

# PUBLIC CITIZEN

# 2004

# ANNUAL REPORT

PROTECTING HEALTH, SAFETY & DEMOCRACY SINCE 1971

Public Citizen fought hard for its ideals in 2004 — and that fighting spirit was needed more than ever. Fortunately, thanks to the support of more than 150,000 members, Public Citizen made significant gains, under difficult political circumstances, for consumers, the environment and democratic government.

The federal elections grabbed America's attention, and Public Citizen joined the dialogue in a nonpartisan way by standing strong for an honest electoral process. The elections were the first to be held under the new McCain-Feingold campaign finance reform law — which we helped pass after years of advocacy. Because reform laws need the backing of an active citizenry, Public Citizen worked last year to expose how corporations, their lobbyists and other wealthy interests tried to influence the elections.

While Public Citizen used traditional forms of outreach — issuing reports and holding press conferences — the Internet was a key tool. Public Citizen's Web site [WhiteHouseforSale.org](http://WhiteHouseforSale.org), which had 602,976 visitors over the year, tracked big donors to the Bush and Kerry presidential campaigns and exposed their economic interests.

Public Citizen also brought to bear analytical tools not only defining problems but explaining why they persist. For example, Public Citizen issued a pathbreaking report, "Homeland UnSecured," showing that the Bush administration has allowed key parts of America's infrastructure — such as ports, chemical plants and nuclear plants — to go unprotected against possible terrorist attack. The report detailed how massive campaign contributions by key industries have paid off in lax regulation — even with national security at stake.

Public Citizen's role as investigative watchdog is now more important than ever, given that — with a Republican president and a stronger Republican majority in Congress — we confront essentially a

one-party government that will make it difficult to sustain the gains made in recent decades for consumers, the environment and clean government.

Public Citizen showed its versatility by publishing three very different books in 2004: "Courting Change," a history of the Public Citizen Litigation Group; "Whose Trade Organization?," a revised guide to the WTO that is particularly useful for globalization activists; and a new version of "Worst Pills, Best Pills," the best-selling consumer reference on medications. Coinciding with that book was the launch of [WorstPills.org](http://WorstPills.org), a Web site containing all the information in

Public Citizen also worked successfully in 2004 to bring attention to the proposed Central America Free Trade Agreement (CAFTA), an extension of NAFTA that is being heavily promoted by the Bush administration and its corporate allies. Public Citizen has forged alliances with U.S.-based Latino organizations, bringing a new, powerful voice into the trade debate. Partly because of this success, CAFTA was not even considered by Congress in 2004.

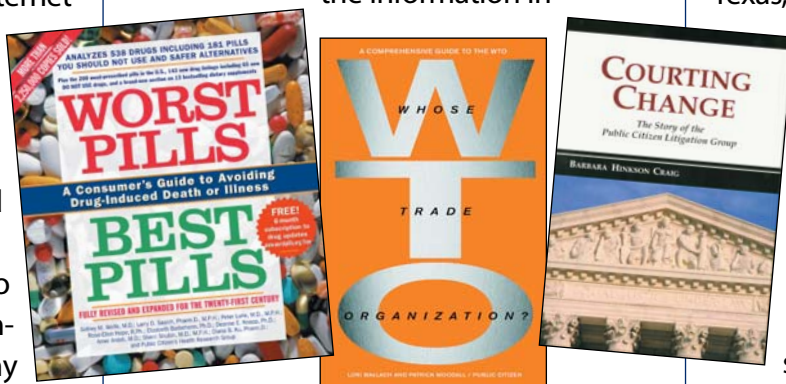
Public Citizen also helped defeat a regressive energy bill in Congress, helped communities in the United States and abroad fend off corporate attempts to gain control of water supplies and municipal water systems, and worked to prevent the building of new nuclear reactors. On many issues, we serve as a vital link between local struggles and national sources of expertise.

And while much of Public Citizen's work is Washington, D.C.-based, we never forget our members throughout the United States. Staffers in our state offices in Austin, Texas, and Oakland, Calif., worked to promote Public Citizen's national projects and brought expertise to major consumer and good-government issues in those states. Public Citizen's Texas office, which celebrated its 20th anniversary, was particularly effective in pushing that state toward the development of clean, sustainable energy sources.

Public Citizen remained active in other struggles — working for passenger vehicle and truck safety, blowing the whistle on auto dealers' shady practices, exposing the hazards of shrimp aquaculture and food irradiation, and protesting corrupt practices in the U.S. Congress.

Backing all of Public Citizen's advocacy is our litigation work, which makes us the nation's premier public interest law firm.

Review the work Public Citizen has done in one short year, and you will find the scope of its activity extraordinary. That's what makes Public Citizen more than just another organization; it is truly a national resource that deserves broad support.



Public Citizen put out three books in 2004, showing the range of issues the organization works on.

the book and more, and providing subscribers with updated drug information.

Public Citizen also fights for consumers within the medical establishment and regulatory agencies. For instance, Public Citizen exposed the dangers associated with a class of prescription pain relievers known as COX-2 inhibitors, which are frequently taken by arthritis sufferers. By the end of the year, one of those drugs, Vioxx, had been taken off pharmacists' shelves and related drugs were under close scrutiny.

## HEALTH

## The Health of a Nation

Protecting the health and safety of Americans is Public Citizen's highest priority and underpins a great deal of the organization's work.

Public Citizen's biggest health-related accomplishment of 2004 was the publication of the new edition of "Worst Pills, Best Pills" and the accompanying launch of an upgraded Web site — [www.WorstPills.org](http://www.WorstPills.org). The task consumed thousands of hours, and the result is the best, most comprehensive consumer guide to medications ever published. This book and Web site will undoubtedly save many lives, as well as millions of dollars that readers will refrain from paying for unnecessary or harmful drugs.

The new edition includes 143 new drug listings, including 65 "do-not-use" drugs, and describes safer (and often less expensive) alternative treatments. For those who subscribe to the Web site — which comes with the book or can be purchased separately — a frequently updated searchable database will give the latest information on safe and questionable medicines. The Web site provides the latest health alerts and content from the book and the *Worst*

*Pills Best Pills* newsletter.

