

U.S. Chamber of Commerce Pumps Millions into Elections

Analysis of the Limited Disclosure of Corporate Contributions to the Chamber

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About U.S. Chamber Watch

U.S. Chamber Watch is a project of Public Citizen that tracks the activities of the U.S. Chamber.

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The U.S. Chamber Funnel Millions of Corporate Dollars into Election

The U.S. Chamber of Commerce has already injected tens of millions of dollars into the upcoming election – and it plans to continue to ramp up spending as the election nears. Reports indicate that the Chamber plans to spend \$100 million in total.¹ The massive flow of money from the Chamber is a direct result of the 2010 Supreme Court decision in *Citizens United v. FEC*. The decision allowed corporations to make unlimited donations to organizations like the Chamber, which then direct the money to campaign expenditures. With no disclosure requirements in place for such contributions, most of these contributions remain almost impossible to trace.

However, thanks to pressure from advocacy groups, some corporations are voluntarily disclosing information about their political spending, including contributions to trade groups like the Chamber. The appended data comes from these disclosures. **In 2011, corporations that disclosed their contributions to the Chamber contributed approximately between \$10,681,000 and \$11,980,998.² These corporations contributed approximately \$3,547,250 in non-deductible funds to the Chamber.³** Yet, most of the funding flowing through the Chamber remains secret. Given this continued lack of transparency, there is a vital need for strong disclosure rules. As exorbitant amounts of money flow into the Chamber and other organizations outside of candidates committees and political parties, and as these funds are then directed into election campaigns, the need for a constitutional amendment to overturn *Citizens United* is all the more apparent.

Chamber Actively Opposes Disclosure

The Chamber has been adamant in its opposition to disclosure requirements. In 2011, when the Obama administration floated the idea of requiring government contractors to disclose political spending, Chamber CEO Tom Donohue chalked all disclosure requirements up to “intimidation” tactics.⁴ Top Chamber lobbyist R. Bruce Josten said in an interview that the powerful business bloc “is not going to tolerate” what it saw as a “backdoor attempt” to silence the private sector by forcing them to disclose their political spending. Josten also declared in an interview with the *New York Times*, “We will fight it through all available means. To quote what they say every day on Libya, all options are on the table.”⁵

The Chamber has shown its commitment to non-disclosure in the 2012 elections. The Chamber historically has sponsored what are known as “sham issue ads,” electioneering communications that are designed to influence elections but avoid the “magic words” of express advocacy associated with traditional campaign ads, such as “vote for” or “elect.” However, the Chamber quickly did an about face in the wake of a district court ruling that would have required the Chamber to disclose its donors behind sham issue ads but which left the veil of secrecy over traditional express advocacy campaign ads

in place. As soon as that court ruling mandated disclosure of sham issue ads in September of this year, the Chamber re-tooled its electioneering communications to include the magic words of express advocacy, thereby evading any disclosure obligations.

"It's full steam ahead," Bruce Josten, the Chamber's executive vice president for government affairs, told reporters when asked how the Chamber would respond to the ruling. "The only thing that may switch is you're forced to do express advocacy using the magic words 'vote for,' 'vote against' as opposed to highlighting a given member's legislative record."⁶

In one quick move – made entirely for the purpose of evading disclosure – the Chamber brought an end to its pretense of just airing issue ads and not airing electioneering ads. Unfortunately, a few weeks later, a federal appellate court reversed the district court's opinion and returned both sham issue ads and express advocacy ads back into the recess of darkness and secrecy, where the Chamber once again lurks.

Pressured by Campaigners, Some Corporations Disclose Contributions

Despite the Chamber's penchant for secrecy, some information about corporate contributions to the Chamber has come to light, thanks to leaks. For example, in 2010, seeking to undermine healthcare reform efforts, health insurers are reported to have contributed between \$10 million and \$20 million to another trade group, America's Health Insurance Plans (AHIP), which then funneled the money to the Chamber. The Chamber dispersed the funds to two business coalitions it had set up and subsidized, which then ran tens of millions of dollars of television ads opposing health care reform legislation.⁷ In June 2012, it was reported that health insurer Aetna disclosed in an insurance regulatory filing, perhaps inadvertently, its \$4.05 million contribution to the Chamber. Aetna claimed the donation had been meant for educational purposes, not lobbying.⁸ Despite these occasional inadvertent disclosures, however, the sources of the Chamber's considerable election spending power have largely remained out of view.

