

**ANNENBERG PUBLIC POLICY CENTER  
OF THE UNIVERSITY OF PENNSYLVANIA**

**PRESS CONFERENCE:  
LEGISLATIVE ISSUE ADVERTISING  
IN THE 107<sup>TH</sup> CONGRESS**

**THURSDAY, JUNE 19, 2003  
9:30 – 11:30 A.M.**

**PARTICIPANTS:**

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*Transcript by:  
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LORIE SLASS: Since 1994, the Policy Center has studied the growth of issue advertising. Throughout the 1990s we documented spending on candidate-centered ads. But beginning in 2001, we shifted our attention to the role of issue advertising in the legislative and regulatory process with an examination of what's considered a pure issue ad. These ads are directed at the public, legislators, or agencies in hope of swaying opinions on matters of policy, law, or regulation.

It is the analysis of these ads that we are presenting today. Erika Falk, research director for the Washington office of the Policy Center and author of the report we are releasing today, will now present the report's major findings.

ERIKA FALK: Much attention over the last few years has been given to the role and influence of money in the federal elections process. And several organizations, including our own, have issued reports documenting the amount of money that goes towards funding these ads, called "sham ads," or "candidate-centered ads." These are ads that, for legal reasons, are considered issue ads, even though they're really about candidates. And this topic has become the subject of debate across the nation and is the subject of a court case now before the Supreme Court.

But I'm actually not here to talk to you today about sham issue ads. I'm here to talk to you about the much more rarely discussed, but what I would argue is the equally important issue, of the role of money through advertising in the legislative and the regulatory process; in other words, pure or legislative issue ads. These are ads that have as their subject issues before the president, Congress, or a regulatory agency. Millions of dollars are spent each year inside the Beltway to buy such ads; and while purchasers feel confident in their effects even while some politicians may deny any, our study found that such advertising is both expensive and uneven. Whether expensive and uneven advertising on issues of public policy is desirable, we believe, is for the nation to decide. Our hope is that current policy on money in the legislative/advertising process should be the conclusion of a well-reasoned public policy debate and not the result of lack of awareness that there is an issue at all.

With that in mind, we set out to document how much money was spent on legislative advertising inside the Beltway in the 107<sup>th</sup> Congress, and today I'm going to highlight some of our findings. The full findings are available in our report and on our website, and this research was funded by the Carnegie Corporation of New York.

Now, in our study, we looked at ads that ran in the Washington, D.C. area that mentioned either specific legislation or referred to matters of public policy, including issues before the president, Congress, or a regulatory agency. The data that we examined were ads that ran in print and on television. The print newspapers we examined were *The Washington Times* and *The Washington Post*, *Congress Daily AM*, *Roll Call*, and *The*

*Hill*. In all, we looked at over 5,000 print ads. In television, we looked at ads that ran on local D.C. stations or on national cable and/or on the national networks. We found over 184 different television ads; these ads ran over 18,000 times.

Now, in order to collect these ads, our research assistants scanned the newspapers each day and clipped the ads that ran in the newspaper. For television, we hired an organization, the Campaign Media Analysis Group, and they electronically monitored the airwaves and gave us storyboards of ads that aired, and estimated for us the cost of the average airtime for spots that ran at the time that the ads did.

There are ways in which our method both underestimated and overestimated the cost of these ads. For example, if two sponsors were listed on an ad, we attributed all the spending to the first sponsor. If three or more organizations sponsored an ad, we attributed that spending to those three unique sponsors.

If an organization sponsored several ads with various different other organizations, the amount that we estimate that they spend is going to be lower than their actual cost. Take Lockheed Martin for an example. We documented about \$2 million in spending by the defense contractor Lockheed Martin, but Lockheed Martin also sponsored several other ads in combination with different other organizations; and all of that spending was attributed to those different other organizations as well. If Lockheed Martin had paid in total for all of those other. I think there are about eight other ads – it would have added about \$800,000 to their estimated spending total, or increased that amount by about 50 percent. We also didn't take into account the cost of developing an ad or percentages for ad buyers, et cetera.

On the other hand, there are other ways in which we probably overestimated the cost. Many of these organizations receive volume discounts when they buy a lot of ads and we did not take this into account. So overall, when I talk about spending in the context of my presentation today as well as in the report, it's important to keep in mind that what I am really talking about is the estimated cost of the open rate for that size ad or the average cost of airtime for the slot in which the ad aired for television.

We estimate that over \$105 million was spent on print and television issue advertising inside the Beltway in the 107<sup>th</sup> Congress, and these ads were sponsored by over 670 different organizations and coalitions. Despite the large number sponsoring issue ads, a few big spenders accounted for most of the dollars spent, with half of all the money coming from the 20 largest spenders. The top 11 organizations listed in this chart accounted for fully 40 percent of the spending that we documented, and the top five each spent more than \$4 million.

The single biggest spender, Americans for Balanced Energy Choices – which is basically a coal lobby – accounted for over \$8 million in issue advertising spending, although I should mention that it was different from most of the other organizations that we looked at because all of that money was spent on ads that ran on national cable. The

great majority of the organizations that advertised had very little spending. Over 650 of them each spent 1 percent or less of the total.

In looking at the differences between print and television, overall, 50 percent more money was spent on print advertising; about 64 million compared to television's advertising of about 41 million. Spending on television advertising was much more concentrated than it was for print. The top 10 spenders on television ads accounted for 77 percent of the television total, while the top 10 organizations' spending on print advertising accounted for about 31 percent of the print total. Americans for Balanced Energy Choices alone accounted for 20 percent of the television ads.

Many more organizations ran print ads than television ads -- that's not surprising since print advertising tends to be cheaper -- roughly 640 organizations compared to 70. In that sense, it's a much more democratic medium. We documented only two organizations that spent more than 1 million on print and more than a million on television: Voices for Choices, which is a coalition primarily funded by AT&T and WorldCom that lobbied against Tauzin-Dingell, the broadband deregulation bill; and covering the uninsured, a group funded by the Robert Wood Johnson Foundation that advocated health coverage for uninsured Americans.

Also in the course of this research, we profiled the organizations that sponsored ads. We found that several advertisers used either vague or deceptive names in the sponsorship of their ads. These pseudonyms often make organizations appear to represent broad classes of people or democratic grassroots movements rather than those organizations actually behind the ads. For example, take the Black Alliance for Educational Options. This is an organization that promotes a pro-voucher agenda and freely admits that they accept funding from a number of largely white, conservative foundations. Citizens for Better Medicare, contrary to its name, is a group created by the pharmaceutical industry. We highlight this issue because we believe that public deliberation relies on full disclosure and accurate information. So, knowing who is sponsoring a message is important in assessing its content.

