



Un-Shared Sacrifice: How ‘Fix the Debt’ Companies Buy Washington Influence & Rig the Game

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Key Points

A coalition of 95 companies, including some of the country’s largest corporations, are urging Congress to “Fix the Debt,” through a plan that mostly hurts middle class families while preserving tax breaks and windfalls for big corporations.

Playing the influence game isn’t new to any of these companies—they’ve spent big over the past few years on lobbying and campaign contributions.

- The 95 companies that make up the “Fix the Debt” coalition have spent nearly \$1 billion over the past four years on lobbying and campaign contributions.
 - Twenty-two publicly traded companies that are members of the coalition have spent more on lobbying in the past three years than they have on taxes.
 - General Electric (GE) is the top influence spender of these companies. Since 2009, GE, its CEO, and political action committee (PAC) have spent a combined \$112 million on lobbying and campaign contributions.
 - The influence peddling is bipartisan. 57 percent of the contributions spent by the CEOs and PACs of these companies goes to Republicans and 43 percent goes to Democrats.
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The New York Times reported in 2011 that the 975-person tax department for General Electric (GE), the country's largest corporation, "is often referred to as the world's best tax law firm." The company in 2010 received a \$3.2 billion tax refund, due to its "extraordinary success" with an "aggressive strategy that mixes fierce lobbying for tax breaks and innovative accounting."¹

That fierce lobbying is again in action as GE joins with dozens of large American corporations on a splashy \$80 million lobbying campaign to "Fix the Debt," a plan that, according to the Institute for Policy Studies,² consists of two basic points:

1. **"Pro-growth" corporate tax reform.** This is Washington-speak for cutting corporate tax rates and shifting to a "territorial tax system" that would permanently exempt from U.S. taxes all offshore income earned by U.S. corporations.
2. **"Reforming" earned-benefit programs.** This means cutting Medicaid, Medicare, and Social Security benefits. While these CEOs have offered few details on how they would cut costs with these reforms, it would likely be by limiting access to these programs paid for by all working Americans and by yet again raising the retirement age.

Put simply, their goal is to make cuts to Medicare and Social Security while securing windfalls for some of the country's biggest corporations—a plan that's nowhere near balanced.

But the \$80 million being spent on this campaign is only part of the story, as most of these companies have active lobbying efforts and give large donations through their PAC and chief executives.

Over the coming weeks and months, Congress will grapple with the so-called "fiscal cliff" and tax reform. Many of the loudest high-paid voices, like those in this coalition, have spent years building up influence with politicians and these companies and their lobbyists will be using that to their advantage.

Buying Influence in Washington

The 95 companies that make up the "Fix the Debt" Coalition have spent close to \$1 billion through lobbying, political action committee (PAC) donations, and CEO giving since 2009, according to analysis of data from the Center for Responsive Politics. (see Appendix A for full chart)

¹ David Kocieniewski, "G.E.'s Strategies Let It Avoid Taxes Altogether," *New York Times*, March 25, 2011, A1. <http://www.nytimes.com/2011/03/25/business/economy/25tax.html>

² "The CEO Campaign to Fix the Debt," *The Institute for Policy Studies*, Nov. 13, 2012. <http://www.ipsdc.org/reports/ceo-campaign-to-fix-the-debt>

The groups spent at least \$835,296,556 on lobbying Congress and the administration, \$74,825,962 on PAC giving to federal candidates, and an additional \$4,108,907 in giving by their CEOs. This comes to at least \$914,231,425 spent by these companies to influence politicians and the policy making process over the last four years.³

Ten companies make up over half of this influence spending, with General Electric (GE) topping the list at \$111.9 million in combined lobbying and contributions. GE’s CEO, Jeffrey Immelt, is also the chairman of President Obama’s “Council on Jobs and Competitiveness.”