Public Citizen's Health Research Group pressed hard in 2004, as in the past, to take dangerous prescription drugs off the market. Public Citizen publicized risks associated with the antidepressant Serzone (which can cause life-threatening liver damage), the weight-loss drug Meridia (which can raise blood pressure and cause heart problems), and the acne drug Accutane (which can cause birth defects).

A major focus in 2004 was the cholesterol-lowering drug Crestor, which can cause muscle disease and kidney damage in those who take it. A Public Citizen study showed that Crestor caused adverse effects at a higher rate than other cholesterol drugs. Beyond that, we called for a criminal investigation into the conduct of AstraZeneca, the firm that manufactures Crestor, because the company repeatedly failed to make public adverse effects of the drug.

Public Citizen waged a high-profile campaign in 2004 to ban the class of anti-inflammatory drugs known as COX-2 inhibitors. Those include such top-selling drugs as Vioxx, Celebrex and Bextra. Public Citizen recommended that the

Food and Drug Administration (FDA) remove two of the three drugs from the market because they have been found to cause heart attacks, strokes and other cardiovascular problems.

Public Citizen also showed that the pharmaceutical companies have known for years about the risks of taking those drugs but ignored the dangers and sometimes even hid them in order to protect their profits. One victory: Merck in September took Vioxx off the market (though the FDA in early 2005 showed signs that it might permit the drug to be sold again). Significantly, Vioxx was the ninth drug pulled from the market after Public Citizen issued warnings not to use it.

In a matter involving health on the job, Public Citizen together with the Paper, Allied Industrial, Chemical and Energy Workers Union, finally in 2004 forced the federal Occupational Safety and Health Administration (OSHA) to issue regulations on the dangerous metal hexavalent chromium. OSHA acknowledged in 1994 that the metal causes lung cancer, but it took two lawsuits and years of advocacy to get the regulations issued. It's fair to say that nothing would have happened on hexavalent chromium if Public Citizen and the union had not stayed on top of the matter.

Public Citizen tackled the complex problem of food safety in the United States from several different angles in 2004. Top priority went to stopping the spread of BSE, or mad cow disease, by exposing the many gaps in the federal government's prevention programs. We called for stopping imports of risky Canadian beef, and higher standards for cattle feed and for slaughterhouse procedures (like not using the disease-prone parts of cattle). While the U.S. Department of Agriculture did improve enforcement somewhat, Public Citizen keeps pushing for the highest health protection standards.

We also launched a major new campaign in 2004 targeting shrimp aquaculture that included a hard-hitting four-part report, explaining that the import of vast quantities of cheap shrimp from countries in Central America and Asia raises a number of troubling issues:

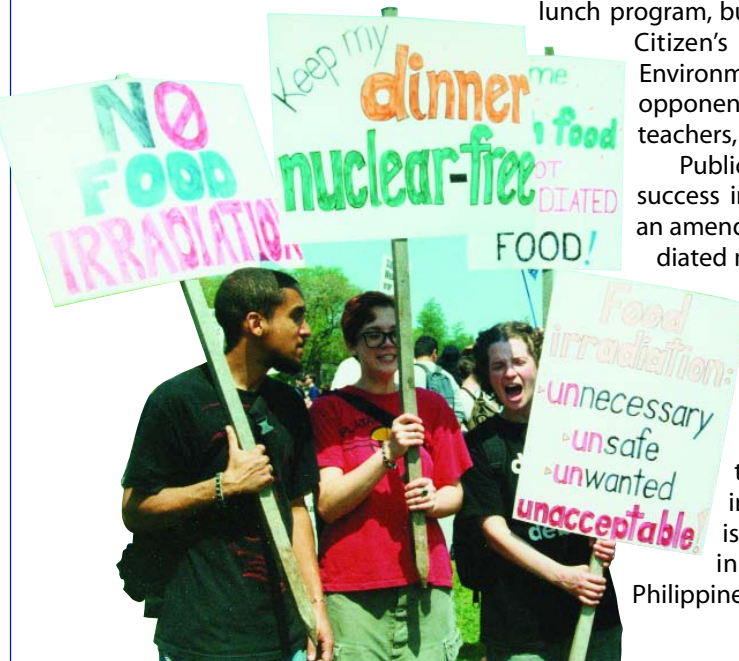
- **Health questions**, because of chemicals such as antibiotics used in growing the shrimp;
- **Environmental concerns**, because shrimp farms gouged out of coastal wetlands in less developed countries can devastate coastal ecosystems; and
- **Trade issues**, as America's ocean shrimp fisheries reel from the low-cost competition.

## Irradiated Meat? Not for Our Kids!

Sometimes Public Citizen's health concerns and environmental concerns combine, most notably in the area of food safety. The U.S. Department of Agriculture (USDA) has been promoting the use of irradiated beef in the nation's school lunch program, but thanks to the work of Public

Citizen's Critical Mass Energy and Environment Program, which organized opponents and educated parents and teachers, there have been few takers.

Public Citizen scored an important success in 2004, when Congress passed an amendment restricting the use of irradiated meat in our nation's schools. For example, the USDA can't mandate or subsidize the use of irradiated meat in schools. As a result, very few schools around the country are serving this questionable meat. Beyond that, Public Citizen has taken international leadership on the issue, organizing and educating in Europe, Brazil, Canada, the Philippines and elsewhere.



## Quote Me on This

Now, after that number [of ephedra-related deaths] has nearly doubled and very little ephedra is being manufactured, the FDA finally announces a ban. This is an inexcusable dereliction of responsibility by an agency that has acted more like an ephedra sales extension agency than the public health agency it is supposed to be.

Dr. Sidney Wolfe, director of Public Citizen's Health Research Group

## 'Worst Pills' On the Web

Along with the publication of the new print edition of Public Citizen's popular book "Worst Pills, Best Pills" came a new Web site, [www.WorstPills.org](http://www.WorstPills.org), which can be used either with the reference book or on its own. The Web site contains the full contents of the book, plus a frequently updated searchable database of drug information.



## Quote Me on This

Hundreds of billions are squandered each year on health care bureaucracy, more than enough to cover all of the uninsured, pay for full drug coverage for seniors and upgrade coverage for the tens of millions who are underinsured.

Dr. Steffie Woolhandler, speaking about a study of health costs nationwide co-sponsored by Public Citizen. Woolhandler is associate professor of medicine at Harvard and a founder of Physicians for a National Health Program.