We also coded each ad according to its predominant topic. The top issues were energy and the environment; almost all of this spending was driven by ads about the national energy policy. Second was health care; almost all of this spending was driven by ads about prescription drugs. Third was economy and business; almost all of this spending was driven by promotions, by the federally-chartered Fannie Mae and Freddie Mac corporations. And finally, the fourth top issue was telecom and the Internet, and again most of this spending was driven about by the debate on broadband deregulation, legislation by Tauzin-Dingell, and other such related legislation. Now, these four top issue categories accounted for three out of every five dollars spent on inside the Beltway, legislative advertising in the 107<sup>th</sup> Congress.

If we turn our attention to the top issue of energy and the environment, virtually all of the \$21 million spent surrounding the issue of energy and the environment was related in one way or another to proposals for a comprehensive energy policy: about

\$15.4 million worth. Some ads specifically addressed the legislation or its amendments, and while many others promoted industries potentially affected by the legislation. Both opponents and supporters of the Bush plan framed their position on energy policy in terms of the environment, but generally speaking, the businesses supported the policy and the environmental groups opposed it. Roughly 94 percent of the spending was sponsored by energy and business interests, with environmental interests spending the remaining 6 percent.

If we turn our attention to advertising about health care, we found about \$20 million in health care advertising. Almost three-fifths were from two types of organizations that make money on health care: industry groups and health care providers. The industry groups, such as pharmaceutical manufacturers, insurance companies, and business associations, spent the most: close to \$7 million. And health care providers such as hospitals, nursing homes, and doctors spent about \$4.7 million. Consumer groups such as the AARP came in third with about \$3 million in spending. Three subtopics accounted for 77 percent of health care advertising: prescription drug benefits, increased funding for hospitals and other providers, and expanding coverage for the uninsured.

Now, our primary goal in designing this research was to determine whether the voices reflected in advertising about issues that face the nation have equal reach. Generally speaking, this was not the case. In print and television issue ads that aired during the 107<sup>th</sup>, we found many examples where one side spent significantly more than the other. For four of the issues listed in this chart, all of the spending was on one side: U.N. dues, No Child Left Behind, money to hospitals, and re-importation of drugs. And the other issues were vastly disparaged, with percents in 80s and 90 percent of the spending on one side. Take, for example, the Yucca Mountain nuclear waste facility. Ninety-six percent of the ads went to promote a nuclear disposal site at Yucca Mountain, as did 99 percent of the ads that were advertising/promoting the Fannie Mae and Freddie Mac corporations.

In one issue we looked at, the spending was roughly equivalent. In the subject of telecommunications, support for broadband deregulation, Tauzin-Dingell and other related bills and regulations, 49 percent supported it while 51 percent opposed it. But that was unusual among the issues we looked at. Most were not that evenly split.

This study was not set up to prove causation; however, we did find some interesting trends. Ten of the 15 issues we looked at had greater spending on the prevailing side, two did not, and three did not lend themselves to such a simple analysis. For example, more was spent on opposing stricter emissions requirements and they were not imposed. And more money was spent to protect drug companies' patents, and legislation to prevent drug companies from easily extending their patents failed. On two issues that we analyzed, the spending balance favored legislation that did not pass. They were ads advertising more money to hospitals and supporting federal school vouchers to assist in paying for private education.

Few would disagree that the public interest and democratic integrity are enhanced when legislators, regulators, and members of the judicial and executive branch have exposure to balance, copious, diverse, and truthful information and argument. But the more difficult question will be how to ensure that that happens without infringing on basic rights and freedoms. If there are any questions about the research, I can take them now; and we have some mikes set up, so please identify yourself and your organization before you ask.

MS. SLASS: I'm now going to introduce our panel, to give their thoughts on the findings and generally about issue advertising. To my immediate left is John Kane, who is senior vice president for government affairs at the Nuclear Energy Institute. His responsibilities include advocating a wide range of nuclear energy issues before Congress and the administration. John.

JOHN KANE: Thank you. I would like to thank Lorie and the Annenberg Public Policy Center for the chance to be with you this morning and talk about this important issue. As Lorie said, I'm John Kane from the Nuclear Energy Institute.

And the Yucca Mountain campaign was highlighted in the report -- and I would like to put up a slide if I could, that just is a demonstration of one of the advertisements which we used last year, during the debate on Yucca Mountain, inside the Beltway. We believe that inside the Beltway advertising does not actually determine the outcome of any given issue. **What it simply does, in our view, is raise the issue; and if you think about the wide range of issues that Congress has to consider and the wide range of interest groups across the country, particularly in this city, trying to get your issue up on the table and highlighted is a very important part of the whole fight. And that's the way we view issue advertising, and in this case it was an attempt to try to get the issue highlighted and spotlighted.**

**The second part of inside the Beltway issue advertising that we think is important is creating an impression. And if you look at this advertisement, you will get to see that this is a remote site, it's arid, essentially out in the middle of nowhere, and it creates an impression for you. And those are the two main things that I think the advertising effort on our part is really intended to do. The fight over the issue's outcome really depends on many other -- dozens of other important factors, and this advertising piece is just but one small part of a much larger campaign.**

I would be interested in hearing from Bill and Rick later on as to their viewpoints on how they see issue advertising inside the Beltway affecting them, but our point of view is **it's simply a timeliness issue, trying to raise and spotlight the importance of your issue so that you can engage in a debate. And part of the lobbying effort that we undergo with each of the issues that are important to us is we try to go in and talk about what our point of view is, but we also try to talk about what the opponent's point of view is and try to go at the reasons why we may disagree. And so, it's really not an effort to change someone's mind, it's an effort to really spotlight the issue.**

I told Lorie I would be short so that we could get on to the question and answer period, so I will just stop there and wait to hear more from you all.

MS. SLASS: Thanks, John. Dan Weiss, a senior vice president of M&R Strategic Services. Dan works with national environmental organizations which defend critical environmental protections. He coordinates paid and earned media and grassroots activities to educate the public and press about energy policy, public lands protection, clean air, and other issues. From 1985 to 2001, Dan worked at the Sierra Club, most recently as national political director. Dan.

DAN WEISS: I want to thank John for giving my remarks. I would agree with everything that John said about the purpose of inside the Beltway advertising, although I wanted to add a couple other reasons why the environmental community chooses to do it. As John said, it raises the visibility of the issue. **With all the issues that Congresspeople, staff, and the media have to deal with, by running a clever or attractive ad, you can get people's attention in a way that you might not be able to otherwise. Secondly, it can help set the terms of the debate; make your pitch to the people you're trying to impact unfiltered, as opposed to using the earned media, which means it's filtered. Third, we often use it to provide information to Hill staff and reporters. We think of it sometimes as a paid fact sheet that we otherwise might not get them to take a look at.**

**Fourth, we often use paid advertising, usually print, as a way of demonstrating a broad coalition. For example, we did an ad in 2002 on the energy bill from Americans for Energy Security, advocating increased fuel economy, that was signed by some prominent government – former government officials, like “Bud” McFarlane, who was one of Reagan’s national security advisers; Jim Woolsey, who was head of the CIA; and other prominent people. It was a way of getting that information to Hill staff, reporters, and other decision-makers. And lastly, we occasionally -- although the effectiveness of this has declined quite a bit since September 11, 2001 – use inside the Beltway paid media as a way of generating earned media: news stories about our issue.**

And what I would like to do is show an ad that we ran in – right after President Bush announced his energy policy in May of 2001, that generated quite a bit of bit of coverage. If you could show the ad, please.

