Top Corporations Aid U.S. Chamber of Commerce Campaign

By ERIC LIPTON, MIKE McINTIRE and DON VAN NATTA Jr.

Prudential Financial sent in a $2 million donation last year as the U.S. Chamber of Commerce kicked off a national advertising campaign to weaken the historic rewrite of the nation’s financial regulations.

Dow Chemical delivered $1.7 million to the chamber last year as the group took a leading role in aggressively fighting proposed rules that would impose tighter security requirements on chemical facilities.

And Goldman Sachs, Chevron Texaco, and Aegon, a multinational insurance company based in the Netherlands, donated more than $8 million in recent years to a chamber foundation that has been critical of growing federal regulation and spending. These large donations — none of which were publicly disclosed by the chamber, a tax-exempt group that keeps its donors secret, as it is allowed by law — offer a glimpse of the chamber’s money-raising efforts, which it has ramped up recently in an orchestrated campaign to become one of the most well-financed critics of the Obama administration and an influential player in this fall’s Congressional elections.

They suggest that the recent allegations from President Obama and others that foreign money has ended up in the chamber’s coffers miss a larger point: The chamber has had little trouble finding American companies eager to enlist it, anonymously, to fight their political battles and pay handsomely for its help.

And these contributions, some of which can be pieced together through tax filings of corporate foundations and other public records, also show how the chamber has increasingly relied on a relatively small collection of big corporate donors to finance much of its legislative and political agenda. The chamber makes no apologies for its policy of not identifying its donors. It has vigorously opposed legislation in Congress that would require groups like it to identify their biggest contributors when they spend money on campaign ads.
Proponents of that measure pointed to reports that health insurance providers funneled at least $10 million to the chamber last year, all of it anonymously, to oppose President Obama’s health care legislation.

“The major supporters of us in health care last year were confronted with protests at their corporate headquarters, protests and harassment at the C.E.O.’s homes,” said R. Bruce Josten, the chief lobbyist at the chamber, whose office looks out on the White House. “You are wondering why companies want some protection. It is pretty clear.”

The chamber’s increasingly aggressive role — including record spending in the midterm elections that supports Republicans more than 90 percent of the time — has made it a target of critics, including a few local chamber affiliates who fear it has become too partisan and hard-nosed in its fund-raising.

The chamber is spending big in political races from California to New Hampshire, including nearly $1.5 million on television advertisements in New Hampshire attacking Representative Paul W. Hodes, a Democrat running for the United States Senate, accusing him of riding Nancy Pelosi’s “liberal express” down the road to financial ruin.

“When you become a mouthpiece for a specific agenda item for one business or group of businesses, you better be damn careful you are not being manipulated,” said James C. Tyree, a former chairman of the Chicagoland Chamber of Commerce, who has backed Republicans and Democrats, including Mr. Obama. “And they are getting close to that, if not over that edge.”

But others praise its leading role against Democrat-backed initiatives, like health care, financial regulation and climate change, which they argue will hurt American businesses. The Obama administration’s “antibusiness rhetoric” has infuriated executives, making them open to the chamber’s efforts, said John Motley, a former lobbyist for the National Federation of Independent Business, a rival.

“They’ve raised it to a science, and an art form,” he said of the chamber’s pitches to corporate leaders that large contributions will help “change the game” in Washington.

As a nonprofit organization, the chamber need not disclose its donors in its public tax filings, and because it says no donations are earmarked for specific ads aimed at a candidate, it does not invoke federal elections rules requiring disclosure.
The annual tax returns that the chamber releases include a list of all donations over $5,000, including 21 in 2008 that each exceed $1 million, one of them for $15 million. However, the chamber omits the donors’ names.

But intriguing hints can be found in obscure places, like the corporate governance reports that some big companies have taken to posting on their Web sites, which show their donations to trade associations. Also, the tax filings of corporate foundations must publicly list their donations to other foundations, including one run by the chamber.

These records show that while the chamber boasts of representing more than three million businesses, and having approximately 300,000 members, nearly half of its $140 million in contributions in 2008 came from just 45 donors. Many of those large donations coincided with lobbying or political campaigns that potentially affected the donors.

Dow Chemical, for example, sent $1.7 million to the chamber in the past year to cover not only its annual membership dues, but also to support lobbying and legal campaigns. Those included one against legislation requiring stronger measures to protect chemical plants from attack.

A Dow spokesman would not discuss the reasons for the large donation, other than to say it supports the chamber’s work.