Company	CEO Giving	PAC Giving	Lobbying	TOTAL
General Electric	\$35,600	\$ 4,106,025	\$107,770,000	\$111,911,625
AT&T Inc	\$58,800	\$ 7,279,075	\$64,384,751	\$ 71,722,626
Boeing Co	\$9,500	\$ 4,524,000	\$63,281,000	\$ 67,814,500
Verizon	\$25,000	\$ 3,178,300	\$61,890,000	\$ 65,093,300
Merck & Co	\$45,300	\$ 2,247,000	\$32,397,510	\$ 34,689,810
Honeywell	\$0	\$8,146,054	\$25,982,000	\$34,128,054
Dow Chemical	\$42,600	\$ 306,140	\$31,685,000	\$ 32,033,740
Microsoft Corp	\$145,500	\$ 2,978,000	\$26,621,000	\$ 29,744,500
Time Warner Cable	\$26,000	\$2,957,770	\$25,665,424	\$ 27,170,309
JPMorgan Chase & Co	\$36,800	\$924,799	\$26,100,000	\$27,061,599

According to a report by the Institute for Policy Studies released this week, the 63 publicly-held companies that are part of the coalition “stand to gain as much as \$134 billion in windfalls” if Congress approves one of the coalition’s main proposals, a “territorial system tax.” Many of these companies already get out of paying taxes—and two dozen spend more to influence Washington than they pay to Uncle Sam.

Twenty-two publicly traded companies that are part of the coalition have spent more to influence Washington in the past three years than they’ve spent on taxes--in many cases considerably more.⁴

Bank of America has spent \$12.8 million on lobbying since 2009, while getting nearly \$5 billion in tax rebates. General Electric has received \$2.6 billion in rebates while spending nearly over \$107 million lobbying the federal government.

³ Public Campaign analysis of data from the Center for Responsive Politics and Sunlight Foundation. Contributions include donations from corporate political action committees (PACs) and the company’s CEO. Lobbying data includes all spending, not specifically tax reform.

⁴ Tax information from the Institute on Policy Studies report, “The CEO Campaign to Fix the Debt.”

Company	Lobbying	Income Tax, 09-11 (\$mil)
Bank of America	\$12,830,000	-4,975
General Electric	\$107,770,000	-2,644
Verizon Communications	\$61,890,000	-1,123
Boeing Co	\$63,281,000	-724
Dow Chemical	\$31,685,000	-475
Marsh & McLennan	\$3,700,000	-391
Honeywell International	\$25,982,000	-377
Starwood Hotels & Resorts	\$1,690,000	-360
Weyerhaeuser Co	\$10,665,000	-353
Stanley Black & Decker, Inc.	\$1,100,000	-206
Invesco Ltd	\$930,000	-146
Alcoa Inc	\$9,140,000	-76
VeriFone Systems Inc	\$30,000	-22
Corning Inc	\$3,800,000	-10
Apollo Management	\$4,820,000	-9
EarthLink, Inc.	\$651,300	-8
Tenneco Inc	\$440,000	-2
TiVo Inc	\$450,000	-1
ACE Limited	\$9,830,000	0
Sirius XM Radio	\$910,000	0
Vornado Realty Trust	\$210,000	0
Marriott International	\$2,320,000	1

The political giving by these companies is bipartisan. Forty-three percent of the contributions have gone to Democrats, while Republicans have received 57 percent.

The top recipients are the four Congressional party committees—the Democratic Congressional Campaign Committee, the National Republican Congressional Committee, the Democratic Senatorial Campaign Committee, and the National Republican Senatorial Committee. In total, they’ve received \$4,988,100 in campaign contributions.