(Begin video segment.)

AUCTIONEER: Sold, drilling rights in the Arctic Refuge, going to the gentleman from big oil. Next up, clean air –

NARRATOR: Does it seem like our environment is on the auction block these days? President Bush’s energy plan opens protected lands to new drilling –

AUCTIONEER: Sold.

NARRATOR: -- builds more coal plants, and fails to lower energy prices.

AUCTIONEER: Sold.

NARRATOR: Bush's big supporters clean up while we're cleaned out. A better plan? Efficiency, the cleanest, cheapest energy solution. Tell President Bush his energy plan is one we just can't afford.

AUCTIONEER: Sold.

(End video segment.)

MR. WEISS: I'm sorry, John, that we didn't include your industry in there, but we were thinking of you, certainly. (Laughter.) **This ad was released at the time of Bush's announcement and was included in news stories on the energy policy, on all the major networks; and, in fact, Tim Russert showed it to Vice President Cheney on "Meet the Press" and asked him for his reaction. We estimate that because we were able to do this, 40 million viewers saw this ad for free on national news stories. So, you know, it helped generated earned media.** Now, again, this technique, you know, this tactic is declining in its effectiveness as (a) more and more people have used it, and (b) the news hole has shrunk incredibly for stories like this.

When thinking about whether or not this sort of paid, inside the Beltway issue advertising makes much of a difference, **I would argue that it is valuable but not determinative. And I think a bigger disparity that makes a difference isn't between the amount of ads that, say, the nuclear industry would run on Yucca Mountain versus the amount of ads that the public interest community ran, but rather the PAC dollars that the nuclear industry gave compared to those by the environmental community. And we -- as a theory, the environmental community thinks it's much more effective to spend our paid advertising dollars outside the Beltway; and we do this kind of advertising occasionally, but spend much more trying to reach people back where they live.**

So I will turn it over to Rick.

MS. SLASS: Thanks, Dan. Rick Kessler is chief of staff to Congressman John Dingell, who is ranking democratic member of the House Committee on Energy & Commerce. Until February of this year, Rick had been democratic professional staff on the committee, specializing in energy and environmental issues. Prior to joining the Committee, Rick was the associate director of government affairs for Princeton University and served as director and senior legislative assistant to Energy and Power Subcommittee Ranking Member Frank Pallone. Well, Rick, you seem to have been the target of many ads through the last two years. Can you tell us a little bit about what role they play in the work that you do?

RICK KESSLER: I can, I don't know if it will be useful, but I will be happy to do that. First, thank you for inviting me, Lorie and Annenberg, and thank you for getting in here Bill Cooper; we work down the hall from each other, but these days we never get to see each other.

A lot of what I would say has kind of been said already by John and Dan. **I think John's right about the idea that these ads -- particularly print ads, but I think that still goes for electronic media -- really do more to raise the salience of an issue than they do to actually influence individual views. I think the print ads are more effective -- I think Dan kind of mentioned this -- when they're coupled with a lobbying effort, where you bring the ad to the attention of the staff or member.** I will tell you, in my experience, I haven't -- I usually don't have time to look at the ads in Roll Call when I'm in the middle of an issue. When we were doing the energy bill last Congress -- and I did about two-thirds of it for the House Democrats, particularly in conference -- I had no time to look at the ads let alone try and figure out which -- how much impact they were having on our members or the other members of the conference or the committee, or the House of Representatives.

**But I think, as Dan said, when you run the ads in districts and maybe couple that with the inside the Beltway ads, then it becomes more effective; and also, when you have a cutting-edge type of ad that gets you earned media, that can also be effective.** I think part of the reason that may be going down is not 9/11, but also it's harder and harder to cut an ad that is so unique that it warrants earned media attention. Think back to the '80s and New Jersey gubernatorial race, when Peter Shapiro is running against Tom Kean and he cut an MTV video, very cutting-edge. I think it ran once on MTV, but it got picked up all across the state and it was a few days' story. Of course, Peter got crushed, but it was one of the more effective moments of the campaign. I just think it's harder and harder to do that, I agree.

**I think these ads -- I think there is an inordinate amount of money, but not so much in that -- the influence, I think, is an inordinate amount, considering the amount of influence. I don't think it's necessarily a great return on the dollar most of the time.** I know the report talks particularly about NEI and the nuke waste vote, but looking in a historical context -- having worked on two or three bills before that, I can't remember, since the 104<sup>th</sup> -- the industry didn't do so well. I think a lot of it had to do with the nature of the vote, that ground rules for the vote the last time around were set already, back in 1987. So you weren't looking at a two-thirds vote just to get to the floor on something in the Senate and you weren't looking at a presidential override the way you were under Clinton and Gore. Not to say that NEI didn't do a very good job, and we were on their side on a lot of these things, but success wasn't necessarily hinging on the ads, it was the nature of the debate and the ground rules for consideration.

You know, I think these ads -- it's like any campaign, it's the persuadables you're after. I think there's a lot of people who are set, and particularly people who -- like Bill and I, and I don't want to speak for him, or our members -- who pay closer attention to

these issues than others, particularly, you know, for our committee, energy, health, environment, telecom. **There are a lot of decisions already made on these things. I think it may be more effective -- and because I don't work for someone off the committee -- but I think it may be more effective when you're someone who does not work for a member or you are a member who is not as familiar with the issues.**

But I think that, you know, a lot of it just depends on the quality of the rest of the campaign an interest group is running; if they're lobbying operation is good, if their strategy initially is good, if the issue itself -- on energy policy, I think -- I thought Dan's ad was very good. I think Dick Cheney probably did more to raise the salience of the issue by talking about personal -- conservation being a personal virtue -- I can't remember the exact quote -- than did the ads. I think that got more of a firestorm. So again, they can definitely have an effect, but they're not the be-all and end-all.

**And I guess the last thing I want to say is -- well, two things. One, of course, it can have an effect if it is a broad-based campaign, not just in D.C. but across the board, as we saw with the Clinton health care plan and Harry and Louise. But the other thing to bear in mind, it's always easier to stop legislation than to get it moving, so I think that's another factor to consider.**

**But the last thing, I think Erika is correct in that blurring the issues and blurring who is pushing those issues doesn't necessarily serve the public well in the end, because if we're talking about a marketplace of ideas -- in economics, we all know that it is the rational decision, but it has to be based on, we assume, perfect information. The more you skew the information, the more inaccurate decision-making will go on, and that happens on both sides.**

ANWR is a great example, where both sides are right on certain things, but it all depends on how you interpret the numbers. And it doesn't necessarily do well for -- by anyone to have a debate where we're really not talking about, you know, is it really five days' worth of oil -- depending on how fast you draw the oil -- but will it be here tomorrow, as one side would say? No, it won't be here for at least 10 or 12 years.