Prudential Financial’s $2 million donation last year coincided with a chamber lobbying effort against elements of the financial regulation bill in Congress. A spokesman for Prudential, which opposed certain proposed restrictions on the use of financial instruments known as derivatives, said the donation was not earmarked for a specific issue.

But he acknowledged that most of the money was used by the chamber to lobby Congress.

“I am not suggesting it is a coincidence,” said the spokesman, Bob DeFillippo.

More recently, the News Corporation gave $1 million to support the chamber’s political efforts this fall; Chairman Rupert Murdoch said it was in best interests of his company and the country “that there be a fair amount of change in Washington.”

Business interests also give to the chamber’s foundation. Its tax filings show that seven donors gave the foundation at least $17 million between 2004 and 2008, about two-thirds of the total raised.
These donors include Goldman Sachs, Edward Jones, Alpha Technologies, Chevron Texaco and Aegon, which has American subsidiaries and whose former chief executive, Donald J. Shepard, served for a time as chairman of the U.S. Chamber of Commerce’s board.

Another large foundation donor is a charity run by Maurice R. Greenberg, the former chairman of the insurance giant A.I.G. The charity has made loans and grants totaling $18 million since 2003. U.S. Chamber Watch, a union-backed group, filed a complaint with the Internal Revenue Service last month asserting that the chamber foundation violated tax laws by funneling the money into a chamber “tort reform” campaign favored by A.I.G. and Mr. Greenberg. The chamber denied any wrongdoing.

The complaint, which the chamber calls entirely unfounded, raises the question of how the chamber picks its campaigns, and whether it accepts donations that are intended to be spent on specific issues or political races.

The chamber says that it consults with members on lobbying targets, but that it does not make those decisions based on the size of a donation or accept money earmarked to support a specific political candidate.

Endorsement decisions, chamber officials said, are based on candidates’ votes on a series of business-related bills, and through consultations with the chamber’s regional directors, state affiliates and members.

To avoid conflicts of interest, individual businesses do not play a role in deciding on which races to spend the chamber’s political advertising dollars. The choices instead are made by the chamber’s political staff, based on where it sees the greatest chance of getting pro-business candidates elected, chamber executives said.

“They are not anywhere near a room when we are making a decision like that,” Mr. Josten said, of the companies that finance these ads. The chamber’s extraordinary money push began long before this election season. An organization that in 2003 had an overall budget of about $130 million, it is spending $200 million this year, and the chamber and its affiliates allocated $144 million last year just for lobbying, making it the biggest lobbyist in the United States.

In January, the chamber’s president, Thomas J. Donohue, a former trucking lobbyist, announced that his group intended “to carry out the largest, most aggressive voter education and issue advocacy effort in our nearly 100-year history.”
The words were carefully chosen, as the chamber asserts in filings with the Federal Election Commission that it is simply running issue ads during this election season. But a review of the nearly 70 chamber-produced ads found that 93 percent of those that have run nationwide that focus on the midterm elections either support Republican candidates or criticize their opponents.

And the pace of spending has been relentless. In just a single week this month, the chamber spent $10 million on Senate races in nine states and two dozen House races, a fraction of the $50 million to $75 million it said it intends to spend over all this season. In the 2008 election cycle, it spent $33.5 million.

To support the effort, the chamber has adopted an all-hands-on-deck approach to fund-raising. Mr. Josten said he makes many of the fund-raising calls to corporations nationwide, as does Mr. Donohue. (Both men are well compensated for their work: Mr. Donohue was paid $3.7 million in 2008, and has access to a corporate jet and a chauffeur, while Mr. Josten was paid $1.1 million, tax records show.)

But those aggressive pitches have turned off some business executives. “There was an arrogance to it like they were the 800-pound gorilla and I was either with them with this big number or I just did not matter,” said Mr. Tyree, of Chicago.

Another corporate executive, who asked not to be named, said the chamber risks alienating its members.

“Unless you spend $250,000 to $500,000 a year, that is what they want for you to be one of their pooh-bahs, otherwise, they don’t pay any attention to you at all,” the executive said, asking that the company not be identified.

Chamber officials acknowledge the tough fund-raising, but they say it has been necessary in support of their goal of remaking Congress on Election Day to make it friendlier to business.

“It’s been a long and ugly campaign season, filled with partisan attacks and political squabbling,” William C. Miller Jr., the chamber’s national political director, said in a message sent to chamber members this week. “We are all tired — no doubt about it. But we are so close to bringing about historic change on Capitol Hill.”

*Eric Lipton reported from Washington, and Mike McIntire and Don Van Natta Jr. from New York. Kitty Bennett and Griffin Palmer contributed research.*