. For one thing, this figure doesn’t count the contributions from another six executives who pledged to become Pioneers in 2000, because the Bush campaign refused to confirm whether they reached their goal or how much they actually raised. [See Figure 2.]

Figure 1
Chemical Industry Contributions to Bush Campaign & RNC, 2000-2004

Company/ Organization	Election Cycle						Total
	2000		2002		2004		
	Bush	RNC	Inaug.	RNC	Bush	RNC	
American Chemistry Council & ACC Members†	\$404,583	\$2,452,745	\$557,500	\$1,317,672	\$455,433	\$276,156	\$5,464,089
American Petroleum Institute & API Members‡	\$155,801	\$1,090,355	\$330,000	\$774,120	\$112,300	\$157,931	\$2,620,507
Total	\$560,384	\$3,543,100	\$887,500	\$2,091,792	\$567,733	\$434,087	\$8,084,596

Source: Public Citizen analysis of data provided by the Center for Responsive Politics. Totals include contributions from political action committees and individual members or employees of an organization, as well as unrestricted "soft money" donations from individuals and corporate treasuries before the 2004 election cycle (when such donations became illegal). Contribution data are as of October 1, 2004.

† Contributions by companies belonging to both trade associations are counted as part of ACC totals.

‡ Includes only those API member companies involved in the chemical or petrochemical business.

- Chemical industry executives were among the earliest backers of Bush. Frederick L. Webber, former president of the ACC (then known as the Chemical Manufacturers of America), organized a trip of industry CEOs in February 1999 to meet with Bush in Austin, Texas. Webber then helped set up “Chemical Industry Executives for Bush,” a group of 25 CEOs – including William S. Stavropoulos of Dow Chemical and J. Roger Hirl of Occidental Chemical, a 2000 Pioneer – “who agreed to make fundraising calls to their counterparts nationwide.”³⁹ Webber and Stavropoulos hosted a Bush fundraiser at the chemical industry trade association’s annual meeting that June.⁴⁰ Both Webber and Hirl were rewarded with appointments to the Bush-Cheney transition team for, respectively, the Labor and Energy departments.

- Besides Webber, at least four other ACC members pledged to become Bush Pioneers in 2000: Robert N. Burt, chairman & CEO of FMC Corp; Ronald Docksai, a top lobbyist for pharmaceutical and chemical giant Bayer Corp.; S. Reed Morian, chairman and CEO of Dixie Chemical Co.; and Garland “Buddy” Williamson, a vice president at Eastman Chemical. None is listed among Bush’s top fundraisers for the 2004 cycle. But Burt and Williamson retired during Bush’s first term, as did Hirl and Webber (who is now the interim president of the Alliance of Automobile Manufacturers).

Figure 2
Chemical Industry Rangers and Pioneers

Name	Employer	Occupation	Fundraising Status	Minimum \$ Bundled
Robert N. Burt	FMC Corp.	Chairman & CEO ⁴¹	2000 Pioneer*	n/a
Ronald F. Docksai	Bayer Corp	V.P., Government Relations	2000 Pioneer*	n/a
Archie Dunham	ConocoPhillips	Chairman ⁴²	2000 Pioneer*	n/a
J. Roger Hirl	Occidental Chemical Co.	President & CEO ⁴³	2000 Pioneer	\$100,000
Allan B. Hubbard	E&A Industries	President	2004 Ranger, 2000 Pioneer	\$300,000
Kathy Hubbard	E&A Industries	Spouse of President	2004 Ranger, 2000 Pioneer	\$300,000
Jack E. Little	Shell Oil	President & CEO ⁴⁴	2000 Pioneer*	n/a
S. Reed Morian	Dixie Chemical Company	Chairman & CEO	2000 Pioneer*	n/a
James B. Nicholson	PVS Chemicals Inc.	CEO & President	2004 Ranger, 2000 Pioneer	\$600,000†
Frederick L. Webber	American Chemistry Council	CEO & President ⁴⁵	2000 Pioneer	\$100,000
Garland S. Williamson	Eastman Chemical	Vice President ⁴⁶	2000 Pioneer*	n/a
Total	--	--	--	\$1.4 million

Source: Public Citizen research and analysis of Bush campaign disclosures, www.WhiteHouseforSale.org.

*Pledged to become a Pioneer in 2000, but the Bush campaign would not confirm if bundler reached the goal or how much money was collected.

†Achieved “Super Ranger” status after collecting \$300,000 for the Republican National Committee in 2004. This money is included in the “Minimum \$ Bundled” total.

- In the current election cycle, ACC fundraising is being led by James B. Nicholson, president & CEO of Michigan's PVS Chemicals, a 2000 Pioneer who became a Ranger in 2004. In addition to the \$300,000 (at a minimum) that Nicholson has collected for the Bush-Cheney campaign, he also raised at least \$300,000 for the RNC in 2004 – becoming one of the party's 69 "Super Rangers."⁴⁷
- Allan B. Hubbard and his wife Kathy each qualified as Rangers in 2004 after achieving Pioneer status in 2000. Hubbard, who was a classmate of Bush's at Harvard Business School, owns three specialty chemical companies in Indianapolis. The former deputy chief of staff for Vice President Dan Quayle, Hubbard recently was named as part of Bush's 2004 debate negotiations team.
- The API also poured money into the Bush campaign from the start. API President Red Cavaney, though not listed among the 2000 Pioneers, reportedly helped direct more than \$1 million in oil money to Bush.⁴⁸ ConocoPhillips Chairman Archie Dunham, a member of the API Board of Directors, pledged to become a Pioneer. So did Jack E. Little, who served on the API board before retiring as president and CEO of Shell Oil.
- While the campaign never confirmed whether either Dunham or Little reached their \$100,000 fundraising goal, Conoco employees kicked in more than \$200,000 to Bush and the Republican National Committee in 2000 (in addition to \$120,000 donated by Phillips Petroleum workers before the two corporations merged).⁴⁹ Shell workers donated at least \$47,450 that cycle. After Bush declared victory, Dunham personally donated another \$100,000 to the Bush-Cheney Inaugural Committee.⁵⁰
- In 2002-2003, Dunham also served as chairman of the National Association of Manufacturers (NAM), the country's largest industrial trade association. Part of the more than \$10.8 million NAM spent to influence the federal government in 2002 and 2003 was devoted to lobbying the White House, Congress and the EPA on "chemical security."⁵¹ In 2002, Dunham also was appointed by Bush to the National Infrastructure Advisory Committee, a group charged with advising the president on "the security of the cyber and information systems of the United States' national security and economic critical infrastructures."⁵²

Both the ACC and API enjoyed insider access to the Bush administration. In September 2002, according to *The Washington Post*, Webber led a group of chemical industry officials to the White House for meetings about the Corzine bill with Bush adviser Karl Rove and the Council on Environmental Quality. "We had a meeting with Karl Rove," Greg Lebedev, who succeeded Webber as head of the ACC, told the *Post*. "We think that's a good thing. We take people to meetings with people in government around town all the time."⁵³ API also heavily lobbied the Council on Environmental Quality and the EPA, according to documents obtained by Greenpeace.⁵⁴

The cozy relationship between the Bush administration and the chemical industry is captured in an exchange of letters between Michael J. Graff, president of BP Amoco Chemical Co., and senior presidential adviser Karl Rove. In the letters, Graff thanks Rove for meeting with him and his colleagues from the American Chemistry Council and allowing the industry representatives to express their “concerns” about the Corzine legislation. He added: “On a more personal note, my family and I sincerely appreciate the level of dignity and respect that President Bush and his staff have restored to the White House. You have our full support.” (In his reply, Rove expresses “a similar set of concerns” about the Corzine bill within the administration.)⁵⁵

Chemical Industry Lobby Intensely Opposes Safety and Security Measures

Industry groups have lobbied intensely against Sen. Corzine’s bill, which would mandate greater physical security for chemical facilities and a shift to safer chemicals and technologies where they are available and cost-effective. While it is not possible to determine the exact amount that opponents of the bill spent on lobbying in Washington due to limits in the reporting requirements, Public Citizen’s analysis of federal lobbying disclosure records provides a good general measure of the industry’s clout. Since 2002, the ACC, API and their member companies that lobbied on the Corzine bill or chemical plant security issues have spent \$101.8 million on efforts to influence the federal government. [See Figure 3.]

An intense period of lobbying occurred in the summer of 2002. That July, the Senate Environment and Public Works Committee (EPW) approved the Corzine bill by a 19-0 vote. In response, the leaders of the ACC and API called on some of Washington’s biggest and most influential trade associations to lobby Congress. A broad coalition of 30 trade associations was established – including such heavyweights as the American Farm Bureau Federation, the Edison Electric Institute, the National Association of Manufacturers and the U.S. Chamber of Commerce. The groups signed a letter to the Senate on August 29, 2002, charging that the Chemical Security Act would “splinter security responsibility away from the Department of Homeland Security and grant the Environmental Protection Agency extensive new authority that may be detrimental to advancing our nation’s critical infrastructure security.”⁵⁶

Also during the August 2002 congressional recess, the coalition “began flooding senators’ offices with calls and letters, asking them not to support the Corzine bill,” according to Common Cause. The groups ran advertisements in Capitol Hill publications and op-eds in newspapers criticizing Corzine’s legislation.⁵⁷

In September 2002, seven Republicans who had supported the Corzine measure in the EPW committee wrote to colleagues urging that it now be rejected. The bill was blocked from reaching the Senate floor in fall 2002 when the Senate passed the Homeland Security Act.⁵⁸

Federal lobbying disclosure records show that the ACC and API each have spent more than \$6 million on efforts to influence the federal government since 2002. But in

addition to the lobbying by the trade associations, 24 member companies also lobbied on chemical plant security during the past three years. Nine of the companies were members of both trade associations, 11 were members of the ACC alone, and four belonged to just the API.

Figure 3
Chemical Industry Lobbying, 2002-2004

Company/Organization	2002	2003	2004*	Total
American Chemistry Council (ACC)	\$2,120,000	\$2,140,000	\$2,500,000	\$6,760,000
ACC Member Companies†	\$15,353,805	\$25,761,278	\$14,731,526	\$55,846,609
American Petroleum Institute (API)‡	\$3,040,000	\$3,140,000	n/a	\$6,180,000
API Companies	\$14,942,182	\$12,815,101	\$5,210,160	\$32,967,443
TOTAL	\$35,455,987	\$43,856,379	\$21,621,686	\$101,754,052

Source: Public Citizen analysis of lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House, 2002-2004. Dollar amounts reflect the total federal lobbying expenditures by companies and organizations during reporting periods in which they lobbied on the Corzine bill or chemical plant security issues. Lobby disclosure reports do not itemize expenditures for specific lobbying issues or bills.

† Lobbying expenditures for companies belonging to both trade associations are counted as part of ACC totals.

‡ Includes only those API member companies involved in the chemical or petrochemical business.

*Totals include lobbying through June 30, 2004. As of October 1, mid-year 2004 lobby disclosure forms were unavailable for the American Petroleum Institute and four members of the ACC that lobbied on chemical industry security issues in prior years.

More than half of the ACC and API member companies that lobbied on chemical plant security issues spent over \$1 million each on federal lobbying in the past three years, and some spent well over \$1 million. And some of the companies ranked among Washington’s biggest spenders, including ExxonMobil (\$18.5 million since 2002), ChevronTexaco (\$12.4 million), Shell Oil (\$11.2 million), Marathon Oil (\$8.8 million) and Honeywell (\$7.5 million). [See Figure 5 for annual lobbying totals for all chemical industry companies.]

The result of the industry’s profligate spending for influence and insider access was that Corzine’s bill never saw the light of day. “My bill was crushed by the American Chemistry Council,” Corzine told CBS’s *60 Minutes*. “It was crushed by those who were looking after their private interests and not the public interest.”⁵⁹

Some Republicans now support legislation sponsored by Sen. James M. Inhofe (R-Ok). But that proposal (S. 994) would merely give DHS the discretion to “endorse”

the chemical industry's voluntary plant security programs. The White House, however, echoing the industry's opposition to any bill, has not even pressed for enactment of the toothless Inhofe measure.⁶⁰

Matthew Brzezinski, a journalist who recently investigated homeland security issues in depth and published his findings in the book "Fortress America: On the Front Lines of Homeland Security," says that the chemical industry is the greatest overlooked security threat today. Due to industry lobbying against safety measures, Brzezinski says, "We're just as vulnerable today as we were on 9/11."⁶¹

America Needs Better Chemical Plant Safety and Security

Even the tightest perimeter security, while important, cannot ensure our protection against chemical plant attack. An aircraft, high-powered rifle or assault weapon could pierce security and cause catastrophe. Therefore, we need to improve the physical security of chemical plants and move toward safer chemicals and technology whenever feasible.

Such safer substitutes are widely available. A good example is the conversion of Washington, D.C.'s main sewage treatment plant from deadly chlorine gas to safer chemicals just eight weeks after 9/11.⁶² An attack on one of the rail cars storing the chlorine could have endangered 2.7 million people in the Washington area.⁶³ This critical conversion was accomplished quickly, and it added an insignificant 25 to 50 cents annually to each customer's water bill.⁶⁴

Many other companies have demonstrated the potential for switching to safer chemicals and technologies. Many drinking water plants have phased out their use of chlorine gas.⁶⁵ Two-thirds of U.S. oil refineries now use safer processes that do not require use of highly toxic hydrofluoric acid.⁶⁶ Power plants have switched from highly lethal anhydrous ammonia to safer chemicals.⁶⁷

The Corzine bill recognizes business concerns in addressing the issue of safer chemicals and technologies. The legislation allows companies a wide range of options – safer substitutes, smaller amounts of hazardous chemicals, reduced storage, etc. Moreover, if a company can demonstrate that changing to safer chemicals and technologies are not cost-effective, it need not shift to these safer approaches.

A president who put protection of our people first would lead efforts to enhance chemical plant security instead of impeding such efforts.

Figure 4
Chemical Industry Contributions to Bush/RNC, 2000-2004

Company/ Organization	Election Cycle						Total
	2000		2002		2004		
	Bush	RNC	Inaug.	RNC	Bush	RNC	
3M	\$3,500	\$52,845	--	\$34,440	\$24,100	\$2,384	\$117,269
Air Liquide America Corp.	\$300	--	--	--	\$2,000	--	\$2,300
Air Products and Chemicals Inc.	\$6,250	\$17,250	--	\$6,010	\$5,300	\$14,745	\$49,555
Akzo Nobel Chemicals Inc.	\$3,250	--	--	--	\$250	\$375	\$3,875
Albemarle Corp.	\$1,000	\$80,000	--	--	\$2,500	--	\$83,500
American Chemistry Council	\$7,105	\$175,644	--	\$156,000	\$2,000	--	\$340,749
American Petroleum Institute	\$28,500	\$11,000	\$25,000	\$13,500	\$11,450	\$575	\$90,025
Ashland Inc.	\$3,500	\$57,750	--	\$42,700	\$10,500	\$30,950	\$145,400
ATOFINA Chemicals Inc.	\$16,250	\$52,535	--	\$750	\$250	--	\$69,785
Avery Dennison Chemical	\$3,000	--	--	\$5,000	\$250	\$250	\$8,500
BASF Corp.	\$3,000	\$31,850	--	\$51,097	\$4,200	--	\$90,147
Bayer Corp.	\$5,768	\$95,080	\$5,000	\$6,026	\$3,475	\$4,935	\$120,284
Bechtel	\$6,250	\$240,250	--	\$77,950	\$14,650	\$19,250	\$358,350
BOC Gases	--	\$5,000	--	--	\$1,420	--	\$6,420
BP	\$32,223	\$185,325	\$100,000	\$76,700	\$11,415	\$5,792	\$411,455
Calgon Carbon Corp.	--	\$250	--	--	--	--	\$250
Cambrex Corp.	\$2,000	--	--	--	\$1,250	\$2,000	\$5,250
Carus Chemical Co.	\$1,250	\$2,000	--	--	--	--	\$3,250
Celanese	\$8,400	\$32,625	--	\$15,250	\$200	\$250	\$56,725

Company/ Organization	Election Cycle						Total
	2000		2002		2004		
	Bush	RNC	Inaug.	RNC	Bush	RNC	
Champion Technologies Inc.	\$3,000	\$2,500	--	--	\$3,900	--	\$9,400
ChevronTexaco Corp.	\$15,000	\$275,150	\$100,000	\$333,800	\$21,400	\$56,700	\$802,050
Church & Dwight Co Inc.	\$2,500	--	--	--	\$1,000	--	\$3,500
ConocoPhillips	\$31,450	\$292,300	\$105,000	\$85,170	\$25,550	\$17,698	\$557,168
Cooper Natural Resources	--	\$1,000	--	\$3,000	--	\$1,000	\$5,000
CP Hall Co.	\$1,975	--	--	--	\$2,000	--	\$3,975
Crompton Corp.	--	--	--	--	--	\$1,700	\$1,700
Cytec Industries	\$1,000	\$1,000	--	--	--	--	\$2,000
Degussa Corp.	\$1,500	\$225	--	--	\$3,000	--	\$4,725
Dixie Chemical Co.	\$1,250	--	--	--	\$2,000	--	\$3,250
Dow Chemical Co.	\$26,450	\$200,200	\$100,000	\$208,804	\$32,030	\$8,470	\$575,954
Dow Corning Corp.	\$3,751	\$3,000	--	\$2,000	\$1,000	--	\$9,751
DSM USA	--	--	--	--	--	\$1,250	\$1,250
DuPont	\$8,050	\$20,550	--	\$37,666	\$5,975	\$5,480	\$77,721
Eastman Chemicals	\$20,700	\$5,000	--	--	\$17,550	--	\$43,250
Eastman Kodak Co.	\$2,000	\$22,465	--	\$16,400	\$3,700	\$575	\$45,140
Eli Lilly & Co.	\$27,450	\$368,380	--	\$194,141	\$63,875	\$20,400	\$674,246
EMD Chemicals	--	--	--	--	\$450	--	\$450
Ethyl Corp.	\$2,000	\$110,500	--	\$50,500	\$6,000	\$30,000	\$199,000
ExxonMobil	\$50,025	\$84,340	\$100,000	\$107,390	\$65,167	\$17,610	\$424,532

Company/ Organization	Election Cycle						Total
	2000		2002		2004		
	Bush	RNC	Inaug.	RNC	Bush	RNC	
Fluor Corp.	\$3,500	\$19,950	--	\$48,900	\$4,200	\$2,680	\$79,230
FMC Corp.	\$15,200	\$31,290	\$7,500	\$3,650	\$5,050	\$1,300	\$63,990
Georgia Gulf Co.	--	\$200	--	--	\$750	--	\$950
Great Lakes Chemical Co.	--	\$200	--	--	\$1,000	--	\$1,200
Halliburton	\$19,422	\$88,930	--	\$14,200	\$5,400	\$3,850	\$131,802
Honeywell	\$12,000	\$23,850	\$100,000	\$4,100	\$16,320	\$2,250	\$158,520
IMC Chemicals Inc.	\$4,000	\$14,530	--	\$500	--	--	\$19,030
Jones-Hamilton Co.	\$1,000	--	--	--	--	--	\$1,000
Kerr-McGee Chemical	\$1,500	\$61,500	--	\$48,111	--	--	\$111,111
Lubrizol Co.	\$1,000	--	--	\$750	\$1,000	--	\$2,750
Marathon Oil	--	--	--	\$56,550	\$6,400	\$27,408	\$90,358
MeadWestvaco Corp.	--	--	--	\$225	\$6,700	\$698	\$7,623
Merck & Co.	\$10,050	\$126,350	\$120,000	\$87,860	\$7,975	\$2,975	\$355,210
Merichem Co.	\$1,050	--	--	--	--	--	\$1,050
Merisol USA	--	--	--	\$250	--	--	\$250
Milliken & Co.	\$1,750	\$11,690	--	\$720	\$400	\$440	\$15,000
Monsanto Co.	--	--	--	--	\$3,200	\$1,500	\$4,700
Nalco	--	--	--	--	\$2,000	--	\$2,000
Nexen Chemicals	--	\$200	--	--	\$4,000	--	\$4,200
NOVA Chemicals Corp.	\$1,000	--	--	--	--	--	\$1,000