# Safety Last: Challenging a Reckless Administration

Public Citizen's concern for public safety, which goes back to its earliest work on automobile defects, took an important new turn in 2004. Realizing that questions of war, terrorism and national security had taken on an unusually high profile during a wartime election, Public Citizen brought its unique perspective to the conversation on homeland security by focusing on the major institutional players, their economic interests and how they shaped national decision-making.

The result was the report *Homeland UnSecured: The Bush Administration's Hostility to Regulation and Ties to Industry Leave America Vulnerable*. The report, which can be viewed on Public Citizen's Web site, [www.citizen.org](http://www.citizen.org), under the publications section, details how five key sectors of America's infrastructure — chemical plants, nuclear plants, truck and train transport, ports and water supply — have been permitted to go unprotected from terrorist attack. How can that be? Sadly, the answer is that major corporate interests have so much influence within the Republican Party and the Bush administration that the federal government is unwilling to draw up and enforce safety regulations — even those that could repair gaping holes in America's homeland security.

## Car and Truck Safety

Public Citizen's Automobile Safety Group continued to battle for safer vehicles in 2004 and had some notable successes. For example, an important cause of truck crashes is fatigue, especially when truckers are forced to drive very long shifts. Public Citizen won a unanimous court decision challenging a federal regulation that permits 11-hour shifts for truck drivers. Sadly, Congress passed a law allowing the unwise regulation to remain in effect for a year.

In the quest for safer vehicles, we also:

- pushed for public disclosure of defects as soon as manufacturers find out about them;
- worked for better safety belts that help passengers survive rollovers;
- worked for the rapid, universal installation of new safety improvements, such as tire-pressure indicators and computerized "black boxes" that record what happens during a crash;
- filed a lawsuit demanding that auto manufac-



Public Citizen's president, Joan Claybrook, on CNN. Claybrook often talks to media about vehicle safety, corporate accountability and other issues.

## Public Citizen's Greatest Hits

Coverage in the news media has always been important to Public Citizen, because it is one of the primary ways in which we communicate our research, ideas and opinions to politicians, policymakers, the general public and our members. Measuring this media coverage helps us determine the extent to which we are influencing the public debate over issues

such as automobile safety, the price of prescription drugs or the ethical standards of Congress.

Public Citizen's nationwide media coverage has been increasing substantially in recent years, and that trend continued in 2004. We detected more than 6,700 instances in which Public Citizen was either mentioned or quoted in newspapers, magazines, television or radio in 2004. There were no doubt thousands of other such citations in local media.

Public Citizen President Joan Claybrook was frequently in the news, appearing on such TV shows as NBC Nightly News and ABC's Good Morning America and being quoted by all of the major newspapers on issues involving automobile safety, corporate accountability and congressional ethics.

Prescription drug safety was a hot issue in the news, garnering Public Citizen significant coverage. With questions arising about the safety of the cholesterol drug Crestor, the arthritis drug Vioxx and other medicines, Public Citizen's Dr. Sidney Wolfe was quoted often in national publications such as *The Wall Street Journal*, *Washington Post*, *New York Times*, *Los Angeles Times* and *USA Today*.

Public Citizen also received significant coverage for its role in exposing the influence of wealthy special interests in the presidential campaigns, as well as for its expertise on numerous other issues, including medical malpractice legislation, energy, globalization and water privatization.

turers' recalls be nationwide, not just regional; and

- pushed for passage of federal legislation requiring issuance of key vehicle safety standards for roof crush prevention, side-impact head protection and rollover prevention.

All too often on these issues, Public Citizen had to try to force sluggish and/or pro-industry federal offices to enforce the law — which is supposed to be their mission.

On a closely related issue, Public Citizen issued a major report titled *Rip-Off Nation: Auto*

*Dealers' Swindling of America*, detailing the ways in which countless car buyers every year are defrauded into paying thousands of dollars more than they should. Using documents made available by an industry whistleblower, Public Citizen revealed the precise tactics used by unscrupulous dealers and recommended legislative remedies.

The report was a big hit with the media. In addition, tens of thousands of people visited the report online at [www.autodealerscam.org](http://www.autodealerscam.org).

## Have You Heard The News?



Two of Public Citizen's most popular outreach tools, going to tens of thousands of subscribers, are *Worst Pills Best Pills News*, a monthly newsletter that covers the latest information about medicines and their effects, and the *Health Letter*, a monthly newsletter that covers broad health policy issues and manufacturers' recalls of unsafe products.

## Homeland UnSecured

This photo of a rail car filled with hazardous chlorine gas passing just four blocks from the Capitol in Washington has become symbolic of the administration's slapdash approach to homeland security. Public Citizen's report *Homeland UnSecured* showed that corporate money and influence have contributed to this lax regulation.



## SUVs: Love 'em or Improve 'em

America seems to have a love affair with the SUV, so Public Citizen says let's make them better by making them safer (e.g., avoiding rollover crashes) and improving their fuel economy. Check out the online campaign, [www.betterSUV.org](http://www.betterSUV.org), to find out what's being done and how you can get involved.



# Exposing Rule by Wealth and Stealth

The past four years have witnessed an attempted power grab by corporate interests unlike anything seen in the past century. From tax policy to trade to energy, the wealthiest Americans and their friends in the Bush administration have sought to stack the deck to their own advantage. They have pursued their goals by contributing vast sums to political campaigns and parties, paying for armies of lobbyists and buying advertising to sell their corporate agendas.

In 2004, Public Citizen blew the whistle on all of these abuses and more. Through press conferences, fact-filled reports, up-to-the-minute data on the Internet and work with the news media, experts in Public Citizen's Congress Watch told the nation how powerful interests were attempting to subvert democracy.

Public Citizen's premier outreach tool during the election cycle was WhiteHouseForSale.org, a Web site filled with facts about who was funding the Bush and Kerry presidential campaigns and what their affiliations were. The Web site —



Logo for Public Citizen's online WhiteHouseForSale.org campaign

updated daily during the campaign — was used as a trusted source by numerous journalists, garnering hundreds of mentions in the media. More than 600,000 people in 2004 visited WhiteHouseForSale.org — over 1,600 a day.