So I don't know if that does the public any good, and then lawmakers on the fringe fear that. But again, I'm not sure of the effectiveness other than you raise the salience. So, with that, I will turn it over to Bill.

MS. SLASS: Okay, Bill Cooper is counsel for the House Energy & Commerce Committee, with emphasis on energy issues, particularly oil and gas. Among his accomplishments on the Committee: he was a drafter of and lead negotiator for the Pipeline Safety Improvement Act of 2002; lead negotiator for the House on several provisions of the comprehensive energy bill, HR 4, in the 107<sup>th</sup> Congress; and the drafter and lead negotiator for several provisions of the comprehensive energy bill, HR 6 in the 108<sup>th</sup>. Prior to his work with the Energy & Commerce Committee, Bill was in the private practice of law, with over 94 percent -- 95 percent of his practice being in the areas of oil

and gas exploration/development/production, including natural gas gathering, transmission, and distribution. Bill?

BILL COOPER: Thank you. And I want to thank you all for inviting me here. I feel like I'm out of place a little bit talking about issue ads when I focus so much on policy. I think we have to look at the issue ads and determine who the audience is and what the perceptions are of those ads. I think back to my private practice days, every time we tried a lawsuit, you know, there would be a plaintiff and there would be a defendant, and the stories would always differ. But we all operated most of the time under the assumption that people were telling the truth, and that was because people had different perceptions, and if I knock this pitcher of water over in my buddy's lap here – (chuckles) – he might tell the story a little bit differently than I would, although we would be telling it truthfully. So perceptions matter, and we have to look at who the audiences are.

On these issues, I tend to think many times, you know, as it gets close to a vote or to a markup, we look at what we are trying to do and every now and then I will see an issue ad in Roll Call or The Hill or something like that and I wonder – the focal point of the ad sometimes makes me think that I'm on the wrong committee. And I think a lot of times – Congressman Ralph Hall tells this joke all the time and I really like it – and this older couple are sitting around one day and the man's starting to feel the age and the wear and tear of a stressful life. And he tells his wife he's going to go down the road a little bit to the store and he will be back after a while. Well, he leaves and she turns on the TV, and all of a sudden there's a news flash that somebody is going the wrong way on the interstate and it's wreaking havoc everywhere. So she gets worried about her husband and she calls him on the telephone – on the cell phone, you know – and he answers the phone, and she says: "honey, you had better be careful, there's somebody going the wrong way on the interstate." And he said: "somebody, indeed, there's hundreds of them." (Laughter.) And I feel like that sometimes, that I'm going the wrong way on the interstate.

So, as far as the public perception of issue ads go, I would yield to Rick. Rick has far more experience than I do in these issues, and I certainly trust his judgment over mine. I can talk about how the information or the issue ads affect me as a staff member on the committee and how it affects ultimate policy, and that's what I will attempt to do.

Actually, I would say that issue ads have very little effect, if any, on the actual policy decisions that we're trying to make and the drafting of the legislation, because it's a timing issue, that people have finite resources and they try to time their advertisements to get the most effective use of their dollars for their intended audience. If their intended audience tends to be folks like me and Rick, it's better that they spend their money probably someplace else because we have to develop these issues and we have to develop a game plan long before those ads are ever queued up at the printer. So, to that extent, there has got to be more effective methods if you want to influence legislation at the policy level; and, indeed, there are.

People do -- I think it's good to raise awareness of an issue through advertisement, and people have to use the best means that they can afford to get their message out to the people. **For us, I think more one-on-one conversations with folks about what concerns them is probably far more effective and early on in the day.** So I think we have -- to sum it up, sometimes there's a lack of information, too, that people who draft the advertisements have available to them. And it's only because of lack of time, really, to work with us as we're trying to get the issues ready and what really matters to the folks that will be casting those votes. **So I think the issue ads are probably more effective to the outside world to draw attention and to raise the issues, as it has been said here, not so much to affect the actual outcome.**

And I did read the report, there's one quote that I thought was really interesting that I will close with. And it says that Michael Lord (sp) surveyed corporate executives responsible for monitoring and managing their firm's relationship with the federal government and congressional aides and found that both reported that ads have, quote, "some degree of influence," which -- that's probably true. I would say that issue ads don't persuade us all that much when we're getting close to market because the issues tend to be locked in stone. However, a grossly misleading issue ad probably does more damage to the cause than it ever does good on either side. So I would caution, in that respect, that they do have some degree of influence, sometimes it's a negative influence if the ads tend to be misleading.

Furthermore, and the report goes on, "however, members of the corporation rated that influence as higher than the members of congressional staffs." (Chuckles.) And so I think we all have to view the idea of issue ads and the amount of money spent on them and the influence they have from the old adage that we shouldn't think more highly of ourselves or parenthetically our opinions than we ought.

And so, with that, I will close and pass the mike down the way.

MS. SLASS: Frank Clemente is director of Public Citizen's Congress Watch, which he has been since 1996. Congress Watch conducts public education and advocacy efforts on campaign finance reform, better access to quality health care, legal reform issues, and corporate accountability. For six years, he was senior policy adviser to the House Committee on Government Operations, chaired by Representative John Conyers, overseeing diverse legislative initiatives ranging from national health care to the environment to budget policy. He was issues director for Jesse Jackson's 1988 presidential campaign, and I imagine he has quite a different take on issue ads than the four other panelists up here. Frank?

FRANK CLEMENTE: Hi, thank you. Actually, I don't. (Chuckles.) I have been skeptical about issue ads in Washington, D.C. since my days on the Hill because I worked for a member of Congress, Mr. Conyers, a very liberal member of Congress who the issue ads certainly didn't matter to him. He had his positions and they were set in stone. That doesn't mean it's not -- they're not important for the more marginal folks, the folks who are on the cusps, who are the swings. And I -- actually, my first campaign --

legislative campaign I participated in, there was a major battles over tort issues, the Private Securities Litigation Reform Act of 1995. There was a big fight, the securities industry on one side, plaintiff's attorneys on the other side, and a lot of money was being spent on these issue ads.

And I'm looking at them, I think, this is a complete waste of money. Why are these guys pushing this stuff? All I could figure out was this is a scam by the PR people here in Washington, D.C. to make a lot of money. I couldn't think of any other reason. I mean, why would a member of – you know, what matters is these guys – my old organizer's hat, what matters is these people seeing this stuff back home, where there is a 1-800 number, because your member – your Congress member's phone number on the ad. It's embarrassing to the member of Congress, the editorial boards are seeing it, the people you rub elbows with are seeing it, why are you on this side of this issue, and to me that's always been much more important than these ads running here in Washington, D.C.

