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## BACKGROUND

### WHAT'S HAPPENED TO THE CHAMBER OF COMMERCE?

Whether we're taking a vacation, relocating to a new area, or just finding out about civic and business associations in our town, the local Chamber of Commerce has traditionally been a great first stop for information.

But over the last few years, the U.S. Chamber of Commerce has changed. It has taken to attacking the very communities it should be promoting. And with a huge budget of special interest money now pouring into the U.S. Chamber, to be spent on protecting and defending some of America's most harmful industries, and a far-reaching partisan political agenda, one might ask, "What's happened to the Chamber of Commerce?"

#### **PUBLICLY ATTACKS THE STATES AND COMMUNITIES IT SHOULD BE PROMOTING, HURTING LOCAL BUSINESSES.**

In 2004, *Site Selection* magazine ranked Illinois the third best business climate in the country.<sup>1</sup> As to Madison County, Illinois, part of the booming St. Louis suburbs, the U.S. Labor Department reported that workers saw an 8.8 percent increase in average weekly wages during the final three months of 2003, making it No. 2 in the nation, and "leaders are taking their latest distinction to prove their business climate is second to none."<sup>2</sup>

But for several years now, the U.S. Chamber has decided to publicly criticize Illinois, and Illinois' Madison County, as well as states like West Virginia, using a questionable survey of corporate lawyers including in-house counsel of major corporations.<sup>3</sup> The U.S. Chamber has a political interest in lambasting both these states, each of which is in the midst of heated partisan political battles over their state's legal system and so-called "tort reform." The U.S. Chamber seems utterly unconcerned with the actual business climate in or the impact their survey might have on the communities they are hurting. *"I've seen a lot of things in the newspaper with tort reform and that stuff. But I've been in contact with local chambers of commerce trying to attract people to Madison County, and we agree Madison County is a good place to locate business," [Madison County Board Chairman Alan] Dunstan said. 'There has been a lot of propaganda in the last election year.'*<sup>4</sup>

## DEFENDS CORPORATIONS ACCUSED OF LAWBREAKING

According to the *New York Times*, President and chief executive of the U.S. Chamber of Commerce, Tom Donohue, “has repeatedly criticized Eliot Spitzer, the New York attorney general, who has brought prosecutions against brokerage firms, insurance companies and mutual funds.”<sup>5</sup> Said Spitzer on *Fox News*, as repeated in the *Times*, ***“I think he is a shill for guilty people, and Tom Donohue has never once found a crime that he couldn’t justify, as long as it was committed by one of his dues-paying members.”***<sup>6</sup>

## FUNNELS LOBBY MONEY FOR MULTINATIONAL INDUSTRIES

***The Chamber “spent more than \$53 million on lobbying in 2004, more than any organization has ever spent in a year, according to PoliticalMoneyLine, which tracks federal lobbying”***<sup>7</sup> and has spent “more than \$72 million on lobbyists, research, advertising and other weapons to revamp the legal system around the country.” In 2001, “internal chamber documents reviewed by *The Wall Street Journal* show[ed] that the organization has created several special accounts to take in money for projects on behalf of individual companies or groups of companies.” In 2001, these included the insurance, pharmaceutical and auto industries. ***However, the U.S. Chamber “isn’t required to report the sources of its funding, which makes it an attractive vehicle for those ... who sometimes like to operate under the radar.”***<sup>8</sup>

## PARTISAN POLITICAL AGENDA AT EVERY LEVEL OF GOVERNMENT

From forming an organization to defeat the Democratic presidential ticket, to ousting pro-consumer local judges they do not like, the U.S. Chamber is spending massive amount of money to influence elections – and more each year. In 2000, the Chamber began the deplorable practice of funding negative attack ads against judges. The U.S. Chamber’s Ohio front group has argued that these are “issue ads” allowing it to conceal its corporate contributors, although this is being challenged by the Ohio Elections Commission.<sup>9</sup>

But in 2004, the Chamber invested far more money into election efforts than ever. According to U.S. Chamber President Tom Donohue, ***the election of 2004 represented, “a landmark achievement for the Chamber’s political program ... [investing] up to \$30 million in the November 2<sup>nd</sup> elections.*** What was the return on this investment? In House and Senate races, the Chamber endorsed 269 candidates and 249 of them won. But the real story is what happened in the select number of close, very tough races that we targeted. In the House, we targeted 28 races and were successful in 20. We targeted nine Senate contests and were successful in seven.”<sup>10</sup>