As in previous years, *Public Citizen News* published a detailed guide to the upcoming election in its September-October issue. An important contribution was the chart listing congressional votes on key issues, how each member of the House and Senate had voted, and overall "PC" ratings for each member.

In addition to tracking the big picture regarding presidential funding, Public Citizen dug into the details of special interest influence on the political process. The report *America's Dirtiest Power Plants: Plugged into the Bush Administration* described how well-connected polluters have persuaded the administration to roll back clean air requirements. Another report — *Offshoring American Jobs: Corporations, Campaign Cash & Bush Administration Policies* — laid out how major contributors to the Bush campaign benefit from federal policies that encourage them to relocate American jobs overseas.

Partisan non-profit organizations not officially affiliated with any campaign played an enormous and unprecedented role in the 2004 elections, and Public Citizen did important research identifying these groups and explaining to the media and the public what their real agendas were. Public Citizen described the organizations as the "new Stealth PACs," set up as tax-exempt non-profits when their real objectives are indistinguishable from those of political action committees. Public Citizen released a 144-page report about these organizations and established an extensive Web site, [www.stealthpacs.org](http://www.stealthpacs.org), with a database designed to educate the

public and journalists about these shadowy organizations.

In addition to campaign finance, Public Citizen also exposed other abuses of American democracy: the ongoing influence of money and corporate lobbyists in Congress; secrecy in government; and the erosion of democratic processes, especially in the House of Representatives.

One especially hard-hitting campaign — called "DeThrone DeLay" — focused on House Majority Leader Tom DeLay (R-Texas), known as "the Hammer" for his autocratic style and harsh, sometimes unethical fund-raising methods. DeLay was formally admonished three times last year by the House ethics committee for violating ethics standards. Amazingly, DeLay's Republican colleagues responded to their leader's misdeeds by purging the ethics committee and weakening ethics rules.

Public Citizen is keeping up the pressure on DeLay, who faces possible indictment in Texas for his connection to an organization he founded that illegally laundered corporate funds to aid state politicians in a successful drive to take the Texas legislature from the Democrats. Once in office, those politicians enacted a redistricting plan that resulted in more Republicans being elected to Congress from that state.

In line with our ongoing concerns about health care, Public Citizen carefully monitored the struggle in Congress over Bush's deeply flawed Medicare drug bill. A report, *The Medicare Drug War*, explained how nearly 1,000 lobbyists from the pharmaceutical and insurance industries helped the administration pass a law whose benefits would go first and foremost not to seniors but to industry. Another report revealed that the pharmaceutical industry spent at least \$41 million in the 2002 elections through phony "seniors groups" to elect people to Congress who would then pass Bush's Medicare drug law.



Tom "Smitty" Smith, director of Public Citizen's Texas office, speaking before an inflatable, mock "White House For Sale."

## Watching Congress

109th Congress	
Senate Votes	
Passed	Class Action Fairness Act of 2005 02/10/2005 ✗
Rejected	Feinstein-Bingaman Amendment to S. 5 02/09/2005 ✓
Rejected	Kennedy Amendment to S. 5 02/09/2005 ✓
✓=We Supported ✗=We did not Support --=No Position	
House Votes	
Passed	Rules of the House of Representatives 01/04/05 ✗
✓=We Supported ✗=We did not Support --=No Position	

Want to keep track of how Congress as a whole, or your own senators and representative, voted on important public interest issues? Go to Public Citizen's Web site, [www.citizen.org](http://www.citizen.org), and click on Key Votes in Congress. Learn what the issue is, how Public Citizen stands on it, and how the vote went.

## Quote Me on This

Vice President Cheney wants us to believe there is nothing improper about tromping through the woods with a Supreme Court justice who is about to hear his case [or] about meeting behind closed doors with energy barons to formulate energy policy.

Joan Claybrook on Cheney's duck-hunting excursion with Supreme Court Justice Antonin Scalia before the Court heard the case of Cheney's secretive energy task force.

## Act Without DeLay

One of Public Citizen's boldest moves of 2004 was its "DeThrone DeLay" campaign to expose enough of the evildoing of House Majority Leader Tom DeLay so that even his Republican colleagues in the House would feel embar-



arrassed and remove DeLay from his leadership posts. DeLay is tough (his nickname is The Hammer), but as his ethical lapses kept piling up, even The Hammer started to look vulnerable. Check out

the DeThrone DeLay campaign on the Congress Watch section of Public Citizen's Web site.

# Truth, Justice and the American Way

Last year was a tough one for the rule of law and civil justice in the United States. With both the executive branch and Congress in the hands of politicians close to corporate interests, Public Citizen often found itself struggling against the odds to preserve consumer protections, open government and a semblance of integrity in the regulatory process.

A major transition in the Public Citizen Litigation Group came with the departure of the group's co-founder and director, Alan Morrison. Longtime Litigation Group lawyer Brian Wolfman took over as director. Public Citizen recognized Morrison, widely praised as a pioneer of public interest litigation, with the creation of the Alan B. Morrison Supreme Court Assistance Project Fellowship.

The Supreme Court Assistance Project, known as SCAP, is one of the Public Citizen's signature contributions to public interest law. It takes advantage of the expertise of Public Citizen's litigators to help inexperienced attorneys for underdog clients prepare for U.S. Supreme Court litigation.

An essential part of SCAP since 1990 has been a fellowship that permits the hiring every year of a recent law school graduate to screen cases coming before the Supreme Court and coordinate Public Citizen's assistance. That fellowship was strengthened with substantial new funding and renamed the Alan B. Morrison Fellowship.

Not all civil justice battles are fought in the courts, though. The Bush administration has been trying since its first day in office to limit the ability of consumers to hold corporations and medical providers accountable in court when they have been harmed by defective products or medical negligence.

In 2004, that effort was slowed when the U.S. Senate stopped passage of a bill that would have restricted class action lawsuits against big business. Class action cases promote the ability of consumers who have been similarly harmed (for example, by a defective product, telemarketing scam or insurance fraud) to join together in a suit against the wrongdoer. Unfortunately, the earlier victory was short-lived: Congress passed the anti-consumer class action bill in early 2005.