Not that they don't have a point – a reason; obviously, they wouldn't be doing it, which I will explore. What I was most struck by is how insignificant the amount of money is: \$100 million over a two-year -- \$105 million over a two-year period, \$50 million. Put that in perspective. We have a report coming out -- if we get it done tomorrow, maybe Monday – on the drug industry; we do an annual report on their lobbying. The top 10 companies alone, 50 million bucks – top 10 companies, 50 million bucks from the drug industry, lobbying in one year. So they spend – those 10 companies spend as much as was spent on all the issue ads that you recorded for the entire two-year period.

Huge difference, shows you where the influence is, where the priorities are; and frankly, campaign contributions are extremely important, but they are dwarfed by the lobbying – what one would call the inside the Beltway lobbying: the hiring of a K Street lobbyist, the in-house lobbyist, the former members of Congress, former staffers doing the lobbying. All of that dwarfs the issue ads spending and dwarfs the campaign contributions, and I think it's the one-on-one, it's the personal contact, it's who you know and how you know them, and those types of connections.

I was – just a couple of other things I just thought were interesting about the report was that five of the 11 top spenders were nonprofit groups. That was kind of really interesting to me. What it said was: industry can get its message out in a lot of other ways because they can hire a lot of lobbyists. The nonprofit groups tend not to do that. The issues themselves don't necessarily lend themselves to lots of the lobbyists, and so I was kind of surprised.

Obviously, the lopsided nature of the spending was not surprising, but it was dramatic. It wasn't just the 94 percent on energy, but the 72 percent of the \$1 million spenders, the 60 percent of health care spenders, the 75 percent of the drug money was all from industry.

I felt another interesting thing that was not in this study was the fast track vote. That was the single most important business fight in the last Congress. A huge coalition, huge – probably the biggest lobbying effort there was, and yet they didn't spend a cent on issue ads; and I'm not quite sure why. I think probably because it was such a huge coalition, so many lobbyists out there able to push this thing, the issues had been over before so there was nothing new and different in it, people had been through the drill and frankly it was a huge grassroots campaign. That's where most of the money was being directed because it came down to those, you know, handful of votes that had to be turned one way or another and it didn't really matter what was going on in here, it mattered what was going on outside there.

I thought what was interesting was the things this report didn't do. And the two things, I think, was one, the interviewing of key people who are those swing voters in Congress and whether this matters to them or not. You know, the folks who – the Democrats who are – always swing on votes and the Republicans who are – always swing on votes. Those – they really determine the outcome of these votes, these close votes anyway, and I think it's more important here. And I bet you what they say is: it's the stuff back home as opposed to the stuff here in Washington.

And I think that that's the other question, is really the relative – somebody else said it – the relative importance of what's happening in Washington versus what's happening out in the states. I would maintain it's much more important what goes on in the states, in terms of lobbying, in terms of issue ad spending as opposed to – and I think the good illustration for me, though, is last year's United Seniors Association. We did a study on the United Seniors Association, they – seniors' group, I think half a million members. But the drug industry, in our estimation, probably funneled 15 (million dollars) or \$20 million through them in the last election cycle, and probably half of it was election ads, half of it was issue ads. And you compare that to what the drug industry spent inside the Beltway: 2 (million dollars) to \$3 million on issue ads. Their priority is much more outside and I think that tells you something.

My working theory on these ads, some of which was – a lot of which, I think, wasn't answered in the report because it was a report about numbers as opposed to, you know, the kind of getting behind the numbers. But everybody here sort of confirmed it for me, was that – well, some of you didn't – folks didn't say this. **I think, in some ways, the more obscure the issue, the more useful these ads are. It's new, you're not familiar with it, maybe you don't have that many lobbyists who are coming thorough. And so you get a good ad, a catchy ad, something that conveys some very important information, and I think that can raise the visibility, I think, is what folks were talking about.**

I also had high on my list designed to influence free media coverage. We do see that all the time, although I agree it's happening less. The mutually assured destruction scenario: if you don't – you have to advertise because the other side is going to advertise. I mean that – you know, certainly the folks who are telling you to do the ads are telling –

you know, they're telling you to do that, the other guys are going to tell – you got to do it, you got to get your stuff in the can and be ready to go.

**I think a very important reason these things get run – and nobody's mentioned this, and I had a personal experience with it – was that either the White House says you got to put this stuff up on the air, or the House leadership or the Senate leadership says you got to put this stuff up on the air. Now, we need this cover, the other side's doing it, we have got to put our message out there, you have got to fight back.** And my personal experience is in the products liability fight in 1996, where the White House said: you know, if we're going to veto this bill – (chuckles) – we want some help. And some – and part of the help was running the ads; and it wasn't just running the ads here in Washington, it was running the ads outside of Washington.

**I think probably the other – and I saw – I have seen this in looking at some of the drug spending as well, I mean, pharma ran \$800,000 of ads in Tom DeLay's district last year. Now, Tom DeLay was the guy leading the charge on pharma's bill in the House. Why did they run those ads? Probably because he said: I want them, I want to feel more comfortable doing this. Or they did it without him asking just to make him feel good about what he was doing.**

I think the last thing about this is reinforcing the lobby message that, you know -- part of a juggernaut, it's part of the momentum-building, and it's a psychological warfare thing that's going on here, and these ads all contribute to that and to the momentum that you're on their side. I have other comments about major problems with the system, I think I will reserve that maybe for – about some things I think we need to do to fix things.

MS. SLASS: I actually want to pick up on a couple of things you said and start with John. Frank mentioned that sometimes the target is the White House or some other outside group rather than the members of Congress themselves. Is some of your advertising because your member companies are saying we want to be seen on this issue, and it's for their viewing habits as well?

MR. KANE: Well, the group I'm with, the Nuclear Energy Institute, is a trade association. It's a member-driven operation, so certainly we pay close attention to what our members want to have done. But I think the answer is no, we don't advertise for the benefit of our members' consumption. We actually have a very modest advertising budget by comparison. **I think, as Frank mentioned, it's really, really quite modest, and we really reserve the few dollars that we do have for the issues that we think are front-and-center issues that we need to put up on the table and spotlight, that are going to have a broad vote on them, too.**

**I think the other question is: most of these issue ads are aimed at issues where there's going to be a floor vote, where there's going to be a broad participation by the Congress; not something that's going to be done narrowly or in a committee, but something that's going to be done on the floor. So when we get issues like that, that's when we really take a look at are we getting the visibility that**

**we need, are we getting the engagement and the dialogue, are we getting the – is the media paying attention to this issue. And those are the kinds of criteria I think we go thorough, in terms of making those decisions.**

MS. SLASS: Dan?