Company/ Organization	Election Cycle						Total
	2000		2002		2004		
	Bush	RNC	Inaug.	RNC	Bush	RNC	
Occidental Petroleum	\$26,029	\$140,975	\$100,000	\$127,050	\$12,600	\$27,350	\$434,004
Olin Corp.	--	--	--	--	\$500	--	\$500
PPG Industries Inc.	\$2,750	\$500	--	--	\$5,921	--	\$9,171
PQ Corp.	\$1,000	\$1,000	--	--	\$4,675	--	\$6,675
Praxair Inc.	\$1,000	\$37,250	--	\$45,000	\$750	\$30,000	\$114,000
Procter & Gamble	\$10,500	\$46,135	--	\$3,400	\$43,070	\$4,000	\$107,105
PVS Chemicals Inc.	\$13,728	\$45,000	\$25,000	\$16,622	\$26,000	\$80,000	\$206,350
Reilly Industries Inc.	\$2,000	\$1,000	--	--	--	--	\$3,000
Roche Group	\$7,650	\$8,375	--	\$36,400	\$5,970	\$1,702	\$60,097
Rohm & Haas Co.	\$4,500	\$1,250	--	\$250	\$1,895	--	\$7,895
RT Vanderbilt Co. Inc.	--	--	--	\$9,750	\$2,000	--	\$11,750
Shell Oil Co.	\$25,650	\$21,800	--	\$17,000	\$10,650	\$2,420	\$77,520
Shepherd Chemical Co.	\$2,000	\$10,250	--	--	--	--	\$12,250
Solutia Inc.	\$6,508	--	--	\$2,000	--	--	\$8,508
Solvay America Inc.	\$6,250	\$26,000	--	\$2,200	--	--	\$34,450
Stepan Co.	\$4,000	\$1,000	--	\$750	\$4,500	\$1,000	\$11,250
Sumitomo Chemical America Inc.	\$1,000	--	--	--	--	--	\$1,000
Sunoco Inc.	\$1,400	\$333,761	--	\$36,710	\$9,550	--	\$381,421
Texas Brine Co.	\$2,000	\$250	--	--	--	--	\$2,250
UOP	--	\$1,250	--	\$500	--	--	\$1,750

Company/ Organization	Election Cycle						Total
	2000		2002		2004		
	Bush	RNC	Inaug.	RNC	Bush	RNC	
Vulcan Chemicals	\$39,550	\$4,800	--	\$2,250	\$25,450	\$2,125	\$74,175
WR Grace & Co.	\$1,750	\$57,800	--	\$1,800	--	--	\$61,350
Total	\$560,384	\$3,543,100	\$887,500	\$2,091,792	\$567,733	\$434,087	\$8,084,596

Source: Public Citizen analysis of data provided by the Center for Responsive Politics. Totals include contributions from political action committees and individual members or employees of an organization, as well as unrestricted "soft money" donations from individuals and corporate treasuries before the 2004 election cycle (when such donations became illegal). Contribution data are as of October 1, 2004.

Figure 5
Chemical Industry Lobbying by Company, 2002-2004

Company/Organization	2002	2003	2004*	Total
American Chemistry Council (ACC)	\$2,120,000	\$2,140,000	\$2,500,000	\$6,760,000
American Petroleum Institute (API)	\$3,040,000	\$3,140,000	n/a	\$6,180,000
Ashland Inc.	\$1,200,000	\$1,600,000	n/a	\$2,800,000
Atofina Chemicals Inc.	\$240,000	\$100,000	\$80,000	\$420,000
BASF Corp.	\$240,000	\$560,000	\$220,000	\$1,020,000
Bayer Corp.	\$1,581,767	\$1,520,000	\$820,000	\$3,921,767
Celanese	\$220,000	\$210,000	\$80,000	\$510,000
ChevronTexaco Corp.	\$4,820,000	\$4,620,000	\$2,920,000	\$12,360,000
Ciba Specialty Chemicals	\$260,000	\$280,000	\$140,000	\$680,000
Dow Chemical Co.	\$1,800,000	\$1,800,000	900,000	\$4,500,000
Dow Corning Corp.	\$20,000	--	--	\$20,000
DuPont	\$800,000	\$800,000	\$680,000	\$2,280,000
Eastman Chemicals	\$640,000	\$640,000	\$320,000	\$1,600,000
Ethyl Corp.	\$20,000	--	--	\$20,000
ExxonMobil	\$2,469,313	\$8,372,729	\$7,660,000	\$18,502,042
FMC Corp.	\$1,600,000	\$772,280	\$450,000	\$2,822,280
Halliburton	\$300,000	\$300,000	--	\$600,000
Honeywell	--	\$5,200,000	\$2,340,000	\$7,540,000
Kerr-McGee	\$1,190,000	\$1,160,000	n/a	\$2,350,000

Company/Organization	2002	2003	2004*	Total
Marathon Oil	\$3,660,000	3,360,000	\$1,780,000	\$8,800,000
MeadWestvaco Corp.	\$400,000	\$420,000	--	\$820,000
Nalco	\$120,000	\$100,000	n/a	\$220,000
Occidental Petroleum	\$2,132,725	\$2,026,269	\$1,041,526	\$5,200,520
Praxair Inc.	\$220,000	--	--	\$220,000
Rohm & Haas Co.	\$200,00	\$200,000	n/a	\$400,000
Shell Oil Co.	\$6,162,182	\$4,535,101	\$510,160	\$11,207,443
TOTAL	\$35,455,987	\$43,856,379	\$21,621,686	\$101,754,052

Source: Public Citizen analysis of lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House, 2002-2004. Dollar amounts reflect the total federal lobbying expenditures by companies and organizations during reporting periods in which they lobbied on the Corzine bill and chemical plant security issues. Lobby disclosure reports do not itemize expenditures for specific lobbying issues or bills.

* Totals include lobbying through June 30, 2004. As of October 1, mid-year 2004 lobby disclosure forms were unavailable for the American Petroleum Institute and four members of the ACC that lobbied on chemical industry security issues in prior years.

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Nuclear Unsecured: America's Vulnerable Nuclear Plants

About one-fifth of the nation's electricity is generated by 103 nuclear reactors at 65 sites in 31 states. More than half of these reactors are near metropolitan areas, including New York City (Indian Point), Philadelphia (Salem, Hope Creek, Limerick), Boston (Seabrook, Pilgrim), Chicago (Dresden) and New Orleans (Waterford).

These power plants represent prime targets for terrorists. The White House has identified nuclear facilities as among "the nation's highest risk targets" and among "the most vulnerable potential targets of terrorists."¹ The 9/11 Commission staff reported that "unidentified nuclear power plants" were among the 10 targets originally planned for September 11, 2001.²

Amazingly, an administration that touts its determination to fight terrorism has shown little interest in fortifying the defenses of the nation's nuclear reactors. Neither the White House nor the U.S. Nuclear Regulatory Commission (NRC), the agency that is supposed to regulate the nuclear industry, has shown a sense of urgency about this mission in the aftermath of the 9/11 attacks. In fact, the NRC worked with the industry's trade association to undermine congressional efforts to strengthen security.

U.S. Rep. Christopher Shays (R-Conn.), chairing a House subcommittee hearing on nuclear plant security in September, criticized the NRC for a weak response to the threat of terrorism. People living near the plants, he said, "take little comfort from a cozy, indulgent regulatory process that looks and acts very much like business as usual."³ At that hearing, an official from the U.S. Government Accountability Office (GAO), formerly the General Accounting Office, testified that security plans developed by operators of commercial reactors are based on templates that do not include key site-specific information. In addition, the NRC's assessment of those plans is based on a "paper review" and is not detailed enough to determine whether the plants are sufficiently prepared to repel an attack.⁴

There seem to be two primary reasons for the tepid approach to nuclear security: One, the Bush administration has a fierce ideological aversion to regulation, and two, the administration is heavily indebted to the nuclear industry and electric utilities for generous campaign contributions. The industry has contributed \$8 million since 2000 to Bush's campaigns, his inauguration committee and the Republican National Committee (RNC). In addition, Bush counts nine "Rangers" and "Pioneers" – those fundraisers who bundle \$200,000 and \$100,000, respectively, for his campaigns – from the nuclear industry.

The Risk is Real: “Dirty Bombs” in Our Midst

Terrorists seeking to inflict harm on the United States have good reason to target the nation’s nuclear reactors. Each one of these highly vulnerable facilities is a potential radioactive “dirty bomb” that, with sufficient cunning and improvised firepower, could be exploded with far more devastating effects than a dirty bomb constructed and transported by a terrorist. Further, nuclear power plants present attractive auxiliary targets: Lightly protected spent fuel pools are situated outside containment domes. In addition, the administration is promoting a plan that, if enacted, would result in tens of thousands of rail and truck shipments of highly radioactive spent fuel – all potential terrorist targets – from reactors to a massive nuclear waste storage site at Yucca Mountain, Nevada.

Twenty-seven state attorneys generals warned Congress in October 2002 that “the consequences of a catastrophic attack against a nuclear power plant are simply incalculable.”⁵ The release of millions of curies of toxic radioactive waste could create a regional catastrophe and render thousands of square miles uninhabitable for decades. The Chernobyl accident in Ukraine in 1986, the worst nuclear accident in history, illustrates the potential for death, illness and persistent environmental contamination. Chernobyl, which killed dozens of people immediately, contaminated more than 140,000 square kilometers of land; induced up to 2,000 cases of thyroid cancer, mostly in children, with that number expected to rise to 8,000-10,000 in the coming years; forced the resettling of hundreds of thousands of people; and disrupted the lives of more than 7 million people.⁶

Bush Administration and the NRC Show Little Interest in Nuclear Plant Security

For years, the nuclear industry and its political allies have thwarted rigorous regulation of nuclear safety and ignored recurring safety violations, such as the circumstances that led to the development of a gaping hole in the reactor vessel at the Davis-Besse reactor near Toledo, Ohio. Now those same forces are thwarting more rigorous *security* measures. Despite the demonstrated need for improved security against a terrorist attack, individual utility companies, the Nuclear Energy Institute (NEI, the trade association for the industry), the NRC and the Bush administration have shown little interest in stricter preventive programs.

The sections below summarize the reasons why the United States is ill-prepared to prevent or respond to a terrorist attack against a nuclear power facility.

New NRC Security Requirements Are Inadequate

Until recent revisions to its “Design Basis Threat” (DBT), which defines the maximum threat against which a facility must be prepared to defend, NRC regulations envisioned that no more than three terrorists and one insider would ever attack a nuclear power plant. But even the revisions, scheduled to take effect on October 29, were written in secret and have not been released to the public. It is believed that the current number

of possible attackers is higher than before, but still fewer than the number of 9/11 hijackers. The new DBT also does not require plants to protect against an air attack.

Representatives of other federal agencies, including the Department of Defense, told the Project on Government Oversight (POGO, a public interest organization) that the revised DBT is inadequate. POGO, after interviewing people who had reviewed the new DBT, concluded that it falls short, in part because it fails to envision an attack by a squad of 12 to 14 terrorists, as the intelligence community generally believes would be the case.⁷

Secrecy Results in Little Public Accountability for Plans

The NRC has thrown a shroud of secrecy over security deliberations, preventing the public, security experts and safety advocates from evaluating the rigor and efficacy of proposed security measures.⁸ Historically, “national security” has often been invoked as a pretext to cover up incompetence and politically embarrassing facts, and to resist public accountability. In this same tradition, the Bush administration and the NRC are using a cloak of secrecy to prevent independent public assessments of the agency’s performance. Secrecy also helps forestall public debate and agitation for security improvements that the industry considers too expensive.

Public Citizen and San Luis Obispo Mothers for Peace earlier this year sued the NRC, claiming its secret Design Basis Threat rulemaking was illegal. The U.S. Court of Appeals for the District of Columbia Circuit agreed and is holding the case in abeyance until the NRC follows up on its claim that it intends to conduct a proper rulemaking, which would allow for public input and require the agency to take public comments into account.⁹

Terrorism Exercises Highlight Serious Vulnerabilities

Mock terrorist attacks, known as force-on-force tests, have been staged to test the defenses of nuclear power plants. The NRC security official who conducted these tests found “a significant weakness” in armed response during 37 out of 81 mock attacks, or 46 percent of the time. He also found that mock attackers were able to take actions “which would lead to core damage and in many cases, to a probable radioactive release.”¹⁰

Moreover, these drills were often unrealistic because they used more guards than were normally on duty, used attackers who were not trained in terrorist tactics, and used unrealistic weapons (such as rubber guns) that do not simulate actual gunfire. These tests were suspended after 9/11 and will not fully resume until October 29 under the new, secret DBT. Further, the NRC has decided that it will not release any information about the results of force-on-force tests, enforcement actions, other security assessments or inspections.¹¹

Security Guards Are Ill-Equipped to Thwart Attacks

While there are too few security guards at nuclear power plants, the guards who are there do not have weaponry adequate to deal with terrorists and are not adequately trained to shoot at moving targets. Because guards are underpaid, demoralized and frequently replaced (many earn less than janitors), guards represent a weak link in the security chain. In some cases, security guards themselves do not believe they could defeat a terrorist attack. In a 2002 study, the Project on Government Oversight (POGO) interviewed 20 guards who protected 24 reactors. According to those interviews, guards at only a quarter of the plants believed they could adequately defend against a terrorist attack.¹²

Plants Remain Vulnerable While Waiting for Local First Responders

Plant guards are required only to prevent attackers from achieving certain targets until offsite support arrives. Critics charge that nuclear station guard forces could be overwhelmed by coordinated adversarial teams with superior numbers and more powerful weapons. The NEI's own documents show that, as the adversarial threat increases, more reliance is being placed on local law enforcement, including local and state police and the National Guard, to protect nuclear power stations. Yet waiting for reinforcements may mean that plant security is lost. Routinely, force-on-force drills are over in a matter of minutes, when either the attackers achieve their goals or are neutralized by the guarding force.

Corporate Conflicts of Interest Make Industry's Security Assessments Questionable

Claims of improvements in preparedness for terrorism attacks at nuclear plants are suspect due to the conflict of interests now inherent in such self-reporting. The company hired by the NEI to run the force-on-force tests, the Wackenhut Corporation, provides security at almost half of the nation's nuclear power plants.¹³

The company therefore has a vested interest in failing to identify security gaps. The company also has a history of incompetence with respect to nuclear security (guards found asleep; guards who faked foot patrols; guards caught cheating at a force-on-force test at Oak Ridge, a nuclear weapons site, in Tennessee).¹⁴ U.S. Rep. Ed Markey (D-Mass.), who sits on the House Select Committee on Homeland Security, recently compared the practice of allowing this kind of self-evaluation to "letting Olympic athletes perform their own secret drug tests."¹⁵

Defenses Against Aircraft Attacks Remain Inadequate

Nuclear plants built in the 1960s and 1970s were not designed to withstand the impact of aircraft crashes or explosive forces, and there is no government requirement that nuclear plants be secure from attack by aircraft. The industry group NEI says its study shows that a low-flying Boeing 767-400, traveling at 350 mph, would not penetrate the containment dome of a nuclear power plant.¹⁶

But German researchers, using a computer simulation that critics say is more realistic, found that large jetliners crashing into nuclear facilities under a variety of scenarios could cause uncontrollable situations and the release of radiation.¹⁷ This secret German study, leaked to the media, casts doubt upon the assurances of the NRC and NEI.

Since the 9/11 attacks, the NRC has undertaken a major study to evaluate reactor vulnerabilities and the potential effects of a large commercial aircraft hitting a nuclear power site. Those results are classified. While NRC officials acknowledge there are risks from certain types of aircraft at certain reactors, they contend that in the event of an aircraft attack, plant operators would have time to employ safety features that would lessen the risk.¹⁸ Given that the NRC study is secret, it is impossible for independent experts to evaluate these claims.

There is considerable debate about whether small aircraft, either by themselves or carrying explosives, could be used effectively as a weapon against nuclear reactors or spent-fuel pools. But there is little doubt that these aircraft are readily accessible to would-be terrorists. Some 200,000 privately owned aircraft can take off from 19,000 U.S. airports, providing ample opportunity for an attack. Indeed, the 9/11 hijackers explored using crop-dusting planes to deliver explosives. A GAO report found that 70 small aircraft – or an average of 14 per year – were stolen between 1998 and 2003.¹⁹ The ease of attack was demonstrated in January 2002 when a teen-age flight student crashed a single-engine Cessna airplane into a Tampa skyscraper.

Pools of Spent Fuel Vulnerable to Attack

Radioactive wastes from nuclear reactors – some 50,000 tons of it nationwide – are currently stored in standing pools of water or in dry casks near each nuclear reactor. While some spent fuel pools were designed with earthquakes and other natural disasters in mind, they are not designed to withstand terrorist attacks. Unlike nuclear reactors, which are protected by three to six feet of reinforced concrete, these pools are far more exposed and vulnerable.

A publicly available October 2001 NRC study estimates that a nuclear fuel fire, which could result from a terrorist attack that disables safety systems and leads to a loss of cooling water, could cause tens of thousands of deaths within 500 miles of the damaged facility.²⁰ The National Academy of Sciences has urged the NRC to upgrade the safety of nuclear waste storage pools at the nation's reactors.²¹

The NRC claims that an aircraft that crashed into a spent fuel pool would not rupture it or cause “significant” leakage.²² But Robert Alvarez, a former Energy Department senior policy adviser, told a Senate hearing in 2002 that an attack against a spent fuel pool “could drain enough water to cause a catastrophic radiological fire that cannot be extinguished.” He also cited a 1997 Brookhaven National Laboratory analysis that concluded that a fire of radioactive wastes could contaminate up to 188 square miles.²³

2004 NRC Proposal Would Weaken Fire Safety Requirements

In March 2004, the NRC proposed *weakening* fire safety regulations for nuclear power plants. This would make it harder for a reactor to be safely shut down in the event of a fire caused by a terrorist attack or accident. Current NRC regulations require the use of fire barrier materials and/or physical separation between systems used to automatically shut down reactors that are on fire. The NRC is proposing to allow operators to rely instead on manual shut-downs, a process that would require employees to manually shut down equipment in areas surrounded by smoke, fire and radiation.

An inability to do so could result in a catastrophic release of radioactivity. Reps. Markey and John Dingell (D-Mich.) accused the NRC last March of changing the rule because many nuclear plants were not in compliance with the current, more stringent fire-protection regulations.²⁴

Emergency Evacuation Plans Fail to Protect Public

Rep. Shays has pointed out that “compliance with critical incident response and evacuation planning has been allowed to become a static, bureaucratic exercise,” and that “no nuclear plant license has ever been suspended or revoked by the NRC due solely to weaknesses in emergency response and evacuation planning.”²⁵

For example, if there were an attack on Indian Point, the nuclear power plant located only 35 miles from New York City, the public would be inadequately protected from radiation releases, according to the “Witt Report,” an independent review of evacuation plans commissioned by New York Governor George Pataki.²⁶ Among the problems, according to Rep. Shays, are poor communication among federal, state and local officials, and a “dysfunctional daisy chain of confusing directives from the Federal Emergency Management Agency, the NRC and plant operators.”²⁷

Elected officials in the vicinity of Indian Point have sensibly refused to certify these questionable emergency plans and have called instead for the plant to be shut down. The Witt Report – as well as reports by the GAO²⁸ and a private security firm²⁹ – are crystallizing worries that emergency planning at other nuclear facilities around the country may be similarly deficient.