With President Bush and his corporate allies hammering away at the concocted idea that American business is drowning in a sea of excessive lawsuits, one of Public Citizen's most valuable contributions in 2004 was setting the record straight. Time and again, Public Citizen issued

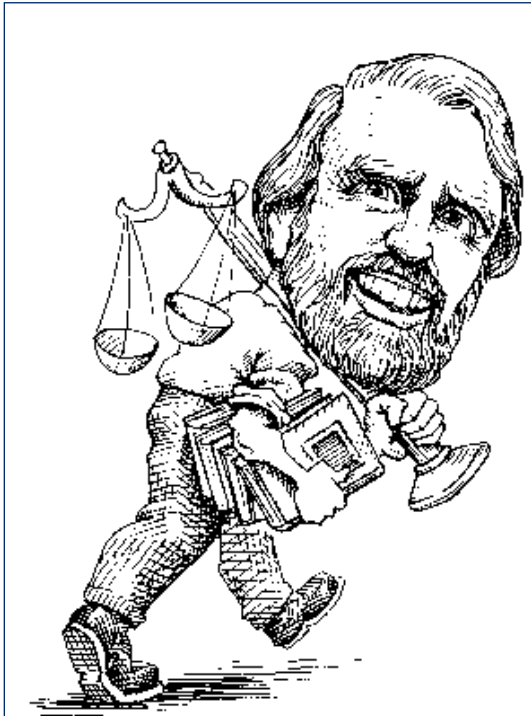


Illustration by Matt Wuerker

## Alan Morrison Heads West

After founding the Public Citizen Litigation Group in 1971 and serving with outstanding dedication for 32 years, Alan Morrison departed in 2004 to teach at Stanford Law. He'll be remembered not only in the hearts of his former colleagues but also in a fellowship in his name at Public Citizen's Supreme Court Assistance Project.

fact-filled reports showing that the alleged medical malpractice crisis is simply a temporary spike in insurance rates caused by investment losses and the economic downturn — not a result of lawsuits and the legal system.

A revealing report called *Frequent Filers: Corporate Hypocrisy in Accessing the Courts* demonstrated that American businesses file four times as many law suits as do individuals. Moreover, federal judges sanction businesses for filing frivolous lawsuits nearly twice as often as they sanction individuals represented by a

lawyer. Public Citizen's well-argued points contributed to more balanced media coverage of this hotly contested issue.

Despite — or perhaps because of — rampant corporate influence in Washington, Public Citizen worked vigorously on a range of civil justice issues in 2004.

### Open Government

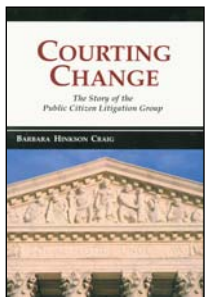
The Bush administration, more than any in recent memory, has done its best to restrict public access to information that might embarrass it or its corporate friends (see [www.bushsecrecy.org](http://www.bushsecrecy.org)). Consequently, Public Citizen went to court several times in 2004 to defend openness in government.

An important case (and victory) was *Program on Government Openness v. Ashcroft*, which challenged the right of the Department of Justice to classify information *after* it has already been made public. It was clear that the case — involving FBI whistle-blower Sibel Edmonds — was one in which the FBI was classifying information not to protect national security but to cover up its own mistakes. Just before the case was scheduled for its first hearing, the FBI folded and acknowledged that the disputed information could be made public.

In other open government cases, we :

- Represented the Sierra Club in the Supreme Court in its long-running challenge to Vice President Dick Cheney's energy task force, whose membership has remained secret in violation of federal law. One interesting twist in 2004: The Litigation Group filed a motion asking that Supreme Court Justice Antonin Scalia recuse himself from the energy task force case, because Scalia had just gone on a hunting junket with Cheney (hosted, not surprisingly, by an oil company president). Scalia refused.
- Challenged the National Highway Traffic Safety Administration's decision to categorically exempt from disclosure auto manufacturers' reports on potential safety defects.
- Prevailed in a longstanding effort to get the Department of Labor to release government reports on a Teamsters' Union pension fund that had been damaged by corruption.
- Continued to press its challenge to President Bush's executive order limiting access to materials of former presidents.

see **JUSTICE** on last page of annual report



## Courting Change

Rising out of the idealism and activism of the 1960s came a group of young, progressive lawyers who banded together to take

on the power structure at a time when public interest lawyering was in its infancy. Read the inside story of these legal gladiators in "Courting Change: The Story of the Public Citizen Litigation Group," one of three books published by Public Citizen in 2004. See page 16 on how to order this book.

## Quote Me on This

The real cause of the spike in medical malpractice insurance rates is a soured economy that reduced investment income for insurers. Now, even though the stock market has rebounded, doctors and insurers are still blaming innocent victims for trying to hold bad doctors and avaricious insurance companies accountable.

Public Citizen President Joan Claybrook



## Nuclear Waste? No Thanks!

Public Citizen was part of a coalition that won an important victory in 2004 in the struggle for safe energy. A federal court ruled that the planned Yucca Mountain high-level radioactive waste dump in Nevada did not meet standards set by Congress and could not proceed.

# Energizing and Enlightening Citizens

**P**ublic Citizen's Critical Mass Energy and Environment Program scored major successes in 2004, despite the growth of corporate power in all branches of the federal government.

Perhaps the most important victory of 2004 was the defeat of a massive pro-industry energy bill that would have promoted nuclear power, allowed drilling for oil in the Arctic National Wildlife Refuge, repealed anti-trust consumer protections and fulfilled almost every other desire of the big energy interests. An enormous effort by consumer, environmental and other progressive organizations helped stop this monstrous bill in the Senate. Unfortunately, congressional Republicans are sure to be back with a new version of the bill in 2005 (and with a stronger Senate majority).

Public Citizen also kept the heat on big energy companies that persist in despoiling the environment, overcharging consumers and bilking their own shareholders and employees. Reports focused attention on abuses by Dominion Resources, as well as the criminal activities of Enron and other companies that stole billions from West Coast consumers in the fabricated "energy crisis" of 2000-2001. In one egregious case, Public Citizen lodged complaints when Reliant Energy, after being indicted for market manipulation, still received government contracts.