MR. WEISS: Again, John just said everything I was going to say. It reminds me of the old saying, everything has been said by not everyone has said it. **In answer to Bill's concern about issue ads not really having an impact on him, they're really not aimed at policy experts. They're not aimed at the committee or subcommittee staff. As John was saying, they're really used for floor debate. It's also, as Frank was saying, is it is done – at least on our side, we do it to encourage our champions, to keep them going. It's a visible thing we can do to let them know we're doing stuff because they can't see the 50 visits we just made.**

**And lastly, I think we often, from the public interest perspective, try and get out in front of an issue and trying and define it before it can be defined by somebody else. So, for example, with the Bush ad we showed, that was released the day that Bush announced his energy plan. So that way, we could start to define it before he could define it. And so, we use it very preemptively rather than trying to influence, you know, these drafting process or the subcommittee or committee markup. That's just – that's too specific for the kinds of communications these are.**

MR. COOPER: And I didn't express that as a concern. It was just a fact that I think you have to look at the audience for which the advertisements are intended, and they're not intended for us as we're going to a markup.

MS. SLASS: Well, Dan, I want to build on that. Your clients are clearly outspent on energy policy from the business interests and the energy interests. Is that a cause for concern or is this sort of disparity between the two groups not relevant to the debate?

MR. WEISS: I think the bigger cause for concern is just the overall disparity in spending, whether it's inside the Beltway advertising, outside the Beltway advertising, lobbyists as Frank mentioned, political contributions, 527 contributions, soft money before it was outlawed by the BCRA, and who knows what is going to happen now. I think it reflects the overall disparity in resources that the business community has compared to the public interest community.

MR. WEISS: And I think this disparity has grown in recent years.

MS. SLASS: Yeah, and across a number of issues, we saw where there was only one side really presenting their opinion on an issue, and you could argue that's because the other side didn't have the resources and wherewithal to put forth their opinion. Rick, is that something that needs to be addressed in any way or concerns you?

MR. KESSLER: **I think it is a problem that one side of a debate can muster far more resources than the other.** I guess there's a counterbalance in that, as one of my former bosses once said, I don't care if they give to my opponent as long as they give me equally as much because I will spend it better. So I think it comes down to, in part, if you use your \$200,000 better than someone uses their million, you can have a greater impact. But nonetheless, a bigger bomb is better than a smaller bomb, and it is a problem, I think, for one side or the other, I think, being able to get that kind of message out there broadly.

Look, it happens in campaigns. Someone who – you know, Jon Corzine can walk in and spend \$60 million on his Senate campaign and dwarf – not that I'm bothered by the outcome of that, but – or Michael Huffington years ago, \$5 million on a seat, which was a record in a single California race. It obviously makes a difference to have that much money, but it also goes to – I think it was Dan that said they money is also – where else it goes, whether it's into lobbying shop or into contributions and what not, it's a total.

MS. SLASS: I know that one interesting issue that you had experience with was the debate over the baby bells and tels in Dingell, where you had business interests of equal stature and equal wallets being able to spend almost equal amounts to try and convince people about an issue that really nobody understood.

MR. KESSLER: And in the end, I don't think anyone did, really. I mean, we got it – I don't know what affect it actually had in the House vote. I think having the leader – you know, a good part of the leadership and Chairman Tauzin and Mr. Dingell leading the charge was a big help, but you saw, once we got the Senate, countervailing influences had really...

MR. KESSLER: Well, and you know, I will say what it did do is there was so much spending that I know it was always an issue of concern for back home, or who is going to spend what, and was AT&T – you know, were the bells spending as much as AT&T. And I guess it especially matters when they're running the ads and your boss is mean; he's mentioned in the ad, which is a lot different than clean air, clean energy, or something of that nature.

MS. SLASS: Well, what was interesting, Michael Powell is quoted as saying that he was watching a series of TV ads around that, and his quote is: "other than me, nobody understands a word they're saying." (Laughter.)

MR. KESSLER: And I don't know if that's a testament to the issue, the quality of the ads, or just – I don't know.

MS. SLASS: But that was something Frank brought up, in terms of issue ads trying to translate for maybe those swing votes or the folks not well-versed in the policy; the issue in easy, understandable terms.

MR. KESSLER: You know, I was going to say I think Frank had a very good point. One of the most effective, very small uses of this was another Tauzin-Dingell special, which is CARA. And the historic preservation folks who got into that funding stream – and it was a – CARA was a guaranteed funding for land conservation through oil royalty receipts, and also historic preservation was in there. And what the historic preservation folks did -- on a very small issue, very below the radar, what they would do is run these thank you ads. But they would go in and they would lobby and they would tell them in advance, and then they would run the ad in the district. They ran a few, I think, in Washington. And then they would blow up the ads, frame them, and present them to the member in a photo session. Sometimes the member didn't want people to know that they had supported it, but a lot of times they were just very grateful. So it was the totality, and that was a very good way of making use of a small amount of spending. But it worked well on an issue like that, where it was very much below the radar screen, as opposed to CAFE or nuclear waste or –

MS. SLASS: Frank, do you have any thoughts on that?

MR. CLEMENTE: Well, I think, you know, it's just – one thing that was triggered, I think when John was talking, was – and we see this all the time in our campaign finance reform work – I mean, you know, a \$5,000 PAC contribution gets you a personal visit with a member of Congress to make your case. And as a consumer organization, you often don't get to meet personally with the member of Congress – (chuckles) – to make your case; sometimes it's hard to meet with a staff person to make your case, they don't want to necessarily hear from you, and talk about how hard it is to see a Senator about these things.

**So, in a way, I'm wondering – a little theory here – how much these ads buy access to the meeting, and not just the meeting with the staffer but the meeting with the member. You know, the more money you spend, the more visible it is, the sort of more the buzz is about it, the more scared folks are about whether there is an impact, and it may just open doors that, you know, we can't open on our side.**

MS. SLASS: Let me –

MR. KESSLER: And it may also have the opposite effect. I know you sit there and you say, hey, this group has just run an ad against you, boss. Do you – or the other side will come in and say: did you see this group just ran an ad against you, you can't really be seriously thinking about voting with them. Or, you know, using that they just ran a vote – an ad against me, I need your help. You know, I don't need ads, I might need campaign – or I need you to run the ads back -- I mean, I think it may have a negative affect, too.

MS. SLASS: Well, I want to ask Dan and John, in addition to running the ads, do you do drop off the ads to all members or committee members? You know, once an ad is run and maybe you do your earned media event around the ad – I'm sure that's a strategy you have used, Dan, because you can't run it as many times as John can – but what other

tools do you use, in terms of highlighting the ad and publicizing the ads, in terms of your members or members of Congress, or distribution there?

**MR. WEISS: Well, we're environmentalists, so we often recycle; and we will take ads, we will drop them on the Hill, we will include them in packets at press conferences, we might do an editorial board mailing with them, we might send them out to our field folks and see if they can find a use for them that doesn't involve, you know, paying, but, you know, maybe turn them into flyers or whatnot. So yes, we definitely recycle them in as many ways as we can.**

MS. SLASS: John?