PAC Money Recipient	TOTAL
National Republican Senatorial Cmte	\$1,460,000
Democratic Senatorial Campaign Cmte	\$1,316,200
National Republican Congressional Cmte	\$1,242,400
Democratic Congressional Campaign Cmte	\$969,500
Republican National Cmte	\$393,000
Eric Cantor (R)	\$368,650
Dave Camp (R)	\$356,945
Steny H. Hoyer (D)	\$345,900
John Boehner (R)	\$342,400
Kirsten Gillibrand (D)	\$340,300

Case Studies



*"We're advocating a shared American solution to an American problem. . . . This is not about pushing the burden on any group to the exclusion of others."*⁵

- **David Cote**, Chairman and CEO, **Honeywell International**

While David Cote, the CEO of Honeywell, has been publicly outspoken about the need for the federal government to move decisively to reduce the national debt, his company's actions suggest he may not be entirely genuine about taking on any of the actual burden of debt reduction.

Between 2009 and 2011, not only did Honeywell not pay any net income tax to the federal government (despite being profitable), it received a net rebate of \$377 million dollars. The territorial tax system that the Fix the Debt coalition has proposed would be a windfall for Honeywell. The Institute for Policy Studies estimated that Honeywell could see over \$2.8 billion in tax savings if a territorial tax system is put in place.

During this same period, the company spent \$26 million lobbying the federal government and its corporate PAC donated \$8.1 million to federal candidates.

⁵ Tom Hamburger, "Fiscal cliff' drives a wedge into the business world as Obama meets with CEOs," *Washington Post*, Nov. 13, 2012. http://www.washingtonpost.com/politics/fiscal-cliff-drives-a-wedge-into-the-business-world-as-obama-meets-with-ceos/2012/11/13/cb0c56d4-2dd2-11e2-89d4-040c9330702a_story.html



The Fix the Debt CEO with the most at risk in the debt negotiations is likely **Leon Black of Apollo Management**, who made \$215.6 million in compensation last year. The carried interest loophole, which allows large private equity and hedge fund executives to pay only 15 percent tax on their earnings, could be on the bargaining table.

With so much wealth at risk, perhaps it's not a surprise that Black is near the top of our list of CEO campaign contributions, giving \$186,000 in 2010 and 2012. He gave \$57,900 to the National Republican Senatorial Committee and \$30,800 to the Republican National Committee, but then sent most of the rest to individual Democratic senators: \$68,250 to 29 individuals, including Senators Kirsten Gillibrand (D-N.Y.), Robert Menendez (D-N.J.), and Michael Bennet (D-Colo.). Black also sought influence in less traditional ways, with Charles Schumer (D-N.Y.) present at Black's multi-million 60th birthday party in 2011, featuring entertainment by Elton John.⁶

Black's donation strategy seems less odd when one considers that the Democratically-controlled Senate has recently been where carried interest tax reform has gone to die. In 2010, as Senate Democrats tried to eliminate the loophole, the *Wall Street Journal* reported that Black went to Washington to "press the flesh" with Democrats and help ensure the measure's failure.⁷

⁶ Peter Lattman, "Birthdays are still big in buyout land," *New York Times*, Aug. 18, 2011.

<http://dealbook.nytimes.com/2011/08/18/birthdays-are-still-big-in-buyout-land/>

⁷ Shira Ovide, "PE Mavens to Arms? Obama Seeks to End Carried Interest Tax Break," *Wall Street Journal*, Sept. 12, 2011.

<http://blogs.wsj.com/deals/2011/09/12/pe-mavens-to-arms-obama-seeks-to-end-carried-interest-tax-break/>

Conclusion

While the Fix the Debt's coalition's flashy public relations campaign bills their plan as a serious, balanced effort, it's anything but. Big corporations and their highly paid CEOs want to ensure they keep getting their tax windfalls at the expense of programs for the country's most vulnerable citizens.

With almost a billion spent on influence peddling in just the past few years, they already have the ear of elected officials, the kind of access unavailable to most poor and middle class families who would see the greatest impact from an unfair deal.