## No Nukes is Good Nukes

For decades, Public Citizen has worked to expose and oppose the dangers of nuclear power, and 2004 saw major action on that front. In July, the U.S. Court of Appeals for the D.C. Circuit handed a severe setback to plans to build a high-level radioactive waste dump at Yucca Mountain in Nevada. The court said that the U.S. Environmental Protection Agency (EPA) ignored federal law in establishing requirements for the dump, thus further slowing and complicating approval of the expensive, dangerous project. Public Citizen was one of several organizations (along with the state of Nevada) that sued the EPA.

The struggle over Yucca Mountain has enormous ramifications for nuclear power in the United States, because without a place to store its existing highly radioactive waste, the nuclear industry will find it difficult to build new waste-generating power plants.

In partnership with concerned citizen groups, Public Citizen was also in the forefront of opposing construction of new nuclear plants in Illinois, Mississippi and Virginia. While no new licenses for reactors have been issued in 25 years, a stream-

Last year saw a significant victory for Public Citizen and its allies when a federal court ruled that the planned nuclear waste dump at Yucca Mountain ignored legal requirements.

lined "one-stop shopping" process now makes it easier for utilities to get Nuclear Regulatory Commission (NRC) approval of new plants, as well as federal subsidies for some of the costs.

An ongoing issue for Public Citizen is fighting to ensure that citizens' voices are heard as the NRC increasingly tries to exclude citizen groups from regulatory and court hearings and cut off crucial information. Despite this trend, Public Citizen did gain standing to intervene in a licensing hearing for a uranium enrichment facility in New Mexico.

In a coalition with environmental organizations and farmers groups like the National Family Farm Coalition and FarmAid, we also worked in 2004 to highlight the ways in which U.S. farm policy focuses on the needs of the biggest agribusiness interests, while ignoring small farmers, fair trade and the environment. For example, in its efforts to raise questions about farming methods, Public Citizen developed a 20-minute video — available in English, French, Portuguese, Spanish and Polish — documenting the "factory farm tour" it conducted in 2003 for farmers from seven countries.

## Deep in the Hearts of Texans

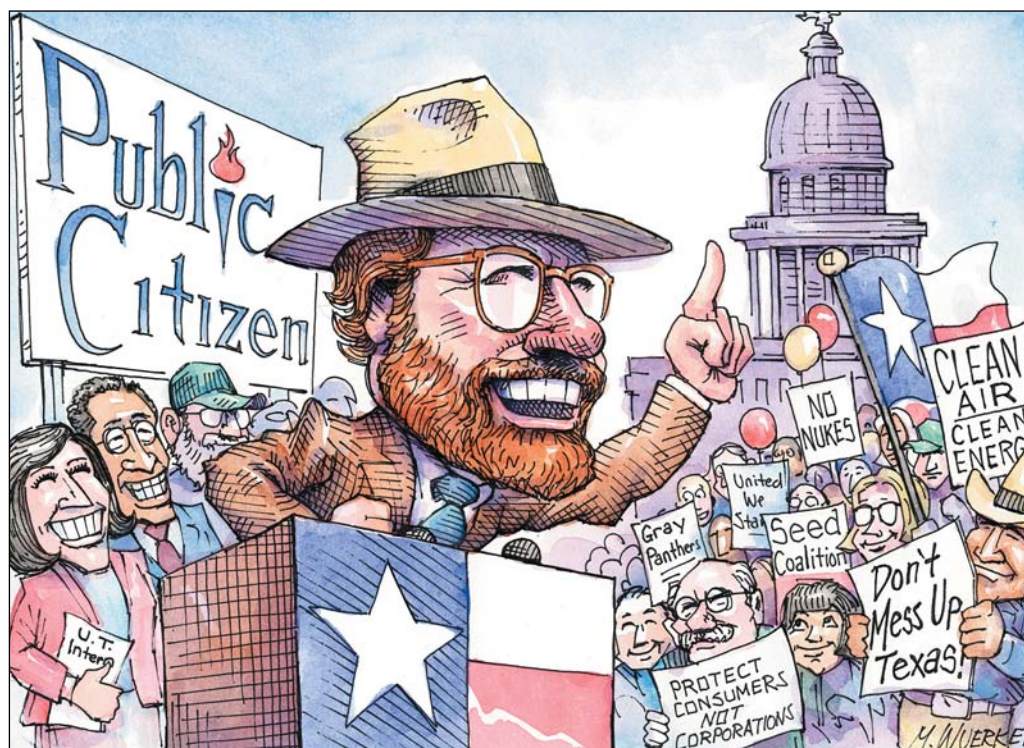


Illustration by Matt Wuerker

A graphic celebrating the 20th anniversary of Public Citizen's Texas office. At the podium is Tom "Smitty" Smith, the Texas office's director, wearing his usual white hat so you know he's one of the good guys.

**P**ublic Citizen's Texas office turned 20 in 2004, a birthday recognized by a gala celebration in October. Of course, the organization used the occasion to build support for its campaigns and its outstanding internship program.

While the Austin-based Texas branch works on a broad range of issues, a special focus has been on clean, renewable energy. Case in point: Public Citizen's Solar Austin Campaign won four awards for its effort to make the sun-drenched state capital a model solar city with at least half its energy coming from renewable resources.

Another campaign with strong grassroots support in 2004 aims at limiting unhealthy mercury emissions from coal-fired Texas power plants. Texas has more mercury air pollution than any other state.

In San Antonio, where a corporation has proposed a new coal plant upwind of the city, Public Citizen turned out 200 citizens at a public hearing on the plant. As a result of Public Citizen-sponsored press conferences, four major stories in the daily paper and six in the weekly paper highlighting problems with the proposed plant.

Public Citizen also organized opposition to a proposed coal plant outside Waco (about 30 miles from President Bush's ranch at Crawford), including five town meetings and four press conferences. Both the San Antonio and Waco campaigns continue in 2005.

Public Citizen's Texas office played an integral role in publicizing a political scandal with nationwide ramifications for the Republican Party and U.S. House of Representatives Majority Leader Tom DeLay. Public Citizen filed criminal complaints alleging that the Texas Association of Business and Texas Republican party misused campaign contributions. The Travis County District Attorney's office indicted three of DeLay's associates — and the scandal continued to play out in both Washington, D.C., and Austin.