## U.S. CHAMBER’S PRESIDENT, ALSO A CORPORATE DIRECTOR, HAS FAILED TO REPRESENT INTERESTS OF SHAREHOLDERS

U.S. Chamber President Tom Donohue holds seats on the boards of Qwest Communications, Sunrise Senior Living, Union Pacific and XM Satellite Radio Holdings. (It should be noted that according to Public Citizen, Qwest has a “long list of run-ins with telecom and securities regulators” while Union Pacific has a “troubling safety record, which includes a high rate of train

accidents.” Both companies would benefit from the U.S. Chamber’s “tort reform” agenda, which would limit the liability of corporate wrongdoers.<sup>11)</sup>

In 2004, “Glass Lewis & Company, an institutional advisory firm in San Francisco, recommended that shareholders at Qwest and Union Pacific withhold their votes for Mr. Donohue. *The firm said that he was a member of the compensation committees at both companies that had doled out excessive executive pay. ‘Unlike his predecessors at the chamber, he has not run a business and his actions at the chamber seem aimed at diluting the power of shareholders,’* said Greg Taxin, chief executive of Glass Lewis. ‘In the eyes of many of our clients, Donohue is an odd choice for a director.’”<sup>12)</sup>

## **BUYS NEWSPAPER TO MANIPULATE PUBLIC OPINION TO SUPPORT POLITICAL AGENDA**

The U.S. Chamber has established a Southern Illinois newspaper called *The Madison County Record*, presenting readers with biased accounts of cases and pro-“tort reform” commentary. The U.S. Chamber is refusing to tell readers about its connection to the paper “because it might be pre-judged.”<sup>13)</sup> Professor Michael Hoyt at the Columbia School of Journalism said, ***“If this is an attempt to poach the legitimacy of independent reporting, to falsely fly under that flag, then it’s unethical.”***

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## **NOTES**

<sup>1</sup> Mark Arend, “The Lone Star State ends a Tarheel toehold on the Top Business-Climate slot,” *Site Selection*, Nov. 2004.

<sup>2</sup> Will Buss, “Madison County ranks No. 2 in pay increases,” *Belleville News-Democrat*, July 10, 2004.

<sup>3</sup> See, e.g., *State Liability Systems Ranking Study*, U.S. Chamber of Commerce and the U.S. Chamber Institute for Legal Reform, March 8, 2004; CJ&D, “Devil in the Details,” <http://www.centerjd.org/free/mythbusters-free/chamber.pdf>

<sup>4</sup> Will Buss, “Madison County ranks No. 2 in pay increases,” *Belleville News-Democrat*, July 10, 2004. (emphasis added)

<sup>5</sup> Gretchen Morgenson and Glen Justice, “Taking Care of Business, His Way,” *New York Times*, February 20, 2005.

<sup>6</sup> Interview with Neal Cavuto, *Fox News*, February 15, 2005. (emphasis added)

<sup>7</sup> Gretchen Morgenson and Glen Justice, “Taking Care of Business, His Way,” *New York Times*, February 20, 2005. (emphasis added)

<sup>8</sup> Jim VandeHei, “Political Cover: Major Business Lobby Wins Back Its Clout By Dispensing Favors,” *Wall St. Journal*, Sept. 11, 2001. (emphasis added)

<sup>9</sup> Jim Provance, “Ohio chief justice wants law to say who pays the bills,” *Toledo Blade*, Nov. 5, 2004.

<sup>10</sup> Letter from U.S. Chamber President and CEO Tom Donohue to U.S. Chamber Board of Directors, “President’s Update – Elections 2004,” December 6, 2004, found at <http://www.smartbrief.com/hosted/c100/c100-president-letter.pdf>. (emphasis added). See also, CJ&D White Paper, *Chamber of Horrors*, Feb, 2005, <http://centerjd.org/lib/chamber.htm>; <http://centerjd.org/private/papers/ChamberWhitePaper.php>

<sup>11</sup> Gretchen Morgenson and Glen Justice, “Taking Care of Business, His Way,” *New York Times*, February 20, 2005; <http://www.citizen.org/documents/021805DonohueForPdf.pdf>

<sup>12</sup> *Ibid.* (emphasis added)

<sup>13</sup> Jeffrey H. Birnbaum, “Advocacy Groups Blur Media Lines; Some Push Agendas By Producing Movies, Owning Newspapers,” *Washington Post*, December 6, 2004.