In the era of super PACs and unlimited campaign spending, it's not an overstatement to say that an elected officials vote for—or against—a plan like this could have serious recriminations. In October, Oregon Congressman Pete DeFazio told the Huffington Post that when he was pushing for a financial transaction tax in Congress his colleagues wouldn't join him. They said, "I don't really want to make the people on Wall Street that angry and didn't somebody spend a lot of money against you?"⁸

It's another example of the undue influence of the wealthy on our political process and a reason Congress should take action to address our pay-to-play system through legislation like the Fair Elections Now Act. With Fair Elections, candidates could run competitive campaigns for office by relying on small donations and matching public funds. They'd be free to vote based on what's best for their constituents, not necessarily the interests of their big campaign donors.

⁸ Paul Blumenthal, "Robert Mercer, Wall Street Billionaire, Funds Super PAC To Defeat Oregon Rep. Peter DeFazio, Again," *Huffington Post*, Oct. 10, 2012.
http://www.huffingtonpost.com/2012/10/10/robert-mercero-peter-defazio-oregon_n_1956432.html

Appendix A

COMPANY	CEO	CEO CONTRIBS	PAC CONTRIBS	LOBBYING	TOTAL
ACE Limited	Evan Greenberg	\$31,000	\$519,000	\$9,830,000	\$10,380,000
Aetna Inc	Mark T Bertolini	\$19,300	\$1,209,500	\$14,410,775	\$15,639,575
Air Products & Chemicals Inc	John E McGlade	\$13,400	\$197,250	\$5,325,000	\$5,535,650
Airlines for America	Nicholas Calio	\$161,016	\$43,444	\$18,990,000	\$19,194,460
Alcoa Inc	Klaus Kleinfeld	\$0	\$52,500	\$9,140,000	\$9,192,500
Allstate Insurance	Thomas J Wilson	\$6,800	\$500,850	\$13,030,000	\$13,537,650
Apollo Management	Leon D Black	\$186,000	\$0	\$4,820,000	\$5,006,000
AT&T Inc	Randall L Stephenson	\$58,800	\$7,279,075	\$64,384,751	\$71,722,626
Bank of America	Brian T Moynihan	\$14,000	\$1,385,305	\$12,830,000	\$14,229,305
BlackRock Advisors LLC	Laurence Fink	\$15,800	\$254,600	\$6,255,000	\$6,525,400
Boeing Co	W James McNeerney Jr	\$9,500	\$4,524,000	\$63,281,000	\$67,814,500
Broadridge Financial Solutions Inc	Richard Daly	\$5,800	\$0	\$1,400,000	\$1,405,800
CA Technologies	William E McCracken	\$10,000	\$0	\$0	\$10,000
Calix	Carl Russo	\$0	\$0	\$22,500	\$22,500
Carson, Anderson & Stowe	Russell L Carson	\$133,350	\$0	\$0	\$133,350
Caterpillar Inc	Douglas R Oberhelman	\$29,300	\$1,072,500	\$10,662,660	\$11,764,460
Cisco Systems	John T Chambers	\$76,100	\$781,500	\$8,040,000	\$8,897,600
Clayton Dubilier & Rice	Donald J Gogel	\$12,300	\$0	\$0	\$12,300
Continental Grain	Paul J Fribourg	\$29,900	\$0	\$0	\$29,900
Cooper Industries	Kirk S Hachigian	\$15,000	\$126,700	\$740,000	\$881,700
Corning Inc	Wendell P Weeks	\$9,700	\$1,492,596	\$3,800,000	\$5,302,296
Corporate Executive Board	Tom Monahan	\$4,000	\$0	\$0	\$4,000
CSX Corporation	Michael Ward	\$274,300	\$3,164,750	\$17,246,385	\$20,685,435
Deere & Co	Samuel R Allen	\$1,500	\$1,140,500	\$6,189,000	\$7,331,000
Deloitte LLP	Joseph Echevarria	\$5,500	\$3,905,500	\$9,420,000	\$13,331,000
Delta Airlines	Richard H Anderson	\$84,150	\$613,275	\$10,329,343	\$11,026,768
DIRECTV Group	Michael D White	\$6,000	\$1,325,800	\$0	\$1,331,800
Dow Chemical	Andrew N Liveris	\$42,600	\$306,140	\$31,685,000	\$32,033,740
Duchossois Group	Craig J Duchossois	\$233,800	\$92,000	\$100,000	\$425,800