Michael Springer, Getty Images

# Privatize That! Working for Fair Trade and Water for All

With the model of extreme privatization and corporatization firmly entrenched in Congress and the White House, Public Citizen had its work cut out for it in 2004, especially regarding trade. Thanks to innovative strategies and coalition-building on a world scale, Public Citizen was able to place some significant obstacles in the way of the Bush administration's forced march toward corporate-dominated free trade.

One important accomplishment was the publication by the New Press of an updated version of "Whose Trade Organization?", a guide to the World Trade Organization by Patrick Woodall and Lori Wallach, director of Public Citizen's Global Trade Watch.

Much of Public Citizen's efforts in 2004 were geared toward elevating the debate around the Central America Free Trade Agreement (CAFTA), which would expand the principles of the North American Free Trade Agreement (NAFTA) to six new countries. Beyond educating policymakers and the public about how NAFTA has undermined sovereignty and health, safety and consumer standards in the United States, and contributed to U.S. trade deficits and flat wages, we launched two important new initiatives in this enormously consequential trade debate.

First, Public Citizen undertook an extensive outreach campaign to major U.S. Latino organizations, to help them understand the negative consequences of NAFTA and CAFTA both north and south of the border. Recently key Latino organizations such as the League of United Latin American Citizens have taken anti-CAFTA stands, affecting the perceptions and politics of this crucial constituency.

Beyond that, our New Accountability Project reached out to state and local officials, explaining how CAFTA trade rules would eliminate many progressive state procurement policies, such as those to combat offshoring of jobs. In a historic development, the governors of seven states withdrew their states from the voluntary procurement provisions of CAFTA.

Bottom line: Given the widespread lack of support, CAFTA was not brought before the U.S. Congress in 2004.

But the corporate free trade forces continue to push their agenda by signing bilateral U.S. agreements with countries such as Australia and

Morocco. In addition, the World Trade Organization, which appeared headed for deadlock in early 2004, thanks in part to a global campaign including Public Citizen, has spent considerable effort trying to restart talks toward expanded corporate globalization. As the year ended, Public Citizen was working with allies around the world to develop an improved strategy for organizing alternatives to the WTO model.

Within the United States, Public Citizen raised an important new concern with our report, *Addressing the Regulatory Vacuum: Policy Considerations Regarding Public and Private Sector Service Job Offshoring*. The report explains that important privacy protections may be lost when, for instance, American citizens' financial records are processed overseas.

## Water for All

In 2004, the Water for All campaign, led by Public Citizen's Critical Mass Energy and Environment Program, expanded its networks to fight privatization of water supplies, both in the United States and around the world, and made excellent progress.

In small and large communities, from Lee, Mass., to southern Nevada to Puerto Rico, the organization worked with residents, activists and environmentalists to stop local authorities from handing over control of public water supplies and systems to speculators or to foreign companies such as Vivendi or Ondeo/Suez. Often Public Citizen's timely intervention (and expertise) helped turn around a community's dialogue on the issue.

Our campaign didn't stop at the water's edge. In Latin America, Public Citizen worked with a hemisphere-wide network on water

rights. In South Africa, the campaign helped with research in a community whose water was privatized by the multinational corporation Suez. In Iraq, Public Citizen called for a U.S. government investigation of why the Bechtel Corp. failed to fulfill its contractual duties to supply clean water to the population.

Beyond individual campaigns, Public Citizen worked effectively to inform the media about the growing threat of water privatization. And we organized support for a U.S. congressional resolution, introduced by Rep. Jan Schakowsky (D-Ill.), asserting that water is a fundamental right.

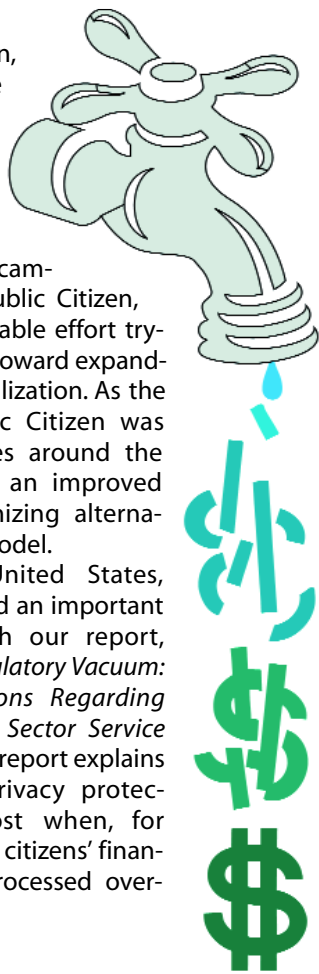
## California Scheming

Public Citizen's California office vigorously put water privatization on the map in 2004 and continues that effort. For example, Public Citizen aired the documentary film "Thirst" (which also highlights Public Citizen's role in the worldwide struggle for water rights) before 30 California audiences. We took the lead in organizing against allowing private water companies access to scarce funds from a state clean water bond. The California office organized opposition to efforts to build numerous private desalination plants along the California coastline, without regard to sustainable development.

In addition, Public Citizen fought the growing presence of the multinational corporation RWE/Thames, which has taken over the water systems of a dozen California communities, and helped residents of those towns organize. For example, Public Citizen helped the town of Felton qualify a ballot initiative to purchase its water utility from RWE/Thames, possibly through eminent domain.

Public Citizen is also a member of a citizens' coalition in Stockton, Calif., which won its case challenging Thames Water's 20-year contract with that city (though that case is under appeal).

Public Citizen also monitored and exposed to the press the corporate-driven effort to "Enronize" or effectively privatize the massive California State Water Project. Public Citizen plays an important role in systematically studying the drive to open up public water systems throughout California to private sales and speculative trading in water rights.



## Our World Is Not For Sale

Public Citizen's Global Trade Watch division deals with the international issue of trade, so it works closely with allies around the world.

For example, Public Citizen is a leading member of Our World Is Not For Sale, an international network fighting

corporate globalization, and the International Forum on Globalization, a "brain trust" that develops strategy for the movement.



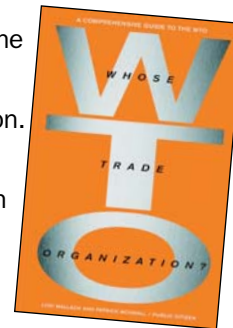
## Quote Me on This

"We don't seem to win very much, but things would be a lot worse if we weren't here."