Bowing to pressure from advocacy groups, some corporations are now voluntarily disclosing their political spending, including in some cases their contributions to trade associations, including the Chamber. A recent report by the Center for Political Accountability found that two out of five companies in the top echelons of the S&P 500 are now disclosing trade association payments.⁹ Public Citizen's Chamber Watch analyzed these companies' disclosures and took note of contributions to the Chamber. Among the top contributors were Aetna, which gave the Chamber a combined \$4.1 million in dues and donations; Dow Corporation, which gave the Chamber more than \$1.6 million in 2011; and Prudential, which contributed \$1.5 million. Over \$1 million of Prudential's contributions were non-tax deductible, meaning they could be used for electioneering and lobbying. Many other companies contributed in the hundreds of thousands of dollars.

Disclosure Rules are Needed

These instances of voluntary transparency highlight the need for robust disclosure rules. The public is only privy to information about a fraction of corporate contributors to the Chamber. Yet the Chamber's outside spending is having and will continue to have a profound effect on the outcomes of the upcoming election, as well as many other crucial policy decisions government officials make. Failure to impose disclosure requirements on the Chamber and other third party groups that spend exorbitant amounts of money on electoral campaigns leaves in place a veil of secrecy over the workings of our democracy.

The most robust system for obtaining disclosure of corporate and other contributions to independent electioneering organizations would be through passage of comprehensive legislation, in the form of the DISCLOSE Act. The Chamber has vociferously opposed the DISCLOSE Act, which would require electioneering organizations to disclose their major contributors, labeling it "an unconstitutional attempt to silence free speech."¹⁰ The DISCLOSE Act passed the House of Representatives in 2010, but was blocked by a Senate filibuster, even though it had support of 59 senators. A Senate filibuster also blocked progress on the bill in 2012.¹¹

In the absence of a comprehensive system of disclosure, the Securities and Exchange Commission (SEC) should act to require publicly traded corporations to disclose campaign-related expenditures to shareholders. The SEC has a mission to protect investors. And in that role, it should provide shareholders with political spending disclosure information concerning the companies they invest in. This is essential knowledge for sound investment, as well as critical information for the broader public and our democracy. The SEC has the mandate to create such rules without the passage of legislation, and a petition has already been filed with a record 300,000¹² supportive comments requesting that the SEC craft a rule to this effect.

Additionally, the President should issue an executive order requiring government contractors to disclose their political spending, including corporate funds laundered through third party groups like the U.S. Chamber of Commerce. This is a simple notion to help prevent pay-to-play abuses – that is, where contract awards are influenced by political contributions. With full disclosure, the public may discern when contracts are being awarded based on campaign expenditures rather than merit. Transparency to improve the government contracting process is nothing new. About a dozen state and local jurisdictions already address pay-to-play corruption precisely through such enhanced disclosures for government contractors.

However, as noted above, the Chamber has ardently and shrilly opposed such a proposal, arguing without apparent sense of irony that disclosure of contractor political contributions -- something surely known to political candidates -- would raise the specter

of "your tax dollars only going to those companies or contractors that have contributed to a particular political party."¹³

Time for a Constitutional Amendment

Beyond disclosure rules, a complete overhaul of our election campaign funding system is needed. The influx of corporate money into the current election campaign serves to highlight the devastating effects of the *Citizens United* decision. This spending is facilitated by front groups like the U.S. Chamber, which enable corporations to hide their political activities. A constitutional amendment to overturn *Citizens United* is the only solution that will truly address the failings of a system that allows deep pocketed corporations to wield disproportionate power in our democratic system.

Please see the appended compilations of publicly available information about corporations' contributions to the U.S. Chamber of Commerce.