EarthLink, Inc.	Rolla Huff	\$0	\$0	\$651,300	\$651,300
Eaton Corp	Alexander M Cutler	\$158,700	\$29,500	\$0	\$188,200
Eloqua	Joe Payne	\$500	\$0	\$0	\$500
EMC Corporation	Joseph Tucci	\$113,800	\$113,250	\$6,240,000	\$6,467,050
Express Scripts	George Paz	\$26,300	\$941,500	\$5,903,292	\$6,871,092
Farallon Capital Management	Thomas Steyer	\$181,200	\$0	\$360,000	\$541,200
Foot Locker	Ken C Hicks	\$35,800	\$0	\$0	\$35,800
General Atlantic LLC	Steven A Denning	\$9,900	\$0	\$0	\$9,900
General Electric	Jeff Immelt	\$35,600	\$4,106,025	\$107,770,000	\$111,911,625
GeniusRocket	Mark Walsh	\$16,400	\$0	\$0	\$16,400
Goldman Sachs	Lloyd C Blankfein	\$9,600	\$2,100,400	\$14,470,000	\$16,580,000
HarbourVest Partners LLC	Frederick C Maynard III	\$4,400	\$0	\$0	\$4,400
Harrah's Entertainment	Gary W Loveman	\$114,300	\$540,649	\$2,127,143	\$2,782,092
Honeywell International	David M Cote	\$0	\$8,146,054	\$25,982,000	\$34,128,054
Humana Inc	Michael B McCallister	\$25,300	\$1,387,672	\$6,934,000	\$8,346,972
Ingram Content Group Inc	John R Ingram	\$119,000	\$215,005	\$750,000	\$1,084,005
Interaction Associates	Linda Stewart	\$0	\$0	\$0	\$0
Invesco Ltd	Martin L Flanagan	\$12,500	\$52,000	\$930,000	\$994,500
Investment Technology Group	Robert Gasser	\$8,700	\$0	\$30,000	\$38,700
JetBlue Airways Corp.	David Barger	\$530,600	\$25,000	\$2,710,000	\$3,265,600
JPMorgan Chase & Co	Jamie Dimon	\$36,800	\$924,799	\$26,100,000	\$27,061,599
Knight Capital Group	Thomas M Joyce	\$43,150	\$80,500	\$552,500	\$676,150
LinkedIn Corporation	Reid Hoffman	\$81,750	\$0	\$60,000	\$141,750
Loews Corp	James & Andrew Tisch	\$141,650	\$81,000	\$7,842,965	\$8,065,615
M&T Bank	Robert G Wilmers	\$56,100	\$5,050	\$240,000	\$301,150
Macy's Inc	Terry J Lundgren	\$0	\$48,000	\$0	\$48,000
Marriott International	Arne M Sorenson	\$18,000	\$530,600	\$2,320,000	\$2,868,600
Marsh & McLennan	Brian Duperreault	\$4,500	\$248,500	\$3,700,000	\$3,953,000
Merck & Co	Kenneth C Frazier	\$45,300	\$2,247,000	\$32,397,510	\$34,689,810
Microsoft Corp	Steven A Ballmer	\$145,500	\$2,978,000	\$26,621,000	\$29,744,500
Morgan Stanley	James Gorman	\$18,000	\$1,010,000	\$11,250,000	\$12,278,000
Motorola Solutions	Greg Brown	\$16,800	\$726,900	\$10,220,000	\$10,963,700
Nasdaq OMX Group	Robert Greifeld	\$18,300	\$197,250	\$6,011,413	\$6,226,963
NYSE Euronext	Duncan L Niederauer	\$12,100	\$276,000	\$6,840,000	\$7,128,100