Nationally syndicated Texas columnist Molly Ivins, on the role of Public Citizen and its allies in Texas. Public Citizen celebrated its 20th birthday in Texas last October.

## Whose Trade Organization?

Just in time for the 10th anniversary of Congress' approval of the World Trade Organization, Public Citizen issued a new version of "Whose Trade Organization?", a comprehensive guide for activists to the WTO and the whole complicated trade/globalization question. Written by Global Trade Watch director Lori Wallach and Patrick Woodall, the new edition brings the trade debate up to date.



**JUSTICE** continued

**Class Actions**

Even as the corporate power-brokers and their allies were attempting to whittle away at the right to file class action lawsuits, the Public Citizen Litigation Group was working on a number of class actions in which people's rights had been denied. Two prominent examples:

In one instance, Public Citizen has represented claimants in a multibillion-dollar case regarding defective knee and hip implants manufactured by Sulzer Orthopedics. The class members were denied all relief because of a difficult claims procedure.

In another case, in New York, a predatory lender was about to get away with making paltry payments for very substantial violations of

federal law. Plus we found it unacceptable that the lender would still be able to foreclose on beleaguered homeowners. Public Citizen went to court on behalf of dissatisfied class members, and persuaded the court to forbid the company from undertaking additional foreclosures.

**Mandatory Arbitration**

Public Citizen litigators have taken on a number of cases in which corporations and employers required people to accept binding arbitration (often without their knowledge), depriving them of the right to go to court.

In addition, Public Citizen's Congress Watch Web site has useful information on the disadvantages of arbitration and how consumers can protect themselves. Mandatory binding arbitration will be a significant issue for Public Citizen in 2005.

**Internet Free Speech**

Public Citizen is one of the nation's foremost defenders of free speech on the Internet. Led by veteran litigator Paul Levy, Public Citizen's efforts focus on the right of Internet users to criticize businesses, office-holders or others without suffering legal penalties or harassment. In some cases, that means defending the right of critics to anonymity. In others, it means defending the right to use the offending company's name in the critic's domain name (as in *acmepaintstinks.org*).

In one case decided in 2004, Levy defended a dissatisfied homebuyer who set up a Web site criticizing TrendMaker Homes and was sued by the company. A federal court of appeals threw out all the company's claims, affirming the homeowner's right to air his grievances on the Internet.

**Public Citizen Foundation  
Fiscal Year 2004**

- The Boston Foundation
- Butler Family Fund
- Carnegie Corporation of New York
- Center for Energy Efficiency and Renewable Technologies (CEERT)
- Center for the Study of Responsive Law
- Common Benefit Litigation Expense Trust
- Compton Foundation
- Consumers for Auto Reliability and Safety (CARS)
- Consumers United for Food Safety
- CS Fund
- Deer Creek Foundation
- The Irene Diamond Fund
- Energy Foundation
- Equal Justice Works
- Everett Philanthropic Fund
- Ford Foundation
- Ford Foundation Mexico
- Foundation for Deep Ecology
- Abraham Fuchsberg Family Foundation
- General Service Foundation
- Elizabeth Gitt Foundation
- Global Resource Action Center (GRACE)
- Joseph & Sally Handleman Foundation
- Alan K & Cledith M Jennings Foundation
- Elise Jerard Environmental and Humanitarian Trust
- JMG Foundation
- Mitchell Kapor Foundation
- Lewart Family Charitable Trust
- Elizabeth Ann Lurie Foundation
- Malakoff Family Fund of
- The Pittsburgh Foundation
- Moffitt Fund of the Tides Foundation
- Moriah Fund
- Stella & Howard Heffron Fund,
- New York Community Trust
- Open Society Institute
- Park Foundation
- Public Welfare Foundation
- Marion Rose Foundation
- Ricci/Lupo Charitable Trust
- Rockefeller Brothers Fund
- Rockefeller Family Fund
- Rockefeller Financial Services
- Schwab Fund for Charitable Giving
- Schumann Center for Media and Democracy
- SEED/TFEEE (Texas Fund for Energy and Environmental Education)
- Solidago Foundation
- Spatz Foundation
- Stephen M. Silberstein Foundation
- Stern Family Fund
- Sidney Stern Memorial Trust
- Sunflower Foundation
- Sustainable Solutions Foundation
- Threshold Foundation

- Unitarian Universalist Veatch Program at Shelter Rock
- Lawson Valentine Foundation
- Wallace Global Fund
- Edna Wardlaw Charitable Trust
- Wightman-Wieber Foundation
- Worthington Charitable Fund

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- Joan Claybrook
- Howard Metzenbaum
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Fiscal Year 2003 - 2004**

- Robert D. Debolt
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- Aaron Galuten
- Norma E. Mallin
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**FINANCIAL STATEMENT**  
**Public Citizen, Inc. and Public Citizen Foundation, Inc.**

**Combined Statement of Revenue, Support and Expenses**  
*For the Year Ended September 30, 2004*

<b>Revenue and Support</b>	
Contributions and Membership fees .....	\$7,506,617
Publications/Subscriptions.....	2,206,601
Grants .....	2,514,660
Program Income* .....	711,923
Rental Income** .....	239,196
Other .....	33,857
Income from Investments .....	245,013
Total Revenue and Support .....	\$13,457,867
<b>Expenses</b>	
Programs.....	\$7,321,639
Publications.....	2,638,974
Support Services.....	2,513,887
General and Administrative .....	\$1,453,952
Development.....	\$1,059,935
Total Expenses.....	\$12,474,500
Change in net assets*** .....	\$983,367

\*Includes court awards and oil commissions  
 \*\*Net of Operating Expenses  
 \*\*\* In accordance with Statement of Financial Standards No. 116, Accounting for Contributions Received and Contributions Made, Public Citizen is required to record all grants and contributions in the current fiscal year even if the monies have not been received or related expenses have not been expended. As of September 30, 2004, Public Citizen had temporarily restricted net assets of \$2,265,626 which represent restricted grants and contributions whose donor-stipulated time or purpose restriction has not been accomplished. Several of the net assets included in this amount are intended to be expended over several subsequent years.