



LEGISLATIVE
ISSUE
ADVERTISING
in the
108th Congress

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LEGISLATIVE ISSUE ADVERTISING *in the 108TH CONGRESS*

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Executive Summary

Legislative issue advertisements (also called “pure” issue ads) are ads about issues of public policy and not products or candidates.

Given both the growing body of data that suggests issue advertising has effects and the trend toward greater use of issues ads as a form of lobbying, it is noteworthy that relatively little public attention has been paid to pure issue ads. Today issue ads are abundant, growing in prominence, and central to important questions about the nature of democracy and the relationships among money, speech, and political influence, yet they are not the subject of public policy debate.

For the period covering the 108th Congress, we examined legislative print and television issue ads that ran in the Washington, D.C. metropolitan area in *Roll Call*, *National Journal*, *CQ Weekly*, *The Hill*, *Congress Daily AM*, *The Washington Post*, *The Washington Times*, the Washington edition of *The New York Times*, and those that were broadcast on Washington television stations or ran nationally on cable or the networks. We estimated the costs for the airtime or print space for these ads but not the full cost for purchasing and producing the ads.

We estimated that \$404.4 million was spent on print and television issue advertising during the 108th Congress. The 67,653 ads we collected were sponsored by 914 different organizations and coalitions.

Despite the large overall number of advertisers, we found the bulk of spending concentrated among a small group of sponsors. The top 1% of organizations accounted for 57% of the total spending with the remaining 99% of organizations accounting for 43%. The top spender, Fannie Mae, alone accounted for over 22% of the total (\$87.2 million). Roughly 69% of organizations sponsored five or fewer issue advertisements, with 37% sponsoring only a single ad.

Corporate interests outspent citizen/cause interests by more than five to one. Corporations and groups of corporations accounted for \$320.1 million in issue ad spending or 79% of the total spending during the 108th Congress. Citizen/cause groups purchased \$58.2 million in issue advertisements representing 14% of the total.

The major organizations we identified with ambiguous or potentially misleading names spent a total of \$18.5 million on issue ads.

Advertising about business and the economy ranked number one, accounting for 26% of all spending (\$106.7 million). The top three issues alone (business/economy, health care, and energy/environment) accounted for well over half (59%) of the total spending on legislative issue advertising.

We found that there was vastly uneven advertising spending on important public policy issues. All told, 94% of the specific issues we examined were subject to unbalanced persuasive efforts. Of the 52 specific issues we identified, half had all of the spending advocating a single side of the debate with zero spending on competing points of view. Only 26 issues (50%) faced any opposition spending whatsoever, and for the great majority of these the spending was vastly disparate; only three (6%) issues had competitive spending.

Major legislative debates that had significantly unbalanced issue ad spending were more often decided in favor of the side that spent more during the 108th Congress. Of the top 10 specific issues that we tracked, six had legislative outcomes that favored the side with more spending, two had outcomes that favored the side with less spending, and two had mixed results.

Corporate interests dominated citizen/cause groups in spending on specific issues. For the