Partnership for New York City	Kathryn S Wylde	\$20,800	\$0	\$0	\$20,800
Pershing Square Capital Management LP	William Ackman	\$99,199	\$0	\$0	\$99,199
PricewaterhouseCoopers	Robert Moritz	\$2,000	\$4,063,000	\$9,920,000	\$13,985,000
Prologis Inc	Walter C Rakowich	\$8,150	\$0	\$490,000	\$498,150
Promontory Financial	Eugene Ludwig	\$182,500	\$0	\$0	\$182,500
Providence Equity Partners LLC	Jonathan Nelson	\$28,600	\$0	\$0	\$28,600
Qualcomm Inc	Paul E Jacobs	\$54,000	\$454,678	\$23,900,000	\$24,408,678
Ramsey Asset Management	W Russell Ramsey	\$19,000	\$0	\$0	\$19,000
RR Donnelley & Sons	Thomas J Quinlan III	\$22,300	\$195,250	\$190,000	\$407,550
RRE Ventures	James D Robinson III	\$13,112	\$0	\$0	\$13,112
Silver Lake Partners	Glenn H Hutchins	\$105,900	\$0	\$0	\$105,900
Sirius XM Radio	Mel Karmazin	\$11,800	\$21,000	\$910,000	\$942,800
Stanley Black & Decker, Inc.	John Lundgren	\$5,900	\$0	\$1,100,000	\$1,105,900
Starwood Hotels & Resorts Worldwide	Frits D Van Paasschen	\$3,400	\$19,000	\$1,690,000	\$1,712,400
State Farm Insurance	Edward B Rust Jr	\$77,400	\$0	\$11,738,482	\$11,815,882
T Rowe Price Group Inc	Brian C Rogers	\$19,800	\$0	\$0	\$19,800
Tenneco Inc	Gregg M Sherrill	\$2,500	\$0	\$440,000	\$442,500
Textron Inc	Scott C Donnelly	\$8,200	\$1,237,500	\$17,805,000	\$19,050,700
Thermo Fisher Scientific	Marc N Casper	\$5,800	\$308,150	\$1,620,000	\$1,933,950
Time Warner Cable	Glenn Britt	\$26,000	\$1,478,885	\$25,665,424	\$27,170,309
Tishman Speyer	Jerry Speyer	\$120,500	\$0	\$30,000	\$150,500
TiVo Inc	Tom Rogers	\$0	\$0	\$450,000	\$450,000
United Parcel Service	D Scott Davis	\$0	\$4,670,060	\$22,328,113	\$26,998,173
UnitedHealth Group	(blank)	\$0	\$1,191,200	\$12,530,000	\$13,721,200
VeriFone Systems Inc	Doug Bergeron	\$9,800	\$0	\$30,000	\$39,800
Verizon Communications	Lowell C McAdam	\$25,000	\$3,178,300	\$61,890,000	\$65,093,300
Vornado Realty Trust	Steven Roth	\$119,500	\$0	\$210,000	\$329,500
Weber Shandwick Worldwide	Jack Leslie	\$0	\$0	\$0	\$0
Weyerhaeuser Co	Daniel S Fulton	\$18,700	\$981,000	\$10,665,000	\$11,664,700
Wheels Inc	James S Frank	\$25,600	\$0	\$0	\$25,600
Willis Group Holdings	Joseph J Plumeri	\$40,700	\$30,500	\$750,000	\$821,200
World Fuel Services Corp	Paul H Stebbins	\$0	\$0	\$0	\$0
TOTAL		\$4,108,907	\$74,825,962	\$835,296,556	\$914,231,425

About Public Campaign

Public Campaign is a national nonpartisan organization that fights to raise the voices of everyday people in our democracy through changing our campaign finance laws and through holding elected officials accountable. Learn more at www.publiccampaign.org.

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