Appendix: Corporate Contributions to the U.S. Chamber of Commerce

Company	Total contribution¹⁴	Non-Deductible Portion of Contribution	Source
Abbott	\$100,000	Not disclosed.	http://abbott.com/global/url/content/en_US/70.20.35:35/general_content/General_Content_00170.htm
Aetna	\$4,100,000 ¹⁵	\$50,000	http://www.aetna.com/about-aetna-insurance/document-library/pac/2011-Aetna-PAC-annual-report.pdf
Aflac	\$59,500 (2012)	Not disclosed.	http://www.aflac.com/us/en/docs/political/CorporateContributionsReport070512.pdf
BMS	\$48,000 (2009)	Not disclosed.	http://www.bms.com/Documents/responsibility/contributions-archive/2009-Political-Expenditures-by-Certain-Trade-Associations.pdf
Capital One	Not disclosed.	\$48,000	http://www.capitalone.com/media/doc/about/policy-affairs-report.pdf
Chevron ¹⁶	\$500,000	Not disclosed.	http://www.chevron.com/documents/pdf/politicalcontributions.pdf
Chubb Corporation	Not disclosed.	\$425,000 ¹⁷	http://www.chubb.com/corporate/chubb15590.pdf
Coca Cola	\$100,000-\$499,999 ¹⁸	Not disclosed.	http://www.thecocacola.com/investors/governance/2011%20Trade%20Association%20List.pdf
Cummins, Inc.	\$12,500	Not disclosed.	http://www.cummins.com/cmi/navigationAction.do?nodeId=56&siteId=1&nodeName=Risk+management&menuId=1050
Dow Corporation	\$1,648,750	Not disclosed.	http://www.dow.com/investors/corpgov/conduct/political/trade.htm
Ebay	\$100,000	\$48,000	http://www.ebaymainstreet.com/us-political-contributions-disclosures
Eli Lilly	\$50,000 ⁺¹⁹	Not disclosed.	http://lilly.com/SiteCollectionDocuments/pdf/2011-Lilly-Political-Contributions.pdf
Intel	\$190,000 ²⁰	\$95,000	http://www.intel.com/content/www/us/en/corporate-responsibility/csr-report-builder.html
Johnson & Johnson	\$75,000+	Not disclosed.	http://files.shareholder.com/downloads/INJ/2095362238x0x582388/de86f038-2dbc-4c49-8a36-a38c49688a07/INJ_US_Trade_Associations.pdf
Kraft	\$50,000+ (2010)	Not disclosed.	http://www.kraftfoodscompany.com/investor/corporate-governance/politicalcontributions.aspx
Lockheed Martin	\$50,000+	<\$50,000	http://www.lockheedmartin.com/us/who-we-are/corporate-governance/political-disclosures.html
Merck	Not disclosed.	\$725,000	http://www.merck.com/about/views-and-

Company	Total contribution¹⁴	Non-Deductible Portion of Contribution	Source
			positions/trade-association-memberships.html
MetLife	Not disclosed.	\$516,750	https://www.metlife.com/assets/cao/chairman/governance/conduct/2011-PoliticalActivitiesReportv2July2012Final.pdf
Microsoft	\$100,000 - \$999,999	\$132,000	http://www.microsoft.com/about/corporatecitizenship/en-us/working-responsibly/principled-business-practices/integrity-governance/political-engagement/
Monsanto	\$75,000+ (2012)	Not disclosed.	http://www.monsanto.com/SiteCollectionDocuments/Jan12-Jun12-political-contributions.pdf
Norfolk Southern Corporation	Not disclosed.	\$50,000	http://www.nscorp.com/nscorphtml/pdf/government_relations/Trade_Association_Contributions.pdf
Occidental Petroleum Corporation	\$50,000+	Not disclosed.	http://www.oxy.com/InvestorRelations/Governance/Documents/Political%20Contributions%20and%20Lobbying/U.S.%20Trade%20Associations.pdf
Procter & Gamble	Not disclosed.	\$70,000	http://www.pg.com/en_US/downloads/company/political_involvement/2011_US_Trade_Association_Matrix.pdf
Prudential	\$1,570,000	\$1,037,500	http://www.prudential.com/documents/public/PAC_Annual_Report_11-Final.pdf
Texas Instruments Corporation	\$50,000+	Not disclosed.	http://www.ti.com/corp/docs/company/citizen/government/trade.shtml
United Technologies Corporation	\$50,000	\$25,000	http://www.utc.com/StaticFiles/UTC/StaticFiles/trade_associations.pdf
Wellpoint	\$500,000	\$250,000	http://www.wellpoint.com/prodcontrib/groups/wellpoint/@wp_about_government/documents/wlp_assets/pw_e182127.pdf
Yum! Brands	Not disclosed.	\$25,000	http://origin.qa.yum.com/investors/governance/media/2011_Direct_Political_Corporate_Contributions.pdf