Industry Expenditures on Security Improvements Remain Hard to Assess

The nuclear industry has boasted that it has spent \$1 billion on security-related improvements since 2001.³⁰ Yet the adequacy of this sum is difficult to assess because the cost breakdowns have not been disclosed. For the same reason, it is difficult to know if the money is being well spent. The clear gaps that remain, as cited in the preceding pages, suggests that it is not.

It *is* clear that the Bush administration and the NRC are eager to protect the industry from the full costs of nuclear power – from research into new reactors to

maintaining the security of existing reactors to decommissioning shut-down reactors. Energy legislation now pending before the U.S. Senate, as S. 2095 and H.R. 6 (the conference report), would authorize more than \$2 billion for nuclear energy research and development.

This legislation was based on a blueprint developed by Vice President Cheney's secretive energy task force in 2001. The House passed the energy bill conference report in November 2003, which includes nuclear production tax credits. It also would reauthorize the Price-Anderson Act for another 20 years, capping the liability of the entire nuclear industry at about \$10.2 billion in the event of an accident or attack.

This amount would not begin to cover the damages from even a single catastrophic event. A 2004 study conducted by Edwin S. Lyman of the Union of Concerned Scientists found that a successful terrorist attack on the Indian Point nuclear plant, 35 miles from Manhattan, could cause as much as \$2.1 trillion in economic damages, in addition to 44,000 near-term deaths from acute exposure to radiation.³¹

Between 1950 and 1990, the nuclear industry received \$97 billion in federal subsidies.³² All of these government interventions represent sizeable subsidies for nuclear operators. They insulate electric utilities from bearing the full costs and risks of operating safe plants. Those costs instead are displaced to the public and the environment.

NRC Drops the Ball on GAO Report Showing Serious Security Lapses

The GAO issued a report in September 2003, urging a variety of security improvements at the nation's nuclear power plants.³³ It identified three major deficiencies in the NRC's oversight of nuclear plant security.

First, inspectors often classified security lapses as "non-cited violations" if the problem had not been identified frequently in the past and was not deemed by the agency to be something that would have direct or immediate consequences. This type of violation does not require a response from the licensee and does not require any follow-up by the NRC to see if the problem had been corrected.

Some of these non-cited violations appeared serious to the GAO. These included: a security guard found sleeping on duty for more than half an hour, a security guard who falsified logs to show he had checked vital doors and barriers when he was actually in another part of the plant, and guards who failed to search individuals and allowed them unescorted access to the plant's protected area even after metal detectors indicated they had metal objects in their clothing.

Second, the NRC did not systematically and routinely collect, analyze and disseminate security assessments to identify problems that may be common to plants or to provide lessons learned in resolving security problems.

Third, there were serious weaknesses in the way the NRC conducted mock terrorist attacks to evaluate security precautions. The exercises were conducted infrequently against security forces that were beefed up with additional guards or barriers. The simulated terrorists had unrealistic weapons and were not trained to operate like terrorists.

Despite al Qaeda's demonstrated interest in nuclear facilities and the GAO's specific security recommendations, neither the Bush administration nor the NRC has shown any urgency in addressing the issue. A year after the first GAO report, at a House hearing on September 14, 2004, the GAO presented testimony assessing the NRC's implementation of the 2003 recommendations.³⁴

The GAO concluded that very little had been accomplished:

While its efforts to date have enhanced security, NRC is not yet in a position to provide an independent determination that each plant has taken reasonable and appropriate steps to protect against the new DBT [design basis threat].

Among the problems cited by the GAO:

- The NRC's assessment of individual plant security plans consists of a "paper review" and is not detailed enough for the NRC to determine if plants can repel an attack.
- The security plans are largely based on a template and often do not include key site-specific information, such as where guards are stationed, how responding guards would deploy during an attack, and how long deployment would take.
- NRC officials do not typically visit nuclear plants to obtain site-specific information.
- The NRC is relying on force-on-force tests to test readiness, but the exercises will not be conducted at all facilities for three years.
- The NRC has no plan to improve its inspection plans as recommended by the GAO in 2003. For example, the NRC is still not following up to see whether violations of security requirements have been corrected.

Congress Fails to Act to Improve Nuclear Security

The Senate Committee on Environment and Public Works has passed nuclear security legislation in various forms three times, but the legislation has yet to make it to the floor for a vote by the full body. The most recent bill, the Nuclear Infrastructure Security Act of 2003 (S. 1043), was passed unanimously by the committee in May 2003.

This bill, while less ambitious than previous versions, is a step in the right direction but has not been passed by the House and is unlikely to be enacted this Congress. The legislation requires the NRC to conduct rulemaking to upgrade security requirements for nuclear facilities and requirements for emergency response; establishes a training program for National Guard as well as state and local law enforcement agencies; establishes regional security coordinators for nuclear facilities; and requires enhanced systems to manage the security of sensitive radioactive materials. Among other things, it does not require the NRC to include air and water attacks in its security requirements, and does not address the conflict-of-interest problem with companies such as Wackenhut, which both guard reactors and test security at plants.

Last year, Rep. Markey succeeded in attaching an amendment on nuclear security to the House energy bill, which made it into the energy bill conference report (H.R. 6). While the conference report passed in the House last November, it has been stuck in the Senate for other reasons and is unlikely to pass. Although less well defined, the provisions require an upgrade of security standards and emergency plans, regular force-on-force security tests and emergency response drills to the new standards, and improved whistleblower protections.

On September 29, Rep. Jerrold Nadler (D-N.Y.) successfully attached a modified version of what is in the energy bill, including a provision to require force-on-force tests to be conducted by NRC personnel, to the Judiciary Committee's version of the intelligence reorganization legislation recommended by the 9/11 Commission. These provisions were subsequently removed from the version to be voted on by the House.

Nuclear Industry Very Supportive of Bush Campaign

The Bush administration's inaction on nuclear security issues is all the more suspect considering its close ties to the nuclear industry. Before and after 9/11, the White House has worked zealously to promote the industry's prospects and pad its bottom line. Yet when it comes to imposing stricter security requirements, the administration has barely lifted a finger.

While the electric utility industry, which owns the nation's commercial nuclear reactors, has a large number of policy priorities – including repealing the Public Utility Holding Company Act (PUCHA), gutting clean air regulations and securing billions of dollars in tax breaks – resurrecting the nuclear power industry is near the top of its wish list. And in the Bush administration, wishes do come true. As the *National Journal* wrote in May 2001, “If nuclear power is Cinderella, its fairy godmother is Dick Cheney.”³⁵

The nuclear industry didn't have a pair of glass slippers to wear to Bush's ball, but it brought the next best thing: loads of campaign cash. According to Public Citizen's analysis of data provided by the Center for Responsive Politics, the nuclear industry's trade association and its member companies (including their employees) that own commercial reactors and other firms focused on nuclear plant construction and security

have given \$8 million to the Bush campaigns, the Bush-Cheney Inaugural Committee and the RNC since the 2000 election cycle. [See Figure 1.]

The Nuclear Energy Institute (NEI), the industry’s main trade and lobbying association, and 43 individual companies donated an average of \$186,045 to Bush campaign efforts. The biggest givers include Southern Co. (\$863,012), FirstEnergy (\$862,377), General Electric (\$855,996), TXU (\$765,598) and Dominion Resources (\$683,105). [For a complete list of campaign contributions by company, see Figure 4.]

**Figure 1
Nuclear Industry Contributions to Bush Campaign & RNC, 2000-2004**

Company/ Organization	Election Cycle						Total
	2000		2002		2004		
	Bush	RNC	Inaugural	RNC	Bush	RNC	
Nuclear Energy Institute (NEI)	\$5,200	\$11,500	--	\$125,350	\$2,250	--	\$144,300
Nuclear Plant Owners	\$321,929	\$2,405,733	\$600,000	\$1,784,582	\$676,285	\$215,690	\$6,004,219
Other Nuclear Industry Companies	\$100,176	\$651,011	\$245,000	\$452,376	\$276,145	\$126,697	\$1,851,405
TOTAL	\$427,305	\$3,068,244	\$845,000	\$2,362,308	\$954,680	\$342,387	\$7,999,924

Source: Public Citizen analysis of data provided by the Center for Responsive Politics. Totals include contributions from political action committees and individual members or employees of an organization, as well as unrestricted “soft money” donations from individuals and corporate treasuries before the 2004 election cycle (when such donations became illegal). Contribution data are as of October 1, 2004.

Nine top nuclear industry executives and lobbyists were named “Rangers” or “Pioneers” – the honorary titles given by the Bush campaign to those fundraisers who collect at least \$200,000 or \$100,000, respectively. These individuals personally brought in at least \$1.4 million – and almost certainly much more – for the Bush campaigns in 2000 and 2004. [See Figure 2.]

Figure 2
Nuclear Power Industry Rangers and Pioneers

Name	Employer	Occupation	Fundraising Status	Minimum \$ Bundled
Anthony J. Alexander	FirstEnergy ³⁶	President	2004 Pioneer, 2000 Pioneer	\$200,000
Dwight H. Evans	Southern Co. ³⁷	Executive Vice President	2004 Ranger	\$200,000
Stephen E. Frank	Southern California Edison ³⁸	Chairman, CEO & President ³⁹	2000 Pioneer*	n/a
Steve Hanks	Washington Group Intl.	President & CEO	2004 Pioneer	\$100,000
James Klauser	Wisconsin Electric ⁴⁰	State Government Affairs Director	2004 Ranger	\$200,000
Thomas Kuhn	Edison Electric Institute	President	2004 Ranger, 2000 Pioneer	\$300,000
David McClanahan	CenterPoint Energy ⁴¹	President & CEO	2004 Pioneer	\$100,000
Erle Nye	TXU ⁴²	Chairman	2004 Pioneer, 2000 Pioneer	\$200,000
David L. Sokol	Mid-American Energy Holdings ⁴³	Chairman & CEO	2004 Pioneer	\$100,000
TOTAL	--	--	--	\$1.4 million

Source: Public Citizen research and analysis of Bush campaign disclosures, www.WhiteHouseforSale.org.

*Pledged to become a Pioneer in 2000 but campaign would not confirm if bundler reached the goal or how much was collected.

Three executives at electric utilities that own nuclear power plants signed up to become Pioneers in the 2000 campaign. The campaign never disclosed whether Stephen E. Frank of Southern California Edison, a former member of the NEI board of directors, ever reached his goal or how much he raised. But Anthony Alexander of First Energy, which operates three nuclear plants in Ohio and Pennsylvania, and Erle Nye of TXU, which owns Texas’ Comanche Peak plant, each raised at least \$100,000 for the Bush campaign.

Alexander, whose company oversees the troubled Davis-Besse plant, also was named a member of “Team 100” for raising at least \$250,000 for the RNC in 2000. Nye repeatedly lent the TXU corporate jet to Bush; the campaign reimbursed his company

nearly \$139,000 for use of the plane, more than it paid any other firm.⁴⁴ Alexander and Nye also each personally donated an additional \$100,000 to the Bush-Cheney Inaugural Committee. (Six other nuclear industry companies also made \$100,000 contributions for the inauguration: CenterPoint, CMS Energy, Dominion, General Electric, Honeywell and Southern Co.)⁴⁵

Both Alexander and Nye – a past chairman of the NEI – were named to the Department of Energy transition team, as were representatives of Dominion, Southern California Edison, Southern Co. and USEC Inc. (The latter group processes uranium from old warheads into nuclear fuel as part of a “megatons-to-megawatts” program.) Also serving on the DOE transition team were Joe Colvin, CEO and president of NEI, and Thomas Kuhn, president of the Edison Electric Institute and another 2000 Pioneer.⁴⁶ Before taking charge of the main electric utility trade association, Kuhn headed the American Nuclear Energy Council, the precursor of the NEI.⁴⁷

Shortly after taking office, Bush put Cheney in charge of the National Energy Policy Development Group, and the nuclear industry enjoyed unfettered access to this secretive task force. During the meetings to develop a National Energy Policy, according to press reports, nuclear industry executives met repeatedly with, among others, Energy Secretary Spencer Abraham, energy task force director Andrew Lundquist, White House senior adviser Karl Rove and economic adviser Lawrence Lindsey.⁴⁸

The Bush administration refuses to release any information about direct industry contacts with the vice president’s office or the White House. But the Natural Resources Defense Council (NRDC) was able to obtain records of industry contacts with the task force in which Energy Department staff participated.⁴⁹ Those records show that:

- The NEI had contact with the task force 19 times.
- Edison Electric Institute had contact with the task force 14 times.
- USEC Inc. had contact with the task force 12 times.
- Westinghouse Electric Co., which makes reactors and other components for nuclear plants, had contact with the task force nine times.
- CMS Energy, which owns the Palisades nuclear plant in Michigan, had contact with the task force eight times.
- Exelon Corporation, the country’s largest operator of nuclear plants, had contact with the task force six times.

Perhaps it was the fairy godmother himself who best described the administration’s nonchalant attitude toward the appearance of corruption on the energy task force. “Just because somebody makes a campaign contribution,” Cheney said, “doesn’t mean that they should be denied the opportunity to express their view to government officials.”⁵⁰

The result of all those meetings could be seen in the energy task force’s final report, which called for “the expansion of nuclear energy in the United States as a major

component of our national energy policy” and urged the building of new nuclear power plants for the first time since the Three Mile Island disaster.⁵¹

The nuclear industry gave the administration glowing reviews. “The administration’s support for nuclear power as a proven energy technology that protects our air quality is a tremendously positive development for our nation,” said NEI President Joe Colvin. “The industry looks forward to working with the White House and Congress to make this long-term vision a reality.”⁵²

Of course, this all occurred before 9/11. But the threat of terrorism didn’t change the administration’s attitude toward the nuclear industry. On the contrary, less than two months after the attacks, Bush declared: “It is in our nation’s national interest that we develop more energy supplies at home. It is in our national interest that we look at safe nuclear power.”⁵³

Bush seemed less interested in making nuclear power safer. Yet with the administration putting no effort behind mandating tighter, federally supervised security at nuclear power plants – and pushing massive nuclear industry subsidies in the energy bill – it’s little wonder that twice as many nuclear industry executives joined the Bush-Cheney campaign fundraising team for 2004 than in 2000.

Again achieving Pioneer status are Alexander and Nye. Bush appointed Nye head of the National Infrastructure Advisory Committee (NIAC) and a member of the Homeland Security Advisory Council. The Edison Electric Institute’s Kuhn became a Ranger after raising at least \$200,000.

The other nuclear industry Rangers are Dwight Evans, executive vice president of Southern Co. (which operates three nuclear plants in Alabama and Georgia), and James Klauser, a lobbyist for Wisconsin Electric (which runs one of the state’s nuclear plants). A former top adviser to Wisconsin Gov. Tommy Thompson, Klauser is chairman of Bush’s campaign in the closely contested battleground state.

Joining the ranks of the Pioneers in 2004 are David McClanahan, CEO and president of CenterPoint Energy, which owns a piece of the South Texas Project nuclear facility; David L. Sokol, chairman and CEO of Mid-American Energy Holdings, which holds a 25 percent stake in the Quad Cities nuclear power plant; and Steve Hanks, president and CEO of Washington Group International, an NEI member company that boasts on its Web site of providing services to “virtually every nuclear power plant operating in the U.S. today.”

Nuclear Industry Blocks Proposals to Federalize Security

The nuclear industry’s largesse with campaign contributions and high-powered lobbying efforts helped block congressional proposals to federalize nuclear plant security forces and impede legislative efforts to mandate tighter security. Since 2002, the NEI and its member companies that lobbied on nuclear plant security issues have spent a total

of \$51.2 million on efforts to influence the White House, the NRC and other executive branch agencies and Congress. [See Figure 3.] Since lobbyists are not required to itemize their lobbying expenditures, it is impossible to know exactly how much the nuclear industry spent to thwart stricter federal security requirements.

In these efforts, the NRC has worked hand-in-hand with the NEI, sinking a bill (S. 1746) proposed by Sen. Harry Reid (D-Nev.) and others in 2002 that would have required nuclear plants to withstand attacks comparable to 9/11, mandated corrective actions for facilities that repeatedly fail security tests and required NRC review of emergency response plans and regular emergency response exercises. The bill was passed out of the Senate Environment and Public Works Committee with bipartisan support, including Republican Sens. Gordon Smith of Oregon and James Inhofe of Oklahoma, but never got a vote on the Senate floor.⁵⁴

The NEI and NRC both denounced the legislation. Joe Colvin of NEI insisted that the issue of nuclear plant security was “a problem that does not exist.” In a letter to Reid, NRC Chairman Richard A. Meserve sided with the nuclear industry, saying the bill “addresses a non-existent problem.”⁵⁵ In a speech at the National Press Club, Meserve declared that the agency “strenuously opposed” the legislation.⁵⁶

After the bill passed the Senate Environment and Public Works Committee in September 2002, Colvin issued a letter to senators expressing “the nuclear energy industry’s strong opposition to S. 1746.” He enclosed a copy of a letter from Meserve to Sen. James Jeffords (I-Vt.), noting that “the NRC believes that its provisions create substantive and administrative problems.”

The unanimity of the NEI and NRC was no coincidence. The agency and the trade association coordinated their legislative strategy. In December 2002, Rep. Markey released notes of a meeting between NRC officials and the NEI showing that “the nuclear industry is seeking to coordinate lobbying activities with the NRC aimed at blocking congressional legislation to strengthen the nation’s 103 nuclear power plants.”⁵⁷

The notes, taken at an October 2002 closed-door meeting between the NEI and NRC, described:

- The industry’s efforts to obtain a meeting with the White House Office of Homeland Security to “redirect the apparent nuclear focus coming from that office” and work toward “avoiding a [nuclear security] bill.”
- The industry’s need “to support the NRC’s credibility in the eyes of Congress and the public.”
- A pledge from the NRC that security measures developed by the commissioners would not be finalized without another agency-industry meeting where “everything will be out on the table.”⁵⁸

The trade group's favorite technique for wooing lawmakers was flying them and their aides on junkets to nuclear power plants around the world and the proposed Yucca Mountain radioactive waste disposal site in Nevada. In 2002, according to *Roll Call*, the NEI spent more than \$170,000 on these trips – more than any other corporate sponsor of congressional travel.⁵⁹

Figure 3
Nuclear Industry Lobbying, 2002-2004

Company/Organization	2002	2003	2004*	Total
Nuclear Energy Institute (NEI)	\$800,000	\$1,280,000	\$360,000	\$2,440,000
Nuclear Plant Owners	\$16,129,529	\$17,678,137	\$5,324,712	\$39,132,378
Other Nuclear Industry Companies	\$530,000	\$6,740,000	\$2,380,000	\$9,650,000
TOTAL	\$17,459,529	\$25,698,137	\$8,064,712	\$51,222,738

Source: Public Citizen analysis of lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House, 2002-2004. Dollar amounts reflect the total federal lobbying expenditures by companies and organizations during reporting periods in which they lobbied on nuclear security issues. Lobby disclosure reports do not itemize expenditures for specific lobbying issues or bills.

*Totals include lobbying through June 30, 2004. As of October 1, mid-year 2004 lobby disclosure forms were unavailable for some firms that lobbied on nuclear industry security issues in prior years.