MR. KANE: Yeah. We do the same thing as Dan – we do the same thing that Dan described; we're environmentally sensitive, too. But we try to get as much mileage out of these advertisements by recycling them through flyers and through tear-outs and the whole nine yards. **We get them out to our membership and so forth, so it also helps keep our membership on message, some of these ads, because they – you know, we try to make them simple and succinct, and it helps – it just helps keep everybody pointed in the same general direction as well.** But we do the same things that Dan just mentioned.

**MR. WEISS: You know, actually, John, you just mentioned another good point, which is that the process of putting together an ad, if it's for a coalition, can help that coalition hone its message and get agreement on a message that they then carry out in their other campaign activities. And, you know, we just had this happen on something else, but the process of putting together the ad enabled us to get to a consensus on this particular issue, where none previously existed.**

MS. SLASS: I want to talk specifically about the content of the ads. When you submit an ad to a publication, what requirements do you have to substantiate the claims within the ads? Is it similar to product ads, where, if they're making a claim, they have to document it in some way, or are you pretty much given free reign to say whatever you want?

**MR. WEISS: With prints, you're given free reign. With radio or television, we have had the stations call back and ask for documenting information. Particularly, you know, we might refer to a particular member as a petro-pig, PAC-snuffling, you know, member of Congress, and they want, you know, some documentation behind that. (Scattered laughter.)**

MS. SLASS: Bill, you talked about how detrimental it is when there is misleading or incorrect information in an ad put out there. Could you comment a little more on that, and talk about what recourse, if any, you have when that happens, in terms of educating your staff and the folks you work with?

MR. COOPER: Without getting into any specifics, or –

MS. SLASS: Specifics would be fine.

MR. COOPER: I'm sure you would like that. (Laughter.) Again, coming back to my general view, is that different people can have different perceptions about the same set of facts, so I'm not talking about that. I'm not talking about how different groups might interpret a given set of numbers or figures. What I'm talking about is what I would consider to be grossly misleading, in which, say, a particular group tries to totally redefine itself as being something that it's not. That would be what I would consider totally misleading, all the while not changing their practices. And I speak from the perspective that, then those folks come in to say, see us on any given policy issue, and with a straight face arguing for a policy position that's in fact contrary to what the advertisement might actually be. That doesn't get you any points on the Hill, I don't think. What I try to do personally is just divorce myself from that problem and say, well, does this make sense from a policy perspective anyway. In spite of this, that's hard to do -- that's hard to do.

So, to the extent that, say, for instance, and -- say I was -- to get it off my area of expertise, say I made q-tips or something, I was a q-tip manufacturer, and I was advocating the use of something other than q-tips. Yet, I was coming in to see Rick and say, Rick, I need this bill, I need this tax break on q-tips. That would aggravate me and it would be totally misleading. It would be misleading the intended audience, which is the public, into thinking that particular company is really changing course. Not going to make q-tips anymore, we're going to do something else; and then all the while coming in and looking for something to further the q-tip manufacturing business. I would say that's misleading and not fair. That's what I'm talking about.

MS. SLASS: We document some groups that have names that mischaracterize really who they are: Americans for Balanced Energy Choices, the coal industry; Citizens for Better Medicare, the pharmaceutical industry. Do you guys see past that, do you know --

MR. KESSLER: Actually, the funny thing about -- Americans for Better Energy Choices is the coal?

MS. SLASS: Yeah.

MR. KESSLER: **There was a request that came in -- of course, this was back when I was on the committee staff, about two years ago maybe -- through the congressman's scheduler for him to do some speech. And I spent the better part of the day trying to figure out who the heck they were. (Laughter.) So it actually ended up wasting a lot of time when it can even be confusing to the, you know, intended target, even if we're sympathetic.**

MS. SLASS: Why, that's funny, because we – they're one of the top spenders, so we tried to contact them to invite them to the panel. Their – the website has an 800 number with – there is no information about how to reach them or talk to them.

MR. KESSLER: Right, exactly. Exactly, that's why it took me about four or five hours to figure out –

MR. KESSLER: -- find out who the heck they were. And, you know, because I don't want my boss going to Americans for Better Energy Choices, You know, it could be, for all I know, it could have been the Sierra Club and a bunch of others, it could have been the coal industry, it could have been Lyndon LaRouche for all I know. And you never want to send your member into something – but it's very interesting, it oftentimes doesn't even serve you well among the people who would be inclined to be at least supportive, if not outright supporters of what you're trying to do.

MR. COOPER: I agree with that, too, but I do want to make the point that sometimes we tend to want to read in a crass cynicism or maybe some sinister motive that may not actually be there. It just may be just their inability to recognize the problem that they are creating. I mean, if you're in the coal industry and you manufacture coal, and you see all these – (audio break, tape change) – where you want your ad placed because you think that the most folks will see it, or does it have equal weight to *Roll Call* or *The Hill*? Does that at all go into your consideration of a strategy?

MR. WEISS: I think going to the *Post* – well, for us that's rarely an option because it's so expensive. I think it's like \$50,000 for a quarter-page ad on the Federal Report page. That is over-targeting. You know, if you're doing an ad designed to affect decision-makers and opinion leaders, you don't need to take out an ad in the *Post* where you're also going to get, you know, people in Bethesda who are retirees reading it. If you're trying to affect inside the Beltway process, then doing something with a narrow audience that's much cheaper is much more cost-effective.

**And I actually like the daily things like *Congress Daily* because I think they're delivered free on the *Hill* and everybody flips through it, and particularly if you get an ad on the back page people don't even have to open up the thing and they'll see it. I think things like *Roll Call* and *The Hill* are also widely read but not as much as the dailies.**

MS. SLASS: John, is there any sort of publication strategy that you have when you – I know that a lot of your ads ran multiple publications multiple times, whereas a lot of the ones Dan did I guess didn't have the luxury to be able to do that. How do you go into planning where you're going to run it and in which publication?

MR. KANE: Well, with respect to inside the Beltway I think Dan is exactly right. I think the kind of the trade journals that people on the Hill use are the most effective. Whether it's *CQ Daily* or the *Monitor*, the Hill newspapers seem to be the most effective for inside the beltway.

If you want to talk about outside the Beltway, that's a little different story, and I think you have hometown newspapers, and there are other things you can do there, but inside the Beltway I think the *Washington Post* or the *New York Times* or an expensive operation like that for a one-time shot really doesn't do the job that you're trying to do with the kind of advertising you're talking about in the report. An issue ad that's coming up next week or on the floor of the Senate or the House, I think that's money not well spent.

MS. SLASS: Yeah, I knew of an organization that ran an ad in the *Washington Times* and had a big news conference saying, we developed our big ad campaign. They had the ad and talked about it, and that was really all they did, that one *Washington Times* ad. And the real purpose was to have that media news conference talking about their giant ad campaign to try and get people a little worried about the issue.