References

- ¹ Allen, M. and J. Vandehei. (30 May 2012) "GOP groups plan record \$1 billion blitz." *Politico*. Retrieved 16 October, 2012, from <http://www.politico.com/news/stories/0512/76849.html>.
- ² Some corporations disclosed data for prior years or for 2012. These figures were excluded from the total. Some corporations only report non-deductible contributions. In those cases we could only count this amount in the total. Some corporations provided ranges or stated that they had contributed more or less than a certain amount. The range provided for the total reflects the ranges reported by the corporations. Where companies stated that they had contributed more or less than a certain amount, we counted this minimum or maximum amount. Given that some companies only report non-deductible contributions, the total is likely greater than reported above. Note: A previous version of this report omitted Chevron's contributions to the Chamber from the total contributions calculations.
- ³ See note 2. When corporations report contributions of less than or more than a certain amount, we counted that amount when calculating the total. Many corporations do not report the non-deductible component of their contributions. This number is likely low.
- ⁴ Page, S. (21 May 2012). "Chamber of Commerce may spend at least \$50M on elections." *USA Today*. Retrieved 16 October, 2012, from <http://content.usatoday.com/communities/theoval/post/2012/05/chamber-of-commerce-to-spend-more-than-50m-on-elections/1#.T8VtmO29fnY>.
- ⁵ Lichthblau, E. (26 April 2011). "Lobbyist Fires Warning Shot Over Donation Disclosure Plan." *The New York Times*. Retrieved 16 October, 2012, from <http://www.nytimes.com/2011/04/27/us/politics/27donate.html>.
- ⁶ Cline, S. (18 September 2012). "Court Overturns Only Rule Requiring Secret Groups to Disclose Donors," *US News & World Report*. Retrieved 17 October, 2012, from <http://www.usnews.com/news/articles/2012/09/18/court-overturns-only-rule-requiring-secret-groups-disclose-donors>.
- ⁷ Stone, P. H. (12 January 2010). "Health Insurers Funded Chamber Attack Ads." *National Journal*. Retrieved 16 October, 2012, from <http://undertheinfluence.nationaljournal.com/2010/01/health-insurers-funded-chamber.php>. See also, Lipton, E., McIntire, M., and D. Van Natta. (21 October 2010). "Top Corporations Aid U.S. Chamber of Commerce Campaign." *The New York Times*. Retrieved 16 October, 2012, from <http://www.nytimes.com/2010/10/22/us/politics/22chamber.html?pagewanted=all>.
- ⁸ Riley, C. (15 June 2012). "Oops! Aetna discloses political donations." *CNN*. Retrieved 16 October, 2012, from <http://money.cnn.com/2012/06/14/news/economy/aetna-political-contributions/index.htm>.
- ⁹ Center for Political Accountability. (2012). *The 2012 CPA-Zicklin Index of Corporate Political Accountability and Disclosure*. Retrieved 16 October, 2012, from <http://politicalaccountability.net/index.php?ht=a/GetDocumentAction/i/6903>
- ¹⁰ U.S. Chamber of Commerce. (20 May 2010). "U.S. Chamber Press Release: DISCLOSE Act is a Partisan Effort to Silence Critics and Gain Political Advantage." Retrieved 16 October, 2012, from <http://www.uschamber.com/press/releases/2010/may/us-chamber-disclose-act-partisan-effort-silence-critics-and-gain-political-a>

¹¹ Helderman, R. (16 July 2012) "DISCLOSE ACT, new donor transparency law, blocked in Senate." *Washington Post*. Retrieved 16 October, 2012, from http://www.washingtonpost.com/blogs/2chambers/post/disclose-act-new-donor-transparency-law-blocked-in-senate/2012/07/16/gJQAbm7WpW_blog.html.

¹² U.S. Securities and Exchange Commission. "Comments on Rulemaking Petition: Petition to require public companies to disclose to shareholders the use of corporate resources for political activities." File No. 4-637. Retrieved 16 October, 2012, from <http://www.sec.gov/comments/4-637/4-637.shtml>.

¹³ Friends of the U.S. Chamber of Commerce. Email to supporters. "Rewarding Political Donors...You're your Tax Dollars." Retrieved 16 October, 2012, from, http://www.friendsoftheuschamber.com/email/email_foc2_border.php?ID=1317

¹⁴ All contributions are for 2011 unless otherwise stated.

¹⁵ \$4 million of this amount was given to the Chamber for its "voter education initiatives." See: <http://www.aetna.com/about-aetna-insurance/document-library/pac/2011-Aetna-PAC-annual-report.pdf>

¹⁶ A previous version of this report omitted Chevron's contributions to the Chamber.

¹⁷ Combines contributions to the Chamber and Institute for Legal Reform (a Chamber entity).

¹⁸ Company provides range only.

¹⁹ Company discloses that it has contributed more than \$50,000, but does not specify amount. Subsequent entries marked with "+" also indicate disclosure of contribution of more than a certain amount.

²⁰ In 2010, Intel contributed \$255,000 (\$127,000 non-deductible). Intel also contributed \$15,000 to the U.S.-India Business Council, a Chamber entity.