The NEI and 10 individual companies each spent more than \$2 million on federal lobbying from 2002 through the first half of 2004, according to the most recent data available. The most active nuclear industry firms in Washington were Honeywell (\$7.5 million), Exelon (\$5.9 million), Duke Energy (\$5.1 million), Progress Energy (\$4.8 million) and TXU (\$4.5 million). [See Figure 5 for annual lobbying totals for all nuclear industry companies.] In addition to the NEI, 18 individual companies lobbied on nuclear security issues over the past three years. These companies include 13 corporate owners of nuclear plants and five other companies that specialize in nuclear plant construction or security.

Three years after 9/11, Congress still has not enacted any legislation to reduce the terrorist threat at nuclear power plants, and the Bush appointees at the NRC have resisted using their regulatory powers to respond to the terrorism threat. For the administration and their close friends in the nuclear industry, the concern that increased security expenses could drive up the cost of nuclear power – and threaten industry profits – apparently trumps national security.

**Figure 4
Nuclear Industry Contributions to Bush/RNC, 2000-2004**

Company / Organization	Election Cycle						Total
	2000		2002		2004		
	Bush	RNC	Inaug.	RNC	Bush	RNC	
Alliant Energy	--	\$22,000	--	\$10,000	\$4,400	--	\$36,400
Ameren Corp.	\$7,000	\$2,050	--	\$300	\$10,400	--	\$19,750
American Electric Power	\$4,500	\$6,450	--	\$7,000	\$20,000	--	\$37,950
Babcock & Wilcox ⁶⁰	--	--	--	\$750	\$2,700	\$500	\$3,950
Bechtel Corp.	\$6,250	\$240,250	--	\$77,950	\$14,650	\$19,250	\$358,350
Black & Veatch	\$6,000	\$1,950	--	--	\$700	\$250	\$8,900
BNFL Inc. ⁶¹	\$1,300	\$56,800	--	\$61,770	\$3,200	\$509	\$123,579
Burns & Roe Group	--	\$1,000	--	--	--	--	\$1,000
CenterPoint Energy	\$37,820	\$273,636	\$100,000	\$61,694	\$44,000	--	\$517,150
CMS Energy	\$11,050	\$48,240	\$100,000	\$43,350	\$4,000	--	\$206,640
Constellation Energy	\$2,250	\$1,000	--	\$265	\$10,250	\$500	\$14,265
Dominion Resources Inc.	\$13,000	\$335,555	\$100,000	\$195,750	\$38,000	\$800	\$683,105
DTE Energy Co.	\$12,150	\$3,252	--	\$2,650	\$22,690	--	\$40,742
Duke Energy Corp.	\$5,000	\$35,500	--	\$30,500	\$20,710	\$300	\$92,010
Edison International	\$17,050	\$149,775	--	\$20,716	\$2,000	\$5,400	\$194,941
Energy East	\$2,000	--	--	\$70,000	--	--	\$72,000
Entergy Corp.	\$15,000	\$47,450	--	\$53,560	\$13,400	\$28,400	\$157,810
Exelon	\$16,750	\$132,605	--	\$226,651	\$16,750	\$41,405	\$434,161
FirstEnergy Corp.	\$76,685	\$348,630	\$100,000	\$280,812	\$56,000	\$250	\$862,377

Company / Organization	Election Cycle						Total
	2000		2002		2004		
	Bush	RNC	Inaug.	RNC	Bush	RNC	
Fluor Corp.	\$3,500	\$19,950	--	\$48,900	\$4,200	\$2,680	\$79,230
FPL Group Inc.	--	--	--	--	\$14,500	\$250	\$14,750
General Atomics	--	--	--	\$250	\$3,000	\$1,000	\$4,250
General Electric	\$58,301	\$260,686	\$100,000	\$225,916	\$113,175	\$97,918	\$855,996
Great Plains Energy	\$7,000	\$25,000	--	--	--	\$950	\$32,950
Honeywell	\$12,000	\$23,850	\$100,000	\$4,100	\$16,320	\$2,250	\$158,520
Mid-American Energy ⁶²	\$6,300	\$19,300	--	\$5,123	\$65,050	\$26,250	\$122,023
Nuclear Energy Institute (NEI)	\$5,200	\$11,500	--	\$125,350	\$2,250	--	\$144,300
Pacific Gas & Electric Co. (PG&E)	\$4,250	\$116,000	--	\$109,300	\$6,400	\$410	\$236,360
Parsons Energy and Chemicals Group	--	--	--	--	\$250	\$750	\$1,000
Pinnacle West	\$6,000	\$45,000	--	\$30,350	\$10,000	\$5,000	\$96,350
PPL Corp.	\$3,000	\$68,425	--	\$30,000	\$2,500	--	\$103,925
Progress Energy	\$250	\$32,400	--	\$250	\$14,500	\$5,000	\$52,400
PSEG	\$1,000	\$1,000	--	\$30,000	\$20,800	--	\$52,800
SCANA Corp.	\$1,000	--	--	--	\$4,000	--	\$5,000
Sempra Energy	\$3,000	\$1,500	--	\$36,500	\$8,775	\$2,775	\$52,550
Southern Company	\$24,425	\$242,365	\$100,000	\$221,675	\$190,297	\$84,250	\$863,012
STP Nuclear Operating Co.	\$1,900	--	--	--	--	--	\$1,900
TXU	\$40,549	\$291,500	\$100,000	\$293,136	\$39,263	\$1,150	\$765,598
USEC Inc.	--	--	\$25,000	--	\$17,000	\$250	\$42,250

Company / Organization	Election Cycle						Total
	2000		2002		2004		
	Bush	RNC	Inaug.	RNC	Bush	RNC	
Wackenhut	\$12,325	\$2,200	\$20,000	\$2,490	\$4,500	\$840	\$42,355
Washington Group International	\$500	\$44,325	--	\$30,250	\$96,450	\$500	\$172,025
We Energies (Wisconsin Energy)	\$2,000	\$250	--	\$15,000	\$14,800	\$11,100	\$43,150
Wisconsin Public Service Corp.	--	\$15,350	--	\$5,000	\$4,500	\$1,500	\$26,350
Xcel Energy	\$1,000	\$141,500	--	\$5,000	\$18,300	--	\$165,800
TOTAL	\$427,305	\$3,068,244	\$845,000	\$2,362,308	\$954,680	\$342,387	\$7,999,924

Source: Public Citizen analysis of data provided by the Center for Responsive Politics. Totals include contributions from political action committees and individual members or employees of an organization, as well as unrestricted "soft money" donations from individuals and corporate treasuries before the 2004 election cycle (when such donations became illegal). Contribution data are as of October 1, 2004.

Figure 5
Nuclear Industry Lobbying by Company, 2002-2004

Company / Organization	2002	2003	2004*	Total
Alliant Energy	\$626,888	\$585,737	--	\$1,212,625
American Electric Power	\$1,558,422	\$965,000	n/a	\$2,523,422
Burns & Roe Group	\$110,000	\$80,000	--	\$190,000
Constellation Energy	\$440,000	\$270,000	--	\$710,000
Dairyland Power Cooperative	--	\$90,000	--	\$90,000
Dominion Resources Inc.	\$440,000	\$520,000	--	\$960,000
DTE Energy Co.	\$1,520,000	\$2,280,000	--	\$3,800,000
Duke Energy Corp.	\$2,270,000	\$2,000,000	\$850,000	\$5,120,000
Entergy Corp.	\$1,570,699	\$1,647,000	\$700,712	\$3,918,411

Exelon	\$2,172,570	\$2,864,400	\$870,000	\$5,906,970
General Atomics	--	\$1,120,000	--	\$1,120,000
Honeywell	--	\$5,200,000	\$2,340,000	\$7,540,000
Nuclear Energy Institute	\$800,000	\$1,280,000	\$360,000	\$2,440,000
Progress Energy	\$1,830,950	\$1,896,000	\$1,104,000	\$4,830,950
Southern California Edison	\$1,380,000	\$1,480,000	\$620,000	\$3,480,000
TXU	\$2,320,000	\$2,220,000	--	\$4,540,000
Wackenhut	\$160,000	--	\$40,000	\$200,000
Westinghouse Electric Co.	\$260,000	\$340,000	--	\$600,000
Xcel Energy	--	\$860,000	\$1,180,000	\$2,040,000
TOTAL	\$17,459,529	\$25,698,137	\$8,064,712	\$51,222,378

Source: Public Citizen analysis of lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House, 2002-2004. Dollar amounts reflect the total federal lobbying expenditures by companies and organizations during reporting periods in which they lobbied on nuclear security issues. Lobby disclosure reports do not itemize expenditures for specific lobbying issues or bills.

* Totals include lobbying through June 30, 2004. As of October 1, mid-year 2004 lobby disclosure forms were not available for all companies that lobbied on nuclear industry security issues in prior years.

Experts on Nuclear Power Plant Safety

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Wenonah Hauter, director, Public Citizen's Critical Mass Energy and Environment Program
Danielle Brian, executive director, Project on Government Oversight
Michael Mariotte, executive director, Nuclear Information and Resource Service
Dave Lochbaum, nuclear safety engineer, Union of Concerned Scientists
Jim Riccio, Greenpeace
Alice Slater, president, Global Resource Action Center for the Environment

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³⁸ Edison International, the parent company of Southern California Edison, owns 75 percent of the San Onofre nuclear power plant (San Clemente, Calif.) and 15.8 percent of the Palo Verde nuclear power plant (Phoenix, Ariz.)

³⁹ Frank retired in January 2002.

⁴⁰ Wisconsin Electric (a.k.a. We Energies) owns the Point Beach nuclear power plant (Two Rivers, Wis.).

⁴¹ Through its stake in Texas Genco, CenterPoint owns approximately 25 percent of the South Texas Project nuclear facility (Bay City, Texas). In July, CenterPoint struck a deal, pending regulatory approval, to sell Texas Genco to a group of private investors. The deal will not be completed before the first quarter of 2005.

⁴² TXU owns the Comanche Peak nuclear power plant (Glen Rose, Texas).

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Hazardous Materials Unsecured: Terrorist Use of Trucks and Trains a Major Threat

Tens of millions of tons of toxic chemicals, radioactive nuclear waste, commercial explosives, flammable gasoline and other hazardous materials are transported every year by trucks and trains across the country, through American cities and towns. Since September 11, 2001, little has been done to assure that these shipments are secure from attacks by terrorists, which could, in the worst case scenario, expose cities to leaks of deadly chemicals or explosions that could kill or seriously injure thousands, possibly even millions, of Americans.

In its final report released in the summer of 2004, the 9/11 Commission concluded that concern for such consequences is warranted and that little has been done to address the risks:

While commercial aviation remains a possible target, terrorists may turn their attention to other modes. Opportunities to do harm are as great, or greater, in maritime or surface transportation.¹

Commonsense measures would reduce the possibility that terrorists could exploit these vulnerabilities, yet the Bush administration has not taken the key steps needed to close the gaps. The 9/11 Commission concluded that the administration's Transportation Security Administration (TSA) "despite congressional deadlines ... has developed neither an integrated strategic plan for the transportation sector nor specific plans for the various modes – air, sea and ground."²

Among other failures, the administration has not supported a critical effort to reroute trains carrying hazardous materials away from Washington, D.C., and other major population centers. The administration is also seeking to carry out a controversial plan to dramatically increase the volume of high-level radioactive nuclear waste shipped across the country by pushing for a storage facility in Yucca Mountain, Nevada.

Overall, Surface Transportation Remains at Risk

There are many indications that both trains and large trucks are tempting targets for terrorists. Terrorists attacked surface transportation systems 195 times between 1997 and 2000 alone.³ The tragic March 11, 2004, terrorist bombings of four commuter trains in Madrid are just one indicator that terrorists are making large transit vehicles a prime target.

The plan need not be complicated to wreak havoc and cost lives. A weapon as simple as the legal, widely available 50-caliber rifle, which al Qaeda terrorists have purchased in the past, has the potential to inflict serious damage on a train car or truck carrying lethal materials, by penetrating tanks and causing an explosion or derailment.⁴

Every day, up to 76,000 tanker trucks carrying hazardous cargo travel across the United States.⁵ A typical gasoline tanker truck carries as much fuel as the planes that hit the World Trade Center.⁶

Al Qaeda undoubtedly realizes the possibilities for such action. The FBI's October 2002 alert warned that al Qaeda's attack strategies could include "destroying key rail bridges and sections of track to cause derailments, or targeting hazardous material containers. Recently captured al Qaeda photographs of U.S. railroad engines, cars and crossings heighten the intelligence community's concern about this threat."⁷

And in October 2003, an Ohio truck driver, Iyman Faris, was sentenced to 20 years in prison after pleading guilty to participating in a plot involving top al Qaeda leader Khalid Sheik Mohammed to destroy the Brooklyn Bridge and derail trains in the Washington, D.C., area.⁸

Yet the Bush administration and the newly created Department of Homeland Security (DHS) have done little to protect Americans from these risks. Thus far, there has not been a comprehensive assessment of the risk of attacks from terrorist use of rail and transit systems.⁹ In April 2004, the Senate Commerce Committee approved legislation providing \$350 million for DHS to assess rail security and develop recommendations within six months.¹⁰ But the bill remains stalled, blocked by members of the president's party.¹¹

HazMat Train Cars Particularly Vulnerable to Attack

The United States has more than 100,000 miles of rail track.¹² As the Government Accountability Office has written, "The extensiveness of the infrastructure creates an infinite number of targets for terrorists."¹³ Chemical products accounted for 9 percent of all major rail-carried commodities in 2002.¹⁴ More than 1.7 million carloads of hazardous materials – such as chlorine, ammonia, hydrogen fluoride or phosphoric acid – are carried each year by trains traveling across the United States.¹⁵

Trains also run dangerously close to the nation's political infrastructure. Ninety-ton rail cars that regularly pass within four blocks of the U.S. Capitol building in Washington, D.C., contain enough chlorine to kill 100,000 people within 30 minutes and would endanger 2.4 million people.¹⁶ According to CSX, owner of the freight rail lines in Washington, D.C., about 8,500 rail cars of hazardous material pass through our nation's capital each year.¹⁷ The trains move slowly, and the hazardous material tank cars are labeled with codes indicating the presence of dangerous materials (a necessary situation so that fire and rescue responders can identify risks in event of a crash).¹⁸

Moreover, terrorism experts have fully identified the risks. Troy Morgan, an FBI specialist on weapons of mass destruction in a June 2003 speech at a chemical industry conference, warned, "You've heard about sarin and other chemical weapons in the news. But it's far easier to attack a rail car full of toxic industrial chemicals than it is to compromise the security of a military base and obtain these materials."¹⁹

Chemical companies that send shipments by train have made clear the magnitude of possible harm. A chemical plant near Detroit estimates that the rupture of one of its 90-ton rail cars of chlorine could endanger 3 million people.²⁰ A southern California chemical plant regularly loads chlorine into 90-ton railroad cars that, if ruptured, could poison more than 4 million people.²¹

In March 2004, the National Transportation Safety Board concluded that more than half of the nation's 60,000 rail tank cars carrying hazardous materials are too old to meet current industry standards and thus are more likely than newer cars to break open after derailling.²² Crashes that have recently occurred with grave results demonstrate the possible harm. In July 2002, a tanker train carrying hydrochloric acid and other hazardous chemicals derailed in a Baltimore tunnel. The tunnel fire burned for five days, shutting down large areas of the city.²³

And in January 2002, a 122-car freight train derailed near Minot, North Dakota, because of track damage. Five cars broke open, spilling nearly 150,000 gallons of anhydrous ammonia, which formed a vapor cloud that killed one person and injured 333 more.²⁴ In yet another incident the summer of 2004, a Union Pacific train carrying chlorine collided with another train 14 miles from San Antonio, Texas. The resulting chlorine leak sent a plume of gas into the air and killed the Union Pacific conductor and two residents living near the impact site. Another 50 people were hospitalized, two in critical condition.²⁵

Efforts to Reduce Risks of HazMat Trains Derailed

Even the most obvious risks posed by train shipments of hazardous materials through the nation's capital and other major population centers remain unaddressed. In January 2004, the City Council of Washington, D.C., held a hearing on a bill authored by Councilmember Kathy Patterson to require rerouting of hazardous materials-carrying trains away from the city.²⁶ Testimony of experts at the hearing illustrated the serious vulnerability of hazardous train shipments to terrorist attacks in the capital. Dr. Jay Boris of the U.S. Naval Research Laboratory made clear the potentially lethal nature of an attack on a chlorine car, with up to 100,000 casualties in the first half hour and as many as 100 people dying per second.²⁷

The Transportation Security Administration (TSA) responded by agreeing to establish a "working group" to address the issue. As a result, the D.C. Council agreed to postpone action. But as the working group proceeded, Steven McHale, deputy administrator of TSA, testified before Congress in May 2004 that the government intended to continue to allow trains with hazardous materials to pass close to the Capitol and that, overall, efforts to reroute trains away from major cities would be "quite limited."²⁸

Nationwide, the problem is just as serious. U.S. Rep. Ed Markey (D-Mass.) has introduced legislation to remedy the danger of rail transport of hazardous materials (H.R. 4824). His bill would provide obvious and necessary fixes, such as additional physical

security for the most hazardous materials carried by rail, pre-notification to law enforcement of such shipments, coordination between authorities to create a response plan for a terrorist attack on a hazardous shipment, and rerouting of the most hazardous shipments if a safer route is available.

The impact of such rerouting would be manageable because the Markey bill would require it only if the shipment contains substances that are acutely toxic. According to the Argonne National Laboratory, “toxic-by-inhalation” (TIH) materials, such as chlorine, ammonia and hydrogen fluoride, the substances most likely to be turned into weapons of mass destruction, account for only 10 of the 150 most frequently shipped hazardous substances.²⁹

On September 29, 2004, the House Judiciary Committee approved the Markey legislation by voice vote, but it was stripped from the version of the 9/11 Recommendations Implementation Act by the Republican leadership before the bill was brought to the House floor, leaving no provision in either Senate- or House-passed 9/11 legislation. In addition to opposition from TSA officials, the measure to reroute trains around the capital was aggressively opposed by 33 trade groups, including CSX, the company that owns the freight rails running through Washington, D.C., and the Association of American Railroads.³⁰

In another surprising development, the Federal Railroad Administration (FRA) is currently considering a petition from Union Pacific Railroad asking the FRA to allow trains entering the U.S. from beyond the U.S.-Mexico border to avoid safety inspections at domestic border facilities. The FRA has not yet conducted an examination of the Mexican inspection facility to determine if it meets U.S. standards and is considering the petition in a notice-and-comment rulemaking thus far dominated by train interests.³¹

Although the Research and Special Programs Administration (RSPA), within the Department of Transportation (DOT), issued new rules for rail tank car crashworthiness in 1989 and again in 1995,³² a 2004 report by the National Transportation Safety Board (NTSB) investigating the fatal crash in Minot, North Dakota, found that the government has “not established adequate testing standards to measure the impact resistance for steels and other materials used in the construction of pressure tank cars.”³³

The NTSB noted that more than half of the nation’s 60,000 railroad tank cars that carry hazardous materials pre-date the 1989 standards and therefore were not designed to withstand predictable levels of stress and are more likely to break open after derailling.³⁴ In particular, the NTSB found that pre-1989 cars constructed from “non-normalized,” or weaker, steel, some of which are expected to remain in use until 2038, pose a much higher risk than post-1989 cars.