MR. WEISS: Well, I can understand that you're trying to reach people in the administration buying a space in the *Washington Times*. I don't know how much it costs because we don't try and reach them that way. It might be a very worthwhile investment right now. I mean, in the Clinton administration it wouldn't be, but if you're trying to speak to, you know, the White House, and it's not too expensive, that might not be a bad way of reaching them.

MS. SLASS: Rick and Bill, I just wanted to ask you, does it ever come in reverse where your boss has seen an ad and said, what's going on with this, why aren't we – what's our take on this, what are they saying? Do they ever process this information?

MR. KESSLER: I'm trying to think of a time where that happened. **I know we've brought – I've brought issue ads to his attention just because I found them amusing, but it was something that supported our side and I don't think it made a real difference in the debate. And I think maybe others have brought things to his attention when they've been on the other side just to say, again, look, they're attacking you, they're attacking us, or they're lying about us, and use that as a tool.** But, again, it's not the passive, no, I've never had any experience with that passive – I mean, he does read those issues but I've never had that experience.

MS. SLASS: Well, I guess he just trusts your counsel.

Bill?

MR. COOPER: And I haven't either. You know, we have Energy and Commerce Committee on -- majority and minority have press shops and it's their job to deal with those types of communication, so I would never – I'd never have a communication with Mr. Tauzin in which he would say, well, look at this ad, we got to do something about this. I've never had that.

MR. KESSLER: I don't think I had that with any of the other members – the members I've worked for. I don't recall them bringing that up.

MS. SLASS: Okay. I think I'm going to open up to questions if anybody has anything they want to ask. And if not, I want to give the gentlemen a chance to just close with comments on this, and again want to thank everyone for coming today. We really appreciate everybody's efforts here. And I also want to give special thanks to the staff at the Policy Center including Zaheed Mawani, Erin Grizard, Christine Carl (sp), Jerry MacClean, and Janna Robbins for all their work in putting this report and website together.

So, John, I'm going to start with you and we'll just go down the row.

MR. KANE: Sure. I'm just pleased to be with you this morning, and I appreciate the opportunity to be on a panel with such distinguished other panelists here. I really applaud the Center's looking into this issue advertising area. It looks like they're planting some new ground. It seems to be an area that's not been studied before, so I take my hat off to them for that.

MR. WEISS: As usual, John said everything I was going to say, so just thank you for having me.

MR. KESSLER: I want to say I, too, appreciate being in such distinguished company, and people I've been on both sides of a fight with. And it's good to be able to sit here. I think it's a great issue and it deserves more attention, more in-depth. And I think for my closing I'll just say that it is a component of an alleged strategy, but it's only a component, and I think the outcome, as in any campaign, is determined as much or more by the other factors and the quality of whether it's lobbying, as Frank said, or the ads run in the District or the money put into the campaign one way or the other in any form are also – but this is an important component and probably may be the most overlooked but maybe also the most overvalued.

MR. COOPER: I did want to thank you for inviting me to be here and discuss it from our perspective, however limited that may be, and I applaud you all for examining the issue, and I think it's a great starting point, and there's a lot of variables that have to be sorted out over time to really determine the effectiveness of such ads. And I applaud your work, and thank you for having me.

MR. CLEMENTE: I think where I would recommend – I think a lot of work needs to be done, and I think that the big place is – the big place is the impact at the congressional district level and the state level. I think if you look at the tobacco fight in 1998, that was where McConnell basically made it clear – Senator McConnell basically made it clear that these ads were extremely important to getting folks to vote the right way, the pro-tobacco way -- \$40 million was spent, whether it was Citizens for Better Medicare, which most of that was out in the states, and Senate-focused, not House-focused because that's where the fight was, whether it was \$65 million that Citizens for

Better Medicare spent in 1999 and 2000, a lot of which was election ads, some of which was issues ads. All of that is kind of the next frontier, and I think it's probably the more important frontier in terms of issue ads coming.

I have three kind of closing thoughts in terms of solutions or – one is the convergence of issue-ad spending – legislative issue-ad spending and electioneering spending. It's not – I think the industry that has the most practice is the drug industry at this point in time. We've seen it in two election cycles. In the 2000 cycle it was Citizens for Better Medicare where they actually created a front group, a true front group, which has the veneer of a broad coalition because they had a lot of disease groups associated with it, and they're spending probably was equally on affecting the debate in Washington -- get the government out of your medicine cabinet -- but also where they chose to spend the money, converge with targeted vulnerable – targeted House districts, largely incumbents who were vulnerable in that cycle.

And then last cycle they – we've been trying to figure out exactly how much they've spent, but I think it's probably \$15 (million) to \$20 million was funneled through United Seniors Association, which we call a gun for hire because it wasn't a front group, it was a group that existed, that has a membership, but basically the drug industry, I think – if the doctors could even be subpoenaed you would see a very intense collaboration, polling done by the industry, targeting hand-in-glove between them, the industry, and it was both – and they were very upfront about where – United Seniors was very upfront about where they were putting their money. It was mostly in Republican districts, who were going to be right on the issue. They didn't need the spending in their district because they were going to be right on the issue; they needed the spending in their district because they were vulnerable. They were on the target lists of all the party committees, and this was cover for them. A lot of the ads were run before the vote – made it look like, oh, it was needed to help them influence where they were going to vote, but a lot of the ads were run after the vote and much closer to the election time to affect – to give them cover.

**The two, I think, legislative changes that are needed – we do a lot of work with the Lobby Disclosure Act, utilizing the Lobby Disclosure reports that come through as a result of the Lobby Disclosure Act, which passed in '95 or '96. Frankly, there's a heck of a lot of work to make it improved – in the disclosure system there's a heck of a lot of work to make it improved for groups like us in the media who want to understand who is behind these various legislative campaigns.**

**The key thing it does not – all it does do, though, is require the lobbyists, including us, to report on how much you are spending inside the Beltway directed at Congress. And that is basically bodies: how many lobbyists do you have and how much does it cost? It does not require you to report on how much you are spending on issue ads, whether it's in Washington or out in the states. It does not require you to report on how much you're spending on direct mail or polling or any other things that influence this debate. And we're not against free speech; we welcome – we believe strongly in free speech. However, we do believe in disclosure and sunshine,**

**and we feel that that type of information ought to be disclosed, and we need to start a campaign to open – to require that type of disclosure.**

**And the second thing, which was raised in your report, is the sponsorship question, and that there really should be truth in advertising, and both in terms of the disclosure that would be to the Lobby Disclosure Act, but also in the ads themselves it ought to be made apparent to the public who is behind it, not just that they have a nice name that sounds like it's on the pro-consumer side.**

MS. SLASS: Well, again, thank you all for joining us. And if we did one thing today, we got Dan and John to agree throughout the morning, so I think that's a major accomplishment. So thanks very much.

(Applause.)

(End of event.)