Yet both the FRA and the industry raised objections to the NTSB’s efforts, citing the expense and questioning the benefits of requiring all cars in use to meet the safer standard.³⁵ In response to these failures, the NTSB recommended that the FRA conduct an analysis of the impact resistance of older cars, rank the cars according to their risk of

catastrophic fracture, and implement measures to eliminate this risk in older cars. In addition, the NTSB recommended development of a better performance standard for impact resistance for new cars.³⁶

The departments of Transportation, which contains the FRA, and Homeland Security only recently, in August 2004, initiated a very preliminary public discussion on measures to improve security requirements for rail transportation of hazardous materials to protect against their misuse by would-be terrorists.³⁷

The FRA and Homeland Security rulemaking seeks feasibility and cost information to initiate specific security enhancements, including: improvements in security plans, modification of methods to identify shipments; enhanced requirements for temporary storage, strengthened tank car integrity, and implementation of tracking and communication systems. The comment period closes on October 18, 2004. It is unclear when the agencies will move forward to complete a rule and whether any requirements would be phased in over time, a process that could take years.

Large Trucks Make Tempting Targets for Terrorists

Terrorists have used trucks filled with explosives in some of the worst terrorist attacks in history, including the 1998 Africa embassy bombings and the first World Trade Center attack in 1993. The 1993 Oklahoma City domestic terrorism attack by Timothy McVeigh killed hundreds and destroyed a federal building with a truck carrying common agricultural chemicals.³⁸ Terrorists also could attack or hijack a commercial truck carrying hazardous materials and use it as a weapon. Thousands of commercial trucks on the road carry more hazardous materials every day than any of the trucks used in those previous notorious attacks.

Commonsense Steps to Improve Oversight of Hazmat Carriers Ignored

Government monitoring of trucks carrying hazardous material remains weak. There are insufficient checks on where trucks carrying hazardous materials may drive and little oversight as to the types, amounts and locations of trucks moving these potentially lethal loads. Though better monitoring of trucks is technologically feasible and cost-effective, the government has failed to pursue many critical advances in monitoring capabilities.

For instance, equipping trucks with Global Positioning System (GPS) technology and establishing a monitoring center to track trucks would help protect against, and reduce the consequences of, both terrorist attacks and hazardous material spills. Such a measure would incur costs of just a few hundred dollars per truck but could prove invaluable in the event a truck is stolen and misused by terrorists. It also would eliminate maintenance costs associated with keeping manual logs of truck hours-of-service compliance.³⁹ Many trucking companies already equip their trucks and drivers with electronic monitoring for business purposes but have resisted using the devices for safety- and security-related monitoring.

A monitoring center with GPS data on trucks would allow the government to watch for suspicious activities (for example, a truck departing from its intended travel route), to find stolen vehicles, and to designate and enforce high-risk zones in which hazardous materials are not allowed. Equipping trucks with a device that would allow a monitoring center or the police to remotely and safely disable a renegade vehicle would provide critical supplemental powers.

A monitoring center would also reap gains for public health by improving emergency responses to crashes involving trucks carrying hazardous materials. In the event of a crash, the center would receive immediate notification of the event and could supply emergency personnel with the exact crash location and all relevant information about the materials the truck was carrying. The need for prompt communication is often raised by first responders as critical to a meaningful and safe response for workers and the public, and receiving an inadequate response today.

One federal agency with oversight in this area is the DOT's Research and Special Programs Administration (RSPA), which registers carriers that transport hazardous materials for tax and other purposes. Final agency decisions since 9/11 on that topic have, egregiously, lacked many of the needed requirements for its safe transport.

Following pressure from industry, in March 2003 the agency backed away from a proposed requirement that each truck carry a current copy of the vehicle's registration papers.⁴⁰ And while it adopted a requirement that carriers must develop a "security plan," the agency declined to specify the elements needed for any such plan. This approach is like telling a child to do his or her homework but failing to provide any assignment or to check whether it has been done.

Similarly, while requiring that employee hazmat training contain a security component, the agency did not specify the contents of that training or provide employers with guidance on what should be included. These types of content-free rules do little to improve safety or obviate legitimate security concerns.

In May 2003, a rule issued by the RSPA failed to extend placard, or labeling, requirements to include greater quantities of hazmat transported in quantities of less than 1,000 pounds and refused to include agricultural chemicals, such as the ammonium nitrate used to blow up the Murrah federal building in Oklahoma City in 1995.⁴¹ Ammonium nitrate – farm fertilizer – is extremely dangerous and can be easily purchased by terrorists. Yet only two states – Nevada and South Carolina – require retailers that sell this fertilizer to maintain records on all purchasers.

Federal law enforcement officials say they cannot control sales of the chemical. Agricultural states and the chemical industry – two extremely powerful influences in the federal government – have blocked measures to extend the labeling requirements, saying that placarding rules would burden farmers, while first responders have strenuously objected to the lack of rules requiring safety markings. Firefighters and emergency personnel remain deeply concerned that first responders will not have the information

they need to protect workers and the public after an accident or deliberate misuse of the chemicals.

The other agency charged with maintaining truck safety, the Federal Motor Carrier Safety Administration (FMCSA), has similarly dropped the ball as to new terrorist threats from the misuse of large trucks. Although FMCSA exercises nominal oversight over new carrier companies entering the trucking marketplace through safety inspections within the first nine months of operations, the initial application for operating authority consists merely of a short application form and small fee, both transmittable over the Internet.

There is only minimal federal oversight of a change in a carrier's status from a regular trucking company to a hazmat carrier. Any carrier company with an acceptable operating authority application could upgrade from non-hazmat cargo to hazmat cargo by merely informing the RSPA of the change and complying with the RSPA's rules on placarding and fees. In other words, a company can seek authority from the FMCSA for transporting apples one week and ship hazardous materials the next. So long as the RSPA was notified and paid an additional fee – for tax, and not security, purposes – no rule would be violated.

FMCSA's FY2005 budget request to Congress on hazmat security notes that:

Terrorists can potentially use trucks transporting hazardous materials to conduct attacks against the United States. Certain materials such as explosives, poison gases, radioactive materials, and flammable gases have the potential to be used as weapons of mass destruction to inflict catastrophic consequences, including loss of thousands of lives, environmental degradation, interruption to mobility and commerce, and destruction of vital infrastructure if these materials are released, either accidentally or deliberately.

Yet FMCSA's 2004 budget proposal indicates that both the "leading indicators" and "performance goal for the FMCSA's hazmat security program [are] still under development."⁴²

While the agency from 2002 to 2004 conducted a large number of outreach and "security sensitivity" visits to carriers that transport hazmat, it failed to evaluate the outcome of this outreach in terms of improved security. FMCSA also targeted for "enhanced" security visits carriers that transport highly dangerous materials, yet, as below, the agency demonstrated considerable hesitancy in issuing regulations to achieve the same goal.

October 2004 news reports indicated that FMCSA soon will publish results from its evaluation of hazmat security technologies, tests conducted since 2002. Yet it was again unclear whether rules mandating the technologies would be forthcoming.⁴³

Rules for Transporting Highly Toxic or Explosive Materials Seriously Deficient

When asked by Congress to develop a safety permit system for carrier companies transporting highly hazardous materials, including explosives and materials that are toxic upon inhalation, FMCSA issued a loophole-riddled final rule. While the rule establishes some preconditions for motor carriers to receive a safety permit, including a security plan registered with the RSPA and a crash and out-of-service rate below the top 30 percent of the national average, the rule also fails in several key ways to provide adequate safety and security.

Specifically, the final rule specifies that only motor carriers transporting *radioactive* materials are required to prepare and provide drivers with a written route plan, rather than all carriers of non-radioactive explosive and other very dangerous materials. This decision was a step backward from the agency's proposed rule, which had contemplated a written routing plan for all affected hazmat carriers.

The final rule also backtracked from the proposal in terms of the communications plan requirements, requiring far less frequent communications between the driver and carrier than initially proposed. A driver carrying extremely deadly chlorine gas, making a 7.5-hour trip from Boston to Washington, D.C., could be hijacked near the beginning of the trip and the truck could be more than 400 miles away before the motor carrier would necessarily have reason to suspect a problem.

Moreover, both the final rule and proposal required only a pre-trip inspection if the shipment contains radioactive materials. Considering the massive risks posed by a crash or terrorist attack involving explosives or toxic materials, the agency should insist upon a pre-trip inspection for all such shipments.

As this suggests, the routing of hazardous materials is a matter of particular concern for security. Many in the security community suggested after 9/11 that routing patterns should be revised so that dangerous materials may not be trucked through densely populated and vulnerable areas. Yet FMCSA's rules on routing patterns for hazmat make it difficult to adopt a security-based approach, instead facilitating industry challenges of such efforts on economic grounds.

Non-radioactive hazmat routing is done by the states and Indian tribes, not by the federal government. The FMCSA has not issued any regulations that require states and American Indian tribes to create and enforce highway routing controls for transporting these types of hazardous materials.

If states and tribes do implement routing controls, FMCSA sets out specific procedures they must follow, many of which place industry's interest in reducing costs above safety- or security-based routing plans. For example, under FMCSA's rules, states and tribes must designate routes that are as short as possible and that do not unnecessarily delay transport of the materials. Moreover, trucking interests may appeal to FMCSA to

challenge routing designations made by states or tribes, and seek federal pre-emption to overrule particular state or tribal routing designations.

It is clear that routing rules in the wake of 9/11 should apportion some greater weight to safety and security concerns than is currently available to concerned states and localities. Federal regulations concerning routing allow carriers to appeal decisions and seek preemption on cost grounds, undermining the clear duty of states and localities to minimize the risks to citizens.

Checks on Drivers of Commercial Trucks and Licensing Fraud Also Inadequate

Reports published soon after 9/11 indicated that a number of individuals connected with terrorist networks had obtained or applied for licenses to drive trucks carrying hazardous materials.⁴⁴ In June 2004, DHS announced that it had conducted computer background checks on 2.7 million drivers licensed to carry hazardous materials; 29 were determined to have possible connections to terrorist activity.⁴⁵ Industry groups have opposed the new security measures, including a fingerprint-based background check requirement for commercial truck drivers. That program fell eight months behind schedule and likely will not begin to be phased in until January 2005.⁴⁶

Fingerprint-based background checks could be combined with driver identification technology that would lock a truck until a registered driver signed in with his or her fingerprint. Fingerprint-based driver identification technology would protect against theft, including the possibility of terrorists stealing a truck to use in an attack while a driver is sleeping, eating or filling out paperwork away from the truck.

The FMCSA has done little in this area to alleviate security concerns. Indeed, the agency's foot-dragging on mandates enacted by Congress throughout the 1990s was so acute that Public Citizen was forced to sue to get five of these safety rules issued in 2001. A settlement agreement stemming from that litigation set out a schedule for the issuance of the proposed and final rules.

As agreed in the lawsuit, in May 2004, FMCSA finally issued a long-overdue rule – pending since 1991 – intended by Congress to establish training requirements for entry-level truck drivers. However, the rule as issued merely requires instruction on certain technical and legal issues (such as how to comply with hours-of-service laws). It does not set out any mandatory requirements, or even guidelines, for hands-on or operational driver training, as Congress had intended, and as studies of the issue in the mid-1990s recommended as necessary for improved safety.⁴⁷

The rule's focus on testing rather than real training requirements is the subject of another, still-pending legal challenge by Public Citizen. The lack of genuine training rules for entry-level drivers means that commercial truck driver positions are far easier to obtain than they should be, in violation of both safety and security concerns.

The system of state licensing programs for drivers of commercial trucks is equally sketchy. The Department of Transportation's Office of Inspector General (DOT OIG) found in an audit last year that the current level of state checks on issuance of commercial driver's licenses still provides ample opportunities for individual would-be drivers to fraudulently obtain commercial driver's licenses (CDLs).⁴⁸

The inspector general's findings were sobering. Since 1998, suspected fraud in the testing and licensing of commercial drivers has been identified in 16 states. Their enforcement efforts have uncovered numerous scams involving foreign and illegal workers who fraudulently obtain CDLs from corrupt state licensing officials, often through licensing mills that provide fake CDLs for several dozen untrained drivers.

The inspector general concluded that the FMCSA should strengthen its oversight of the state's CDL programs and made key recommendations to reduce the incidence of fraud and improve state licensing protocols. Currently, the DOT does not require annual state certifications of licensing programs to be supported by any reviews or monitoring procedures. It also does not conduct functional reviews, monitor key data on CDL licensing transactions or do an assessment of the adequacy of controls in place in the states during its oversight reviews.

In its audit, the DOT's inspector general recommended commonsense steps to tighten state programs for issuance of CDLs, including:

- Requiring CDL applicants to prove they are U.S. citizens or otherwise legal. Only four of 13 states visited had such laws.
- Requiring CDL applicants to prove their state residency. Only one of the 13 states did this independently.
- Requiring states to verify applicant Social Security numbers.
- Establishing training and qualification standards for CDL driver examiners.
- Requiring a CDL applicant to have a passing score on the knowledge test before a learner's permit could be issued. (FMCSA had drafted proposed regulations related to this but had not released it for comment at the time of the report.)
- Establishing performance-oriented English proficiency standards and agreed-to testing protocol. (FMCSA had said it was considering a revision to the standard in 1997, but nothing has been issued.)

In addition, the DOT inspector general's recommendations that FMCSA strengthen its oversight of state programs included the following:

- Prescribing sets of requirements for annual state certifications.
- Performing nationwide reviews targeted at specific state functions across states (*i.e.*, oversight of third-party testers). (FMCSA stated that it plans to conduct these reviews, but none had been scheduled or initiated.)
- Regular monitoring of key data on CDL transactions. The CDL license information system generates routing management reports showing the volume of CDL transactions, but FMCSA has not monitored key data in the system.

- Improving the compliance indicators FMCSA uses as a tool for determining state compliance with CDL standards. Right now, the indicator does not include questions or tests to determine implementation of federal standards.
- Improving oversight of third-party testers.
- Using sanctions to enforce compliance and promote corrective actions. Neither FMCSA nor its predecessor withheld federal highway funds for enforcement.

Yucca Mountain Disaster Rolls on Due to Administration's Efforts

On top of its failures to take decisive action in a number of areas, the Bush administration is proposing to increase hazardous materials transport risks by proceeding with the controversial plan to deliver some 100,000 shipments of highly radioactive nuclear waste across 44 states for storage at Yucca Mountain, Nevada.⁴⁹

Most of America's nuclear waste is generated at power plants east of the Mississippi River, so the waste would have far to travel.⁵⁰ The environmental risks of storing the material at Yucca Mountain are serious enough, but the dangers of shipping the radioactive waste by truck or rail – one to six shipments a day for 24 years⁵¹ – make the decision even worse. As U.S. Sen. Harry Reid (D-Nev.) has said, “Every one of those trucks, every one of those trains, is a target of opportunity for a terrorist.”⁵²

Over time, terrorists could learn the pattern of deliveries, identify shipments and attack these nuclear train cars and trucks with explosives or anti-tank weapons, causing a leak of material that could threaten thousands or millions of people. Each train car would carry 240 times the amount of long-lived radioactive material that was released by the Hiroshima bomb.⁵³

Department of Energy (DOE) and Nuclear Regulatory Commission (NRC) testing has found that truck casks are vulnerable to sophisticated anti-tank weapons and high-energy explosive devices, which can breach the wall of the cask. But, as the “backpack” bombings in Madrid on March 11, 2004, show, it does not take a sophisticated missile to successfully attack a train or train tracks. According to testimony by former Undersecretary of Energy Robert Card at a House Energy and Commerce Committee hearing on March 25, 2004, the DOE does not intend to include a specific analysis of the Madrid train bombings in developing its transportation security plan.

Other regulatory agencies that are supposed to be involved in regulating the transport of high-level waste should also be examining these threats. According to testimony by officials from the Government Accountability Office (GAO) on March 23, 2004, before the Senate Committee on Commerce, Science, and Transportation, “The lack of clearly delineated roles and responsibilities [between the Transportation Security Administration and the Department of Transportation] could lead to duplication, confusion, and *gaps in preparedness*”⁵⁴ [emphasis added].

Ultimately, the robustness of the shipping casks will determine whether radioactivity is released if there is an accident or an attack. Yet the NRC does not require full-scale testing as part of its cask certification process. None of the casks that are now used in the United States have undergone full-scale testing. And there are no plans for full-scale testing of the casks that could be used for waste shipments to Yucca Mountain.

The DOE, Transportation Security Administration, Department of Transportation, and NRC should assess the Madrid bombings and other terrorist risks and determine the types of security measures that would be needed to protect shipments of nuclear materials to Yucca Mountain.

Campaign Contributions by the Railroad and Trucking Industries

The railroad industry, its main trade association, the Association of American Railroads, and their employees have contributed nearly \$2.5 million to Bush campaign efforts since the 2000 election cycle, according to Public Citizen’s analysis of data provided by the Center for Responsive Politics. [See Figure 1.]

Ninety-three percent of that total came from the nation’s three largest railroads: Union Pacific, Burlington Northern and CSX.⁵⁵ [For a complete list of campaign contributions by company, see Figure 4.]

The political influence of the trucking industry is harder to quantify because the industry is so decentralized – with thousands of small companies and independent

operators hauling the nation’s freight. However, the trucking industry trade associations – primarily the industry’s main lobbying arm, the American Trucking Associations – contributed nearly \$418,000 to the Bush presidential campaigns, the Bush-Cheney Inaugural Committee and the Republican National Committee.

The chemical industry also had a major interest in laws or regulations governing the transport of hazardous materials. As detailed earlier in this report, though not included in the totals for this section, chemical companies and their trade associations have contributed more than \$8 million to Bush campaign efforts.

**Figure 1
Hazmat Transport Industry Contributions to Bush & RNC,
2000-2004**

Company/ Organization	Election Cycle						Total
	2000		2002		2004		
	Bush	RNC	Inaugural	RNC	Bush	RNC	
Railroads	\$70,550	\$921,690	\$100,000	\$956,258	\$294,451	\$120,475	\$2,463,424
Trucking	\$8,093	\$107,000	\$100,000	\$223,042	\$20,100	\$4,125	\$462,360
TOTAL	\$78,643	\$1,028,690	\$200,000	\$1,179,300	\$314,551	\$124,600	\$2,925,784

Source: Public Citizen analysis of data provided by the Center for Responsive Politics. Totals include contributions from political action committees and individual members or employees of an organization, as well as unrestricted “soft money” donations from individuals and corporate treasuries before the 2004 election cycle (when such donations became illegal). Contribution data are as of October 1, 2004.

Hazmat Rangers and Pioneers

Five top railroad executives and two top representatives of the American Trucking Associations were named “Rangers” or “Pioneers” – the honorary titles given by the Bush campaign to those fundraisers who collect at least \$200,000 or \$100,000, respectively. These individuals personally brought in at least \$1.3 million – and almost certainly much more – for Bush campaign efforts in 2000 and 2004. [See Figure 2.]

Figure 2
Hazmat Transport Industry Rangers and Pioneers, 2000 & 2004

Name	Employer	Occupation	Fundraising Status	Minimum \$ Bundled
Duane Acklie	American Trucking Associations	Immediate Past Chairman ⁵⁶	2004 Ranger†	\$500,000
Alvin R. Carpenter	CSX	Vice Chairman ⁵⁷	2000 Pioneer	\$100,000
Hussein Cumber	Florida East Coast Industries	Vice President	2004 Ranger	\$200,000
Richard K. Davidson	Union Pacific	Chairman, CEO & President	2004 Ranger	\$200,000
Bill Graves	American Trucking Associations	President & CEO	2004 Pioneer	\$100,000
Drew Lewis	Union Pacific	Retired Chairman & CEO ⁵⁸	2000 Pioneer*	n/a
Matthew K. Rose	Burlington Northern Santa Fe	Chairman & CEO	2004 Ranger	\$200,000
TOTAL	--	--	--	\$1.3 million

Source: Public Citizen research and analysis of Bush campaign disclosures, www.WhiteHouseforSale.org.

*Pledged to become a Pioneer in 2000 but campaign would not confirm if bundler reached the goal or how much was collected.

†Achieved “Super Ranger” status after collecting \$300,000 for the Republican National Committee in 2004, in addition to at least \$200,000 raised for the 2004 Bush campaign. This money is included in the “Minimum \$ Bundled” total.

In 2000, two top railroad executives pledged to become Pioneers – Alvin R. Carpenter of CSX and Drew Lewis of Union Pacific. Carpenter, then the railroad’s vice chairman, collected at least \$100,000 for Bush. Also a major fundraiser for Florida Gov. Jeb Bush, who has appointed him to several state advisory panels, Carpenter retired in February 2001 but remains a consultant for CSX.⁵⁹ Carpenter’s donations may have helped his then boss, CSX Chairman and CEO John Snow (who had supported Sen. John McCain’s presidential aspirations), to secure a spot on the Department of Transportation transition team.⁶⁰

Of course, Snow – whom Bush would nominate in late 2002 to replace the ousted Paul O’Neill as Treasury Secretary – previously had served at the Department of Transportation under President Nixon and President Ford (whose chief of staff was Dick Cheney). Snow rose to the position of deputy undersecretary of the DOT before being tapped to head the National Highway Traffic Safety Administration (NHTSA) in 1976, Ford’s last year in office.⁶¹ Returning to the government 17 years later – but keeping his annual CSX pension of \$2.47 million – Snow brought along several CSX colleagues, such as the company’s top lobbyist Arnold Havens, who became general counsel of the Treasury Department.⁶²

The Bush campaign never confirmed whether Drew Lewis, retired chairman of Union Pacific and secretary of transportation under President Reagan, ever reached his \$100,000 fundraising goal. Any involvement Lewis hoped to have with the new administration may have been sidelined by personal problems.

But Union Pacific – the country’s largest railroad – had an inside track to the Bush administration through Dick Cheney, who had been a member of its board of directors.⁶³ Lewis’ successor at Union Pacific, Richard K. Davidson, served on the DOT transition team, as did officials from the Association of American Railroads, the American Short Line & Regional Railroad Association, and Norfolk Southern.⁶⁴

In a 2003 profile, Davidson told *Railway Age* that he “firmly believes that government regulation of critical infrastructure companies must be avoided. Instead, we should rely on market forces.”⁶⁵ In September 2002, Bush appointed Davidson as chairman of the National Infrastructure Advisory Committee and member of the Homeland Security Advisory Council, which is charged with advising the president on “developing and coordinating the implementation of a comprehensive national strategy to secure the United States from terrorist threats or attacks.”⁶⁶ Last year, Davidson was succeeded as chairman by NIAC member and Ranger Erle Nye, CEO of electric utility TXU.⁶⁷

Davidson became a Ranger in 2004. Also raising at least \$200,000 for Bush was Matthew K. Rose, CEO of Burlington Northern Santa Fe, the country’s second largest railroad. Rose took the reins of Burlington Northern in 2002.

The other railroad industry Ranger, Hussein Cumber of Florida East Coast Industries, is less notable for his work as a lobbyist and spokesman for the short line freight hauler than his precocious fundraising prowess. The campaign’s youngest Ranger, he raised at least \$200,000 for Bush at age 29. His fiancé has collected an additional \$50,000 to qualify as a “Maverick,” and Cumber helped put together a \$1.3 million fundraiser featuring the president in Fort Lauderdale in September 2003. His fellow Rangers are impressed. “He’s of the caliber of men and women who run the country in a big-time position,” one told *The New York Times*. “If this is 29, what will he be when he’s 39 or 49?”⁶⁸

For its part, the trucking industry produced a pair of Bush rainmakers from its main lobbying group, the American Trucking Associations (ATA). Bill Graves, ATA president and CEO, raised at least \$100,000 for the Bush campaign in the current cycle. Graves filled the top spot at the ATA just two days after completing his second term as governor of Kansas. An interim president had been keeping his seat warm since the trade group announced his hiring while he was still in office in 2001. Graves is reportedly close to Bush, who appointed Graves' wife to head the Commission on Presidential Scholars. As Timothy P. Lynch, president of the Motor Freight Carriers Association, told a trucking trade publication shortly before Graves arrived in Washington: "I can assure you, given his relationship with the resident at 1600 Pennsylvania Ave., he will have no problem getting his phone calls returned."⁶⁹

Duane Acklie, the immediate past chairman of the ATA and CEO of Crete Carrier Corp., is one of the Republican Party's biggest fundraisers. A Republican National Committeeman from Nebraska, Acklie not only raised at least \$200,000 for the Bush campaign, but achieved "Super Ranger" status after collecting an additional \$300,000 for the RNC. Acklie also served as co-chairman of Bush's Nebraska finance team in 2000 before joining the Bush transition team at the DOT. In 2003, Bush named Acklie chairman of the Student Loan Marketing Association. He received the Sallie Mae appointment just a few weeks after co-hosting a \$500,000 Bush fundraiser in Omaha with Union Pacific's Davidson at which Dick Cheney appeared.⁷⁰

At least 13 different trade associations, railroads and trucking companies lobbied the federal government on hazmat transport security issues during the past three years. Lobbyists are not required to itemize their lobbying expenditures, so it's impossible to know exactly how much was spent to thwart stricter federal security requirements. However, Public Citizen's analysis of federal lobbying disclosure records does provide a measure of the industry's clout in Washington. Since 2002, these groups and companies have spent nearly \$43 million on federal lobbying. [See Figure 3.]

Figure 3
Hazmat Transport Industry Lobbying, 2002-2004

Company/Organization	2002	2003	2004*	Total
Railroads	\$16,378,040	\$16,856,429	\$2,140,000	\$35,374,469
Trucking	\$3,347,578	\$4,008,028	\$100,000	\$7,455,606
TOTAL	\$19,725,618	\$20,864,457	\$2,240,000	\$42,830,075

Source: Public Citizen analysis of lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House, 2002-2004. Dollar amounts reflect the total federal lobbying expenditures by companies and organizations during reporting periods in which they lobbied on hazmat and transportation security issues. Lobby disclosure reports do not itemize expenditures for specific lobbying issues or bills.

*Totals include lobbying through June 30, 2004. As of October 1, mid-year 2004 lobby disclosure forms were unavailable for some firms that lobbied on hazmat and transportation security issues in prior years.

Two-thirds of the total lobbying spending came from the Association of American Railroads (\$12.6 million) and its four biggest members – Burlington Northern (\$3.1 million), CSX (\$4.9 million), Norfolk Southern (\$4.4 million) and Union Pacific (\$8.4 million). The American Trucking Associations spent \$5.4 million from January 2002 through June 2004 on efforts to influence the federal government. [See Figure 5 for annual lobbying totals for all hazmat transport industry companies and trade groups.]

The lobbying by the railroad and trucking industries were bolstered further by the chemical industry. As chronicled elsewhere in this report, chemical companies and their trade associations spent \$101.8 million on federal lobbying during the same period.

Leading experts on hazardous materials transport security:

Jay Boris, U.S. Naval Research Laboratory, Washington, D.C.

Matthew Brzezinski, journalist, author of *Fortress America*, Washington, D.C.

Stephen E. Flynn, senior fellow, Council on Foreign Relations, New York

Wenonah Hauter, Critical Mass Energy and Environment Program, Public Citizen

Rick Hind, legislative director, Toxics Campaign, Greenpeace USA, Washington, D.C.

Gerry Poje, member, U.S. Chemical Safety and Hazard Investigation Board,
Washington, D.C.

**Figure 4
Hazmat Transport Industry Contributions to Bush/RNC,
2000-2004**

Company/ Organization	Election Cycle						Total
	2000		2002		2004		
	Bush	RNC	Inaugural	RNC	Bush	RNC	
American Trucking Associations	\$6,843	\$69,450	\$100,000	\$204,800	\$12,750	\$1,000	\$394,843
Association of American Railroads	\$2,500	\$15,000	--	\$15,000	--	--	\$32,500
Burlington Northern Santa Fe	\$6,750	\$297,625	--	\$398,066	\$106,751	\$1,000	\$810,192
CN / Canadian National Railways	\$1,000	--	--	\$66,251	--	\$625	\$67,876
CNF	--	\$25,000	--	--	--	--	\$25,000
CSX	\$25,750	\$168,750	--	\$80,400	\$13,000	\$31,000	\$318,900
Genesee & Wyoming Inc.	\$2,000	--	--	--	\$2,000	\$200	\$4,200
Florida East Coast Industries	--	--	--	--	\$9,750	--	\$9,750
Kansas City Southern	\$4,000	\$15,000	--	--	\$4,000	\$250	\$23,250
Motor Freight Carriers Association	\$250	\$11,100	--	\$11,272	\$500	--	\$23,122
Norfolk Southern	\$1,000	\$18,665	--	\$11,655	\$7,700	\$1,500	\$40,520
RailAmerica	\$1,250	--	--	--	--	--	\$1,250
Union Pacific	\$26,300	\$406,250	\$100,000	\$379,886	\$150,250	\$85,900	\$1,148,586
Wheeling & Lake Erie Railway	--	\$400	--	\$5,000	\$1,000	--	\$6,400
Yellow Roadway ⁷¹	\$1,000	\$1,450	--	\$6,970	\$6,850	\$3,125	\$19,395
TOTAL	\$78,643	\$1,028,690	\$200,000	\$1,179,300	\$314,551	\$124,600	\$2,925,784

Source: Public Citizen analysis of data provided by the Center for Responsive Politics. Totals include contributions from political action committees and individual members or employees of an organization, as well as unrestricted "soft money" donations from individuals and corporate treasuries before the 2004 election cycle (when such donations became illegal). Contribution data are as of October 1, 2004.

**Figure 5
Hazmat Transport Industry Lobbying by Company, 2002-2004**

Company	2002	2003	2004*	Total
American Short Line & Regional Railroad Assn.	\$140,000	--	\$200,000	\$340,000
American Trucking Associations	\$2,767,578	\$2,588,028	\$60,000	\$5,415,606
Association of American Railroads	\$5,625,984	\$6,760,000	\$220,000	\$2,605,984
Burlington Northern Santa Fe	\$1,480,200	\$1,420,000	\$220,000	\$3,120,200
CNF	\$420,000	\$1,300,000	--	\$1,720,000
CSX	\$2,375,000	\$2,496,500	--	\$4,871,500
Genesee & Wyoming Inc	--	\$280,000	--	\$280,000
Kansas City Southern	\$400,000	\$800,000	\$220,000	\$1,420,000
Motor Freight Carriers Assn	\$40,000	\$40,000	--	\$80,000
Norfolk Southern	\$2,280,000	\$1,000,000	\$1,100,000	\$4,380,000
Owner-Operator Independent Drivers Association	\$60,000	\$40,000	\$20,000	\$120,000
Union Pacific	\$4,076,856	\$4,099,929	\$180,000	\$8,356,785
Yellow Roadway	\$60,000	\$40,000	\$20,000	\$120,000
TOTAL	\$19,725,618	\$20,864,457	\$2,240,000	\$42,830,075

Source: Public Citizen analyses of lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House, 2002-2004. Dollar amounts reflect the total federal lobbying expenditures by companies and organizations during reporting periods in which they lobbied on hazmat and transportation security issues. Lobby disclosure reports do not itemize expenditures for specific lobbying issues or bills.

*Totals include lobbying through June 30, 2004. As of October 1, mid-year 2004 lobby disclosure forms were unavailable for some firms that lobbied on hazmat and transportation security issues in prior years.

Endnotes

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Ports Unsecured: America's Vulnerable Shipping Borders

For terrorists who might wish to inflict massive harm on the United States, international cargo transport is an attractive target because there are so many points of vulnerability: millions of shipping containers, hundreds of ports and dozens of methods to damage infrastructure, disrupt the world economy and harm Americans. Today, just 4 to 6 percent of shipping containers arriving in U.S. ports are inspected.

Despite the formidable difficulties of identifying and preventing terrorist attacks against ships and ports, security experts have developed some sound strategies for greatly reducing the risks. In fact, since 9/11, a number of important security initiatives have been adopted, such as the Maritime Transportation Security Act (MTSA) of 2002. This law requires federal inspection and security rules for all port facilities and vessels, more security and customs officials, new screening equipment, port safety improvements, and loans and grants for security infrastructure.

Putting a new law on the books does not solve the problem, but it is a decent starting point. Yet many of the existing security measures fall far short of what the Coast Guard and independent experts recommend. In addition, the implementation of security goals, let alone the stronger measures, is irregular and poorly directed. On Oct. 14, the inspector general's office of the Department of Homeland Security (DHS) released a report concluding that the container inspection system could not prevent terrorists from sneaking weapons of mass destruction into U.S. ports.¹

There are two basic problems, according to a range of critics:

- **There is neither an overall strategic plan nor strong federal leadership for improving port security.** U.S. Sens. Patty Murray (D-Wash.) and Joseph Lieberman (D-Conn.) have charged that the Bush administration has not convened and mobilized port authorities, shipping firms, and state and local governments, but instead has suggested that port security is a problem for the private sector to sort out.² Stephen Flynn, a preeminent port security expert and author of "America the Vulnerable," accuses the administration of "an appalling lack of engagement on this issue."³
- **Funding today is \$1 billion short of what is needed for basic security improvements.** Three years after 9/11, the administration not only has failed to provide adequate funding for port security measures but even has proposed eliminating funding for a pilot program designed to test the security of containers entering our ports.⁴

The administration's failure of leadership on port security is disturbing. "A terrorist attack – launched on or through our ports – would not only have a tragic human

toll, but it would also bring a large part of our economy to a standstill,” Sen. Murray has warned.⁵

A Port Attack is Feasible, if Not Likely

Terrorist attacks on ships, ports and transportation infrastructure could come in many forms. As the *Christian Science Monitor* has described it:

“Smuggling a biological or chemical weapon in a ship container could be just one approach. Another might be exploding an oil tanker at anchor, an action that might wreak devastation on petroleum ports. Or a large vessel could simply be used as a bludgeon, knocking out bridge abutments and blocking ship channels.”⁶

If a vessel blew up in the inner harbor of a city built around a port – such as Boston, Baltimore or Charleston, S.C. – the physical and psychological effects could be devastating.⁷

Container ships also could be used to smuggle weapons into the country for detonation in the middle of a city. Vice President Dick Cheney, in the recent debate with Sen. John Edwards, said, “The biggest threat we face today is the possibility of terrorists smuggling a nuclear weapon or a biological agent into one of our own cities and threatening the lives of hundreds of thousands of Americans.”⁸

Former Navy Secretary John Lehman, a member of the 9/11 Commission, told Congress in August 2004: “[W]e know from interrogations and other sources of intelligence that there is a very keen interest [among Islamic terrorists] in economic disruption as a tool.”⁹

- **Al Qaeda has a demonstrated capacity for using ships as weapons.** A small boat containing explosives rammed the USS Cole in Aden, Yemen, in October 2000, killing 15 Americans. Al Qaeda used a similar attack against a French oil tanker in October 2002. Hearings of a House subcommittee on March 26, 2003, revealed that al Qaeda may own as many as 15 cargo ships,¹⁰ and Osama bin Laden’s group has been linked “to a network of cargo freighters that could be used either in operations or for group logistics,” the *Christian Science Monitor* reported.¹¹
- **Current security measures are a sieve.** Experts believe that ordinary cargo shipments and drug smuggling offer plenty of opportunities for terrorism. “Absent intelligence about the fact that something may be awry in a particular shipment, the chance of material getting through is very, very good,” said Graham Allison, a former assistant secretary of defense who is now director of Harvard University’s Belfer Center for Science and International Affairs, which held a seminar on the topic in May 2003.¹²
- **ABC News successfully shipped depleted uranium into the United States on two occasions.** In late July and August 2004, in a test of port security, ABC News

shipped a suitcase of about 15 pounds of harmless uranium inside a teak trunk from Jakarta, a city regarded as an al Qaeda hotspot, to Los Angeles. Customs agents did not detect the mock bomb.¹³ This was the second time ABC News had successfully breached port security.

Commenting on the ABC News story, Graham Allison, said, “The test that you put to them [homeland security agents], which looks to me to be a fair test, they fail. What indeed is the most likely way that a nuclear weapon would be delivered by a terrorist to the U.S.? The most likely way is in a cargo container ship.”¹⁴

Rather than acting on the threat, the FBI and Department of Homeland Security were outraged by the embarrassing revelations and began an investigation of ABC News personnel and others involved in the project. In a letter to Attorney General John Ashcroft and Homeland Security Secretary Thomas Ridge, Sen. Charles Grassley (R-Iowa) decried the move as “a chilling effect on legitimate investigative reporting,” adding, “[i]f my neighbor told me my barn was on fire, my first instinct would be to thank my neighbor and get some water for the fire. I worry that the government’s first instinct is to pour cold water on the neighbor.”¹⁵

Episodes like these have convinced experts like Stephen Flynn that a terrorist attack through shipping channels is likely. “I’m afraid it’s just a question of *when*, not *if*, terrorists will exploit maritime containers to do harm in the United States,” Flynn said. “There’s no question the system is open and vulnerable.”¹⁶

Economic and Other Impacts of an Attack Upon the Port System

- **Huge economic costs from a terrorist attack.** Each year, U.S. ports process \$728 billion in U.S. imports and exports.¹⁷ The economic consequences of a terrorist attack on a port are suggested by the impact of a labor dispute on West Coast ports in the fall of 2002, which resulted in an estimated loss to the national economy of \$1 billion a day.¹⁸ A small boat attack on the Louisiana Offshore Oil Port, the largest U.S. oil terminal, could disrupt the supply of 25 percent of U.S. imported oil.¹⁹ “If we have a two-week shutdown of U.S. ports, we will collapse the global trade system,” Stephen Flynn told Congress in August. “That’s what we’re talking about.”²⁰
- **Military preparedness could be harmed.** A port attack not only would affect America’s economic power but its military capacity as well. After “Impending Storm,” a military exercise in May 2003 to test port defenses, Col. Jim Haas, director of the Defense Secretary’s Strategic Policy Forum, worried that lengthy closures of ports could impede the military’s ability to project power. “Port security is not just homeland security,” said Haas. “It is national security.”²¹
- **A gridlock of global trade.** Major retailers such as Wal-Mart and Home Depot depend upon a sophisticated and interdependent supply network to replenish their shelves on a daily “just-in-time” basis. Major manufacturers such as General Motors

also depend upon the reliable delivery of parts from overseas suppliers. If ports were shut down in the aftermath of a terrorist attack, it could devastate major sectors of the economy and cause enormous job losses.²²

Weak Efforts to Make Containers More Secure

As a matter of geography, defending America's ports and coastline poses major challenges. Our nation has 361 seaports and river ports, 95,000 miles of coastline and about 26,000 miles of navigable waterways.²³ A huge number of ships and a staggering amount of cargo move through these waterways and ports. Every year, 8,100 foreign cargo ships make 50,000 visits to the United States. They deliver an average of 21,000 containers every day, or nearly 8 million containers a year. They arrive from 3,000 ports worldwide.²⁴

At the heart of maritime transport are shipping containers – metal boxes that are 40 feet long, 8 feet tall and 8 feet deep. About 90 percent of the world's cargo is shipped in these containers, mostly in ships. A single ship may carry as many as 3,000 of them. Any single container could contain deadly explosives, radioactive materials, biological weapons or human stowaways. Currently the Coast Guard and the Customs Service can verify the contents of only 4 to 6 percent of all containers.²⁵ Many of these containers are loaded directly onto trucks and rail cars.

Since it is impossible to achieve 100 percent inspection rates of shipping containers – global trade would grind to a halt – security experts are urging a comprehensive system of “end-to-end visibility and accountability” for containerized cargo.²⁶ Three basic strategies are needed, according to Stephen Flynn: 1) a system to ensure that only legitimate and authorized goods are loaded onto containers; 2) systems to assure that containers are not tampered with during shipment (such as “smart box” technologies); and 3) rapid and effective inspection methods for suspicious cargo.²⁷

The DHS has begun a Container Security Initiative (CSI)²⁸ and a Customs-Trade Partnership Against Terrorism, both of which attempt to identify high-risk containers for inspection and improve the overall security of the container system.²⁹ In addition, the Maritime Transportation Security Act of 2002 has led to a variety of new security requirements: the inspection of cargo manifests before a ship arrives in port; improved lighting, higher fencing, X-ray machines and cameras for better surveillance and cargo inspection; more security officers and Coast Guard and Customs Service personnel; and expanded training for security personnel.³⁰

These requirements became effective on July 1, 2004. Unfortunately, implementation of the MTSA has not received adequate funding. More to the point, writes Stephen Flynn:

“None of these programs address the core cargo security imperative of confirming that the goods loaded into a container from the start are indeed legitimate and that the container has not been intercepted

and compromised once it is moving within the transportation system.³¹

In addition, for these complex security strategies to work, they must have “sufficient visibility and accountability” and they must be pursued collaboratively with other federal agencies and with other nations. This sort of leadership and coordination simply has not occurred. Port security has become a bureaucratic orphan, with the Coast Guard focusing on ships and their crews, but not the cargo, and the U.S. Customs and Border Protection focusing on the cargo, but not the ships or other transport issues.³²

M.R. Dinsmore, the chief executive of the Port of Seattle wrote in *The Washington Post* in September 2004: “What we need is for the federal government, and the Department of Homeland Security in particular, to produce a set of standards, practices and protocols giving clear policy guidance and to make intelligent investments to secure our ports. And we need a clear and agreed-upon process that would reopen ports quickly in the event of an attack.”³³ None of these things thus far has been done.

Senator Joseph Lieberman charged in a statement to the press in February 2004 that: “Customs does not have a systematic or substantial program of random inspections to test the accuracy of its targeting program, seriously undermining the entire inspection program and the goal of preventing dangerous or illegal materials from entering the country – a point underscored by the Government Accountability Office (GAO) in recent testimony on cargo security.”³⁴

Operation Safe Commerce (OSC) is a pilot program launched in three major ports – Seattle/Tacoma, Los Angeles/Long Beach and New York/New Jersey – to test the security of containers entering the country through 19 different supply chains. The program aims to provide the tools needed to verify the contents of containers at their point of loading, ensure containers have not been tampered with and track their movements through foreign ports. But President Bush proposed a budget for FY 2005 that eliminates OSC, and Congress failed to restore the funding.³⁵

Stephen Flynn concludes that the Bush administration has pursued a “tepid, piecemeal approach to container security.”³⁶

Poor Bureaucratic Coordination, Weak Federal Leadership

Energetic, strategic leadership on port security has been singularly absent. Three years after 9/11, the Coast Guard and U.S. Customs and Border Protection have not yet signed a memorandum of agreement to delineate their respective responsibilities and how they would share information.³⁷

Former Navy Secretary Lehman testified before the House of Representatives in August 2004 that: “The impression we have is that there is no coordinating leadership in addressing these problems internationally and it has to be done because the maritime world ... is utterly dependent on cooperation between the port of embarkation and the port of debarkation.”³⁸

In his book “America the Vulnerable,” Stephen Flynn points out that “there is an appalling lack of engagement on this issue [port security]” at the State Department, Treasury Department, Commerce Department and U.S. Trade Representative, “despite the importance of global transportation to our national interests. For too long, port and container security has been viewed by these players as a backwater problem to be hashed out by technocrats and security professionals.”³⁹

The Bush Administration Has Grossly Underfunded Port Security

Admiral Thomas Collins, commandant of the Coast Guard, told Congress in 2003 that it would cost \$1.5 billion in the first year and another \$7.3 billion over the following 10 years to implement the Maritime Transportation Security Act of 2002.⁴⁰ Lehman told Congress in August 2004 that there is “serious underfunding” of port security and the Coast Guard (the federal agency with primary responsibility for port security).⁴¹

But for three straight years following 9/11, Bush failed to include *any* money for port security grants in his proposed budget. The president requested only \$46 million for FY 2005.⁴²

Despite Bush’s inaction, Congress did provide \$425 million for FY 2003 to FY 2005 in port security grants,⁴³ still *\$1 billion short of what the Coast Guard estimates is necessary to make basic improvements in physical security to American ports.*⁴⁴ Republicans in the Senate on 10 separate occasions over the past two years defeated amendments to add hundreds of millions more for port security.⁴⁵

In response, Sen. Frank Lautenberg (D-N.J.) told reporters: “It appears that the administration expects port authorities and facility operators to comply with new security regulations with little federal assistance.”⁴⁶

Homeland Security Secretary Ridge has suggested that the difference between projected needs for port security and the federal appropriations in the FY ’05 budget for implementing the Maritime Transportation Security Act should be made up by the private sector. Ridge told Congress: “The [funding] gap is a place where we need to have a public debate as to whether or not since these basically are intermodal facilities where the private sector moves goods in and out for profit that they would be responsible for picking up most of the difference.”⁴⁷ Yet no steps have been taken by the Bush administration to solicit or require private-sector funding of new security. So it simply has not happened.

This prompted Sen. Murray to say in an interview with the press that: “The administration is suggesting that developing a comprehensive port security regime is not the government’s responsibility. If the federal government walks away and sticks our local ports and businesses with a billion-dollar bill this year, we won’t get the security we need, and our families, economy and country will remain just as vulnerable to attack.”⁴⁸

Urgent port security needs were underscored on Oct. 14 when the DHS Office of Inspector General released a report that said, “Improvements are needed in the inspection process to ensure that weapons of mass destruction or other implements of terror do not gain access to the U.S through oceangoing cargo containers.”⁴⁹

Republicans have frequently railed against “unfunded mandates” by the federal government. When it comes to homeland security to protect our ports, however, the Bush administration seems to have no problem with unfunded federal mandates.

The Real Risks of Inadequate Port Security Funding

The insufficiency of funding for port security means that:

- **Too few containers are inspected.** “Experts agree, increasing inspection from the current 4-6 percent to 10 percent would be a quantum leap in protection and would be relatively inexpensive, costing a few hundred million dollars,” according to Bloomberg News.⁵⁰ But the Bush administration’s FY 2005 budget proposed no federal funding increases for the screening of containers.⁵¹
- **Inspectors are not adequately trained.** Inspectors working on the Container Security Initiative “are receiving no formal language or other training to prepare them for overseas posting,” said Stephen Flynn. Yet this initiative is the centerpiece of the Bush administration’s cargo security effort.⁵²
- **International security codes cannot be enforced.** Flynn told a House Committee in August 2004 that the Coast Guard does not have enough personnel to verify that all foreign vessels are complying with the International Ship and Port Facility Security Code, a set of new maritime regulations designed to detect and deter threats to international security.⁵³
- **Not enough staff can be hired to pursue new security initiatives.** The Customs-Trade Partnership Against Terrorism program – a joint government/business initiative to cooperatively secure the overall supply chain and border security – does not even have the staff to review the nearly 5,000 initial applications it has received.⁵⁴
- **Innovative pilot programs are threatened.** Operation Safe Commerce was jeopardized by the elimination of funding proposed by the Bush administration. “Smart box” technologies have not been widely implemented for lack of funding and leadership. Image scanning of containers at ports – at a cost of about \$50 per container, or less than 2 percent of a typical shipment – has not been implemented.⁵⁵

Port and Shipping Industry Campaign Contributions to Bush

Trade groups and individual firms involved in port security are small-time players when it comes to financing political campaigns. As a relatively small industry, their lobbying presence in Washington is not very robust either.

No one from the trade groups or individual firms involved in port security issues ranked among Bush’s biggest fundraisers. In fact, the industry as a whole contributed only \$25,800 to Bush’s two presidential campaigns – and just \$500 to the Republican National Committee (RNC) since 2000 – according to Public Citizen’s analysis of data provided by the Center for Responsive Politics. [See Figure 1.]

Sixty-two percent of the money given to Bush came from Maher Terminals, which operates the largest container terminal in the Port of New York and New Jersey. Maher Terminals President Basil Maher and Brian Maher, the company’s chairman and CEO, account for almost all of the donations. Basil Maher testified before Congress about port security in 2001 and 2002 on behalf of the National Association of Waterfront Employers (NAWE), the trade association for U.S. terminals, and the U.S. Maritime Alliance (USMX), which represents terminal management in negotiations with longshore workers. Basil Maher serves as president of NAWE, while Brian Maher is a vice president of USMX.⁵⁶

The World Shipping Council (WSC), a Washington-based trade association that represents 40 international shipping companies, and its members accounted for the other donations to Bush.⁵⁷ The biggest WSC donor was Maersk Inc., a Danish shipping company that also operates container terminals. [For a complete list of campaign contributions by company, see Figure 4.]

Figure 1
Port & Shipping Industry Contributions to Bush & RNC,
2000-2004

Company / Organization	Election Cycle				Total
	2000		2004		
	Bush	RNC	Bush	RNC	
Maher Terminals	\$10,000	\$250	\$6,000	--	\$16,250
World Shipping Council & Shipping Cos.	\$7,000	--	\$2,800	\$250	\$10,050
TOTAL	\$17,000	\$250	\$8,800	\$250	\$26,300

Source: Public Citizen analysis of data provided by the Center for Responsive Politics. Totals include contributions from political action committees and individual members or employees of an organization, as well as unrestricted “soft money” donations from individuals and corporate treasuries before the 2004 election cycle (when such donations became illegal). Contribution data are as of October 1, 2004.

Bush Rangers and Pioneers

While no port or shipping executives ranked among the Rangers or Pioneers, a pair of rainmakers plays a key role in port security issues. Bush filled key positions at the Federal Maritime Commission and the U.S. Maritime Administration (MARAD) with Pioneers who pledged to raise \$100,000 for Bush in 2000. [See Figure 2.]

Figure 2
Port & Shipping Industry Pioneers

Name	Employer	Occupation	Fundraising Status	Minimum \$ Bundled
A. Paul Anderson	Federal Maritime Commission	Commissioner	2000 Pioneer	\$100,000
William G. Schubert	U.S. Maritime Administration	Maritime Administrator	2000 Pioneer*	n/a
TOTAL	--	--	--	\$100,000

Source: Public Citizen research and analysis of Bush campaign disclosures, www.WhiteHouseforSale.org.

*Pledged to become a Pioneer in 2000 but campaign would not confirm if bundler reached the goal or how much was collected.

Federal Maritime Commissioner A. Paul Anderson received a recess appointment from Bush in 2003, skirting Senate approval, to serve out the remainder of a five-year term expiring in 2007.⁵⁸ The Federal Maritime Commission is an independent government agency that regulates waterborne commerce and oversees U.S. international liner shipping. Prior to his appointment, Anderson worked as a lobbyist for JM Family Enterprises, a Florida company that distributes, finances and insures vehicles. From 1984 to 1997, Anderson directed corporate affairs at Hvide Marine (now Seabulk International), which provides shipping services to energy and chemical companies.⁵⁹

In 2001, Bush appointed Capt. William G. Schubert to the U.S. Maritime Administration (MARAD), a division of the Department of Transportation, which is responsible for maintaining the U.S. merchant marine and developing maritime industry by, among other things, overseeing federal loan guarantees to U.S. shipbuilders. Schubert previously worked at MARAD from 1986 to 1995, when he became president of a Houston-based ocean-freight consulting firm, International Trade & Transportation Inc. The Bush campaign would not confirm how much money he had collected for the Bush campaign.⁶⁰

Port Authorities Trade Association Makes Its Voice Heard

Four trade associations accounted for most of the industry lobbying on port security issues. The most active group was the American Association of Port Authorities (AAPA), which represents more than 150 public port authorities throughout the Western Hemisphere.⁶¹ The group spent nearly \$2 million lobbying Congress, the Department of Homeland Security, the Transportation Security Administration, the U.S. Coast Guard and the U.S. Customs Service from January 2002 to June 2004.⁶² [See Figure 3.]

The World Shipping Council (WSC) spent \$1.2 million over two and a half years to lobby Congress, the Coast Guard and the Customs Service on maritime and port security, among other issues. Several ocean shipping companies also lobbied Congress on port security issues. [See Figure 5 for annual lobbying totals for all port security-related companies and trade groups.]

The U.S. Maritime Alliance (USMX), which represents terminal management in negotiations with longshore workers, spent \$380,000 on federal lobbying, mostly in Congress, from 2002 through the first half of 2004. Its sister organization, the National Association of Waterfront Employers (NAWE), reported more lobbying activity – recording contacts to Congress, the Coast Guard, the U.S. Customs Service, and the Labor and Transportation departments – but recorded less than \$10,000 in lobbying expenses in every recent reporting period.⁶³

A fourth group, the National Customs Brokers & Forwarders Association of America (NBFAA), a trade association for companies involved in customs brokerage, freight forwarding and other international trade facilitation, spent \$100,000 in 2002 to lobby Congress on maritime and homeland security issues.

Other trade groups – the Waterfront Coalition and the American Association of Exporters and Importers – were involved in the port security debate but did not report any federal lobbying expenditures. Neither were any lobby disclosure forms available yet for two industry coalitions set up in 2004 to lobby on port security issues. The Port Security Council of America, organized in May, includes the AAPA, the Waterfront Coalition and the International Council of Cruise Lines.⁶⁴ In September, Basil Maher helped establish an alliance of terminal operators, shippers and other stakeholders in port security issues that plans to lobby under the banner of the Coalition for Secure Ports.⁶⁵

**Figure 3
Port & Shipping Industry Lobbying, 2002-2004**

Company / Organization	2002	2003	2004*	Total
American Association of Port Authorities	\$754,800	\$794,950	\$404,650	\$1,954,400
World Shipping Council & Shipping Cos.	\$520,000	\$800,000	\$240,000	\$1,560,000
United States Maritime Alliance (USMX)	\$180,000	\$160,000	\$40,000	\$380,000
National Customs Forwarders & Brokers Assn of America	\$100,000	--	--	\$100,000
TOTAL	\$1,554,800	\$1,754,950	\$684,650	\$3,994,400

Source: Public Citizen analysis of lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House, 2002-2004. Dollar amounts reflect the total federal lobbying expenditures by companies and organizations during reporting periods in which they lobbied on port security issues. Lobby disclosure reports do not itemize expenditures for specific lobbying issues or bills.

*Totals include lobbying through June 30, 2004. As of October 1, mid-year 2004 lobby disclosure forms were unavailable for some firms that lobbied in prior years.

Conclusion

For all its tough talk about fighting terrorism, the Bush administration has not shown the leadership needed to make ports and shipping safer and more secure. It has not put forward a comprehensive strategic plan and sought to implement it through executive branch regulation and congressional action. It has not sought the necessary federal funds. It has not confronted the bureaucratic challenges and coordination issues. It has not reached out aggressively to shippers, port authorities, local authorities and foreign ports. The real horror is that this inaction has occurred in the face of known terrorist dangers that could, if successful, have catastrophic consequences.

Figure 4
Port & Shipping Industry Contributions to Bush & RNC,
2000-2004

Company / Organization	Election Cycle				Total
	2000		2004		
	Bush	RNC	Bush	RNC	
APL Ltd.	\$1,000	--	--	--	\$1,000
Crowley Maritime	\$1,000	--	--	--	\$1,000
Maersk Inc. (Maersk-Sealand)	\$5,000	--	\$800	\$250	\$6,050
Maher Terminals	\$10,000	\$250	\$6,000	--	\$16,250
World Shipping Council	--	--	\$2,000	--	\$2,000
TOTAL	\$17,000	\$250	\$8,800	\$250	\$26,300

Source: Public Citizen analysis of data provided by the Center for Responsive Politics. Totals include contributions from political action committees and individual members or employees of an organization, as well as unrestricted "soft money" donations from individuals and corporate treasuries before the 2004 election cycle (when such donations became illegal). Contribution data are as of October 1, 2004.

Figure 5
Port & Shipping Industry Lobbying by Company, 2002-2004

Company	2002	2003	2004	Total
American Association of Port Authorities	\$754,800	\$794,950	\$404,650	\$1,954,400
APL Ltd.	\$100,000	\$100,000	\$100,000	\$300,000
Crowley Maritime	\$60,000	\$160,000	--	\$220,000
Horizon Lines	--	\$240,000	\$100,000	\$340,000
Maersk Inc.	\$160,000	\$80,000	\$40,000	\$280,000
National Customs Forwarders & Brokers Assn of America	\$100,000	--	--	\$100,000
United States Maritime Alliance (USMX)	\$180,000	\$160,000	\$40,000	\$200,000

World Shipping Council	\$200,000	\$ 220,000	--	\$420,000
TOTAL	\$1,554,800	\$1,754,950	\$684,650	\$3,994,400

Source: Public Citizen analysis of lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House, 2002-2004. Dollar amounts reflect the total federal lobbying expenditures by companies and organizations during reporting periods in which they lobbied on port security issues. Lobby disclosure reports do not itemize expenditures for specific lobbying issues or bills.

*Totals include lobbying through June 30, 2004. As of October 1, mid-year 2004 lobby disclosure forms were unavailable for some firms that lobbied in prior years.

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Water Unsecured: Public Drinking Water Is Vulnerable to Terrorist Attack

In his 2002 State of the Union address, President Bush warned that U.S. soldiers fighting in Afghanistan found diagrams of U.S. public water facilities.¹ Later that year, federal officials arrested two suspects in Denver with documents describing how to poison U.S. water supplies.² One of those suspects pled guilty to aiding the Taliban and was released from federal prison in 2004 after providing what prosecutors called “substantial assistance to the government against substantial targets.”³

Few acts of sabotage could be more insidious than delivering poison into a family’s home through tap water. Yet threats to public health and safety are not the only dangers posed by attacks on the nation’s 170,000 public water systems. A disruption in the water supply could also mean that a fire department cannot fight a fire, or that crops would be ruined. In addition, manufacturing, energy generation and any number of other water-intensive industries could be devastated by physical or contaminant attacks on local or regional water systems. Water is a necessity of life, and perhaps the most basic and crucial of society’s public services.

The Bush administration is failing to give water security challenges the attention they deserve. The administration not only has failed to sufficiently fund municipal efforts to protect water supplies from attack, but also has neglected the backlog of infrastructure expansions and repairs demanded by aging and overstretched water and wastewater systems – a backlog that in and of itself poses a potential threat to public health and safety.

In fact, the administration is playing into the hands of huge international conglomerates seeking to choke off federal financial assistance for water and wastewater infrastructure, in the hopes that cash-strapped cities will be forced to turn to radical solutions such as water privatization. A privatized water system could be even less secure because corporate owners would almost certainly resist the implementation of a strong regulatory oversight regime.

The companies at the forefront of the privatization push – the French giants Suez and Veolia and the German conglomerate RWE – have been engaged in a feeding frenzy of acquisition and consolidation in recent years. All three companies have made a serious push to privatize water in the United States, primarily through the acquisition of formerly U.S.-owned companies such as United Water (Suez), USFilter (Veolia) and American Water Works (RWE).

Soft Targets: Water System Vulnerabilities

The water distribution network – the pumping stations, storage tanks and pipes that cover thousands of miles within a metropolitan area – provides countless opportunities to introduce biological, chemical or radiological contaminants and invites physical attacks that could interrupt water supply. The Government Accountability Office (GAO) surveyed a panel of more than 40 nationally recognized experts on water system security. Those experts identified distribution systems as the element in city water system most vulnerable to attack. Experts noted that since the water in the distribution system has already been treated and is in the final stage of delivery to the consumer, introduction of harmful agents “would be virtually undetectable until it has affected consumers.”⁴

A community’s water may come from rivers, lakes, reservoirs, underground sources or any combination thereof, presenting ample opportunity for sabotage. Source waters can cover vast areas that are difficult to protect and defend. Intake transmission lines transferring water from sources to treatment plants are also vulnerable to attack.⁵

Increasingly, computers are used to monitor and operate water systems, rendering the systems vulnerable to cyber-terrorists. For instance, upon hacking into a community water system’s computers, assailants from a remote location could release harmful levels of water treatment chemicals into water prior to distribution to consumers.⁶

Community water and wastewater systems traditionally treat water with chemicals such as chlorine, chloramines or chlorine dioxide, to remove bacteria or other contaminants. An assault on stored chemicals, particularly gaseous chlorine, could release a cloud of toxic gas into a densely populated area. Indications of the seriousness of the threat include:

- As recently as 1999, at least 62 wastewater treatment plants alone reported “that a major chemical accident at their facility could affect 100,000 or more people.”⁷
- At each of five wastewater plants in the United States – Denver, Modesto, Calif., Detroit, Salt Lake City and Tampa – a major chemical accident could affect more than 900,000 people.⁸
- As of 2003, at eight water treatment plants – three within Southern California’s Metropolitan Water District, and one each in the metro areas of St. Paul, Houston, Nashville, New Orleans and Dallas-Fort Worth – a major chemical accident could affect more than 900,000 people.⁹

Chemicals added to water supplies pose an additional threat in that they could be altered or contaminated at the treatment plant, subsequently contaminating the water itself.¹⁰

The experts surveyed by the GAO identified two “overarching issues” affecting security of the nation’s drinking water systems. The first was the absence of back-up systems in light of the need for redundancy – the “linear” structure of many water systems means that an attack on a single point in the system could render the entire system contaminated or inoperable. Second, the experts observed that most utilities lack sufficient information to recognize and understand which vulnerabilities pose the greatest threat to individual water systems.¹¹

In the meantime, multiple, coordinated attacks on water systems in a number of cities – either a physical attack on facilities or an attack that contaminates water supplies – could inflict severe damage not only on the residents of individual communities, but on regional industries, with ripple effects that could harm the economy. For example, if a coordinated attack of bombings were to take down many reservoirs at once, “the economic impacts would be astronomical,” observed Jeffrey Danneels, a leading water security researcher at Sandia National Laboratories in New Mexico.¹²

Coming Up Short: The Department of Homeland Security’s Efforts to Contain the Threat

The Public Health Security and Bioterrorism Preparedness and Response Act of 2002 (Bioterrorism Act) required communities in which drinking water systems serve more than 3,300 people to conduct assessments of their vulnerabilities to terrorism by June 30, 2004. Communities must provide those assessments to the Environmental Protection Agency (EPA) and prepare emergency response plans in accordance with the threats discovered.¹³ The Department of Homeland Security, pointing specifically to the vulnerability assessment requirements in the Bioterrorism Act, contends that cities have taken “great strides” toward protecting water resources from terrorism.¹⁴

Unfortunately, the mandates placed on the nation’s cities have not been accompanied with realistic financial support.

- The Bioterrorism Act authorized \$160 million for the vulnerability assessment program.¹⁵ The EPA ultimately provided \$113 million.¹⁶
- The American Water Works Association (AWWA), an organization of water supply and system professionals, estimates the cost of conducting vulnerability estimates nationwide at \$500 million.¹⁷
- The administration capped the maximum individual grant for vulnerability assessments at \$115,000.¹⁸ AWWA estimates the cost of conducting a vulnerability assessment of a large water system from a minimum of \$100,000 to “several million dollars.”¹⁹

AWWA estimates that the costs of merely first steps – fences, locks, lights and alarms – will run as high as \$1.6 billion nationally.²⁰

Water security experts surveyed by the GAO note that “the likelihood exists that Congress and the administration will be asked to provide much larger sums to go beyond *planning* for upgrading drinking water security to the *implementation* of security upgrades. By most accounts, it will cost billions of dollars to upgrade security for drinking water utilities.”²¹

That could be a problem. A “report card” recently released by members of a Senate Democratic task force on homeland security through the office of U.S. Sen. Charles Schumer (D-N.Y.) echoes the concerns raised by security experts – that cities have scrambled and scraped to complete vulnerability assessments and now must incur the additional costs to implement their findings. “However,” the Schumer report notes, “there is no federal funding mechanism in place to assist the ... public water systems nationwide [to pay] for security upgrades.”²²

Although the Bioterrorism Act requires communities to submit copies of vulnerability assessments to the EPA, it is by no means clear that the EPA is in a position to use these assessments to determine federal funding needs or priorities. In an effort to keep sensitive information from falling into the hands of terrorists, the Bioterrorism Act precludes the EPA from disclosing any information derived from the vulnerability assessments – effectively exempting the assessments from the Freedom of Information Act. As a result, according to the GAO study, the EPA “would have difficulty, for example, in citing vulnerability assessment findings to support decisions or recommendations on allocating security-related funds among utilities, as well as decisions concerning research priorities or guidance documents.”²³

Forty-six states and the District of Columbia have exempted water system security information from public disclosures under Freedom of Information Act requests.²⁴ But the impulse to protect sensitive information must not be an excuse for the EPA to tie itself up in knots to the point that vulnerability assessments are too secret to be considered when determining funding levels – as experts warned in the GAO report.

The Competing Agenda: Pressure From Private Water Industry Chokes Federal Money for Security and Safety

Adding insult to injury, while there remains no mechanism for providing direct grants to cities to upgrade water security – the funding method cited as the most effective by the experts surveyed by the GAO²⁵ – the Bush administration has consistently tried to cut funding of existing federal water infrastructure programs.²⁶ In three of the last four fiscal years, the administration has proposed cutting the budget for the Clean Water State Revolving Loan Fund to pay for wastewater system upgrades from \$1.35 billion annually to \$850 million.²⁷ The administration resisted calls to raise the Safe Drinking Water Revolving Loan Fund, which provides assistance for water system upgrades.²⁸ Administration officials have even testified that the president is opposed to increasing federal funding for water infrastructure.²⁹

Core infrastructure funding is in and of itself a security concern. The EPA has estimated there will be an enormous gap, perhaps as much as \$500 billion or more, between what is expected to be spent on infrastructure maintenance and what must be spent upgrading plants, pipes and other components that deliver safe water to taps and remove waste from homes and businesses over the next two decades.³⁰ As a 2002 report by the National Academy of Sciences (NAS) noted, “It makes little sense to improve the security of our water system against terrorism without addressing the history of deferred maintenance of the water infrastructure. One of the best and most cost-effective ways to make the water infrastructure more robust against malicious threats is to return its physical condition to a satisfactory level of repair.”³¹

So why has the administration tried time and again to slash funding for existing water upgrade programs? If new monitoring technologies, filtration components or even modernized pumps and storage facilities not only would make systems safer from a public health standpoint but, as the NAS report notes, reduce a system’s vulnerability to attack, why has the administration fought to curtail federal spending on water and wastewater systems?

One answer may be that the transnational private water corporations such as Veolia, Suez and RWE, along with U.S. firms such as Aqua America (formerly Philadelphia Suburban), Southwest Water, OMI, and numerous affiliates and smaller companies, would like to gut federal funding for water systems.

The private water companies view water as a commodity from which to derive profits, rather than a public resource to be managed in the public interest, and have lobbied Congress to curtail federal assistance, which the companies view as an unfair advantage that keeps cities from turning to privatization. As the executive director of the companies’ lobbying arm, the National Association of Water Companies (NAWC), puts it: “We do not see why drinking water and the wastewater utility services should be substantially subsidized by the federal government.”³² From 1997 through 2003, the NAWC has spent more than \$2.3 million lobbying Congress and the federal government.³³

That investment appears to have paid off.

- Administration-backed language in legislation to reauthorize existing federal water funding assistance programs would require cities to consider water privatization before they could receive federal funding.³⁴
- In lockstep with private industry’s goals, the EPA is increasingly playing down the role of federal financial assistance while actively encouraging communities to pay for system upgrades by raising rates to consumers³⁵ – exactly the strategy the industry hopes will drive cash-strapped and embattled local politicians to opt for the false promise of privatization.

The U.S. Conference of Mayors' (USCM) Urban Water Council, which is heavily sponsored by private water companies (USCM's Web site has long been sponsored by Veolia's U.S. arm), also lobbies Congress to curtail federal assistance. Testifying before a congressional committee in April, the Urban Water Council skimmed over the federal role in helping cities meet infrastructure upgrade needs, focusing instead on the industry's desire for regulatory changes that would allow more local public funding of private water companies.³⁶ The industry opposes federal assistance to cities but welcomes public subsidies to companies.

If industry is successful in securing favorable regulatory, tax and legislative initiatives that promote privatization, water systems will in all likelihood be less secure. Privatization introduces "new uncertainties" with regard to water system security, according to a 2002 report by the National Academies of Science. In particular, heightened security requirements raise questions about "the willingness of the private sector to assume the attendant risks under today's laws and insurance markets."³⁷

The Department of Homeland Security's most decisive step with regard to protection of privately owned and operated critical infrastructure systems may be the department's information sharing system. Yet even this is optional, as companies are asked "to *voluntarily* submit infrastructure information to the Federal government to assist the Nation in reducing its vulnerability to terrorist attacks."³⁸ (Emphasis added.)

Water Safety and Security Are Inextricably Intertwined

The professionals who operate the nation's water and wastewater facilities, along with security experts who have analyzed those facilities, have identified many steps that, with appropriate support from the administration and Congress, would protect the public from the threats posed by acts of terrorism against water or wastewater facilities.

For instance, many communities have switched their water and wastewater systems to safer chemicals and technologies such as sodium hypochlorite (liquid chlorine) and ultraviolet light, eliminating the threat posed by chlorine gas. Of the 62 wastewater facilities reporting in 1999 that a chemical accident could affect 100,000 people or more, at least 12 have eliminated the use of chlorine gas. And seven of those – in Baltimore, New Jersey, Washington, D.C., Atlanta, the Detroit area, and two plants in Philadelphia – were among the largest wastewater treatment facilities in the nation, each with more than 1 million people living within a vulnerable vicinity.³⁹

Federal legislation that would address this problem has been blocked by the Bush administration and the chemical industry. Known as the "Chemical Security Act" and sponsored by U.S. Sen. Jon Corzine (D-N.J.), it would require all facilities using large quantities of dangerous chemicals, including water and wastewater plants, to shift to safer chemicals and technologies, when a shift is cost effective.⁴⁰

In the meantime, technologies are being developed to provide near real-time monitoring of chemical, biological or radiological contaminants. The monitors can be

placed at various points throughout the distribution system or even at the “point of service,” alerting consumers directly.

The majority of experts surveyed by the GAO agreed that expansion of research and development of real-time monitoring technologies is the highest-priority water security upgrade in the nation. “Significantly, almost 70 percent of the experts rated this activity as warranting the highest priority for federal funding – far surpassing the rating of any other category,” the GAO reported, adding, “Most of these experts indicated that smaller utilities would be unable to use these technologies without federal support.”⁴¹

Other recommendations from the experts surveyed in the GAO report include:⁴²

- Increasing the capacity of laboratories to test for a full range of contaminants. The GAO report noted that a study from the National Academies of Science raised similar concerns, concluding that a “dearth of laboratory capacity poses a serious limitation to our ability to respond to a contamination attack on the water system.”
- Hardening assets and completing other physical improvements such as fences, locks and surveillance equipment.
- Establishing engineering building concepts geared more toward security and protection.
- Mandating “backflow protections” to block contaminated water from flowing back into the distribution system and making its way to more consumers.
- Additional testing and beefed-up security on computer systems.
- Developing computer models of terrorist attacks to better understand the nature of the threats and gauge the distribution system’s performance in the event of an attack.
- Establishing accurate baseline measurements of concentrations of certain chemicals typically found in a drinking water system.
- More research on membranes, filters and other treatment technologies to better treat potential chemical or biological agents.
- The experts surveyed by the GAO noted the need for additional education and training, and enhanced coordination and communication between water systems and each other, as well as between water systems and public health and safety officials.

The Water Industry's Campaign Contributions to Bush

As industries go, the private water utility industry is a small player in the Washington money game, mostly likely because it's a fledgling industry. Remarkably, 92 percent of the contributions to Bush's campaign efforts from the privatized water utility industry have come from one company: American Water Works Co. In fact, nearly all of the industry's support for Bush can be traced to Bush Pioneer Marilyn Ware, former chairwoman of American Water Works, and her immediate family.

The National Association of Water Companies (NAWC), the industry's main trade association, boasts 20 active members. That membership is composed of three large international conglomerates – Aqua America, Suez and RWE, which bought American Water Works in 2003, their subsidiaries and 11 independent companies. Seven water utilities and their employees made campaign contributions to the Bush campaign or the Republican National Committee during the past three election cycles, giving nearly \$879,000. [See Figure 1.]

The water utility industry also includes companies outside the NAWC, such as French giant Veolia and C2HM Hill, owner of OMI, which has given \$35,000 to the RNC since 2000. [For a complete list of campaign contributions by company, see Figure 1.]

**Figure 1
Water Utility Industry Contributions to Bush Campaign & RNC
2000-2004**

Company / Organization (Parent Company)	Election Cycle						Total
	2000		2002		2004		
	Bush	RNC	Inaugural	RNC	Bush	RNC	
American Water Works (RWE)	\$1,000	\$398,300	\$50,000	\$306,064	\$4,000	\$50,225	\$809,589
Aqua America	--	--	--	--	\$750	--	\$750
California Water Service Company	\$2,000	--	--	--	\$2000	--	\$4,000
Citizens Communication Company	--	--	--	--	\$500	--	\$500
OMI (CH2M Hill)	--	\$15,000	--	\$20,000	--	--	\$35,000
US Filter	\$1,000	--	--	--	--	--	\$1,000
United Water (Suez)	\$7,250	\$1,000	--	\$17,775	\$225	\$1,700	\$27,950
Total	\$11,250	\$414,300	\$50,000	\$323,839	\$7,475	\$71,925	\$878,789

Source: Public Citizen analysis of data provided by the Center for Responsive Politics. Totals include contributions from political action committees and individual members or employees of an organization, as well as unrestricted "soft money" donations from individuals and corporate treasuries before the 2004 election cycle (when such donations became illegal). Contribution data are as of Oct. 1, 2004.

Prominent Water Executive is Bush Pioneer and Partisan Political Player

Marilyn Ware was named a Bush Pioneer after raising at least \$100,000 for Bush's 2004 campaign. But she and members of her family have contributed nearly \$810,000 to Bush, the RNC and the Bush-Cheney Inaugural Committee since the 2000 election cycle.⁴³

Ware also serves on the board of Progress for America (PFA), a Section 527 group dedicated to running ads in support of Bush's re-election.⁴⁴ Progress for America claims to have raised more than \$35 million, chiefly from five major funders who are each Rangers or Pioneers.⁴⁵ The group was founded by Tony Feather, the political director of Bush's 2000 campaign and a consultant for Bush's 2004 campaign.⁴⁶ PFA has been represented by Benjamin Ginsberg, who was counsel to Bush's 2004 campaign until it was revealed that he was also serving as counsel to Swift Boat Veterans for Truth, another Section 527 group, which ran highly controversial and misleading ads blasting

Sen. John Kerry's service in Vietnam.⁴⁷ Those ads have run in Nevada, New Mexico, Wisconsin and Iowa, and were planned for Missouri, Minnesota and Ohio.⁴⁸

Ware was chairwoman of American Water Works from 1988 until it was bought by Germany's RWE for \$8.6 billion in 2003.⁴⁹ At the time, Ware possessed nearly 5 million shares in American Water Works – which RWE bought at \$46 a share.⁵⁰ She remains an adviser to the company,⁵¹ which has benefited from Bush administration policies encouraging water privatization. Ware has been able to help shape those policies on the National Infrastructure Advisory Committee (NIAC), to which Bush appointed her in 2002. The NIAC makes recommendations to the president on national security aspects of the country's infrastructure.⁵²

Water Industry Lobbies for Private Sector Access to Funds

In 2002, when the water utility industry did most of its federal lobbying, the Bush administration opposed increases in funding to state revolving funds, which provide money for local water system infrastructure, in favor of shifting infrastructure responsibilities to the private sector. At the same time, the NAWC was pushing for private sector access to the existing funds, which were dedicated to public water systems. The administration blocked increases in the state funds, but the private companies have not yet gained access to them.⁵³

The water utility industry's lobbying efforts after 9/11 focused on homeland security bills that appropriated money to secure the water infrastructure. The water utility industry spent more than \$1.2 million on efforts to influence the federal government from January 2002 to July 2004, the most recent data available. [See Figure 2.]

The NAWC led the industry's lobbying efforts, spending \$880,000 during the past three years to lobby Congress and the Environmental Protection Agency on water infrastructure and security issues. RWE, CH2M Hill, and United Water, a subsidiary of Suez, also lobbied on water infrastructure issues. [See Figure 2.]

**Figure 2
Water Utility Industry Lobbying by Company and Overall
2002-2004**

Company / Organization (Parent Company)	2002	2003	2004*	Total
American Water Works (RWE)	\$260,000	--	--	\$260,000
CH2M Hill	\$40,000	\$20,000	--	\$60,000
National Association of Water Companies (NAWC)	\$400,000	\$400,000	\$80,000	\$880,000
United Water (Suez)	\$40,000	--	--	\$40,000
Total	\$740,000	\$420,000	\$80,000	\$1,240,000

Source: Public Citizen analysis of lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House, 2002-2004. Dollar amounts reflect the total federal lobbying expenditures by companies and organizations during reporting periods in which they lobbied on water infrastructure and security issues. Lobby disclosure reports do not itemize expenditures for specific lobbying issues or bills.

*Totals include lobbying through June 30, 2004. As of October 1, mid-year 2004 lobby disclosure forms were unavailable for some firms that lobbied in prior years.

Conclusion

An administration that values public health and safety should recognize that there are ways to protect people from assaults on that most basic and necessary of public services – water. But taking the necessary steps will require acting in the interest of people, rather than corporations that aim to control water for profit. A decades-long national commitment to safe and clean water had been allowed to wane well before politicians began referring to the nation as the “homeland” and vowing to secure it. Now, more than ever, a security-conscious president should lead the nation to reaffirm that public – not private – commitment.

Leading Experts on Water System Security:

Jeff Danneels, Sandia National Laboratories
 Kevin Bennett, Federal Bureau of Investigation National Infrastructure Protection Center
 Dennis Juranek, Centers for Disease Control and Prevention
 Michael Keegan, National Rural Water Association

Appendix A of the Government Accountability Office report, “Drinking Water: Experts’ Views on How Future Federal Funding Can Best Be Spent to Improve Security,” lists the experts who participated in the GAO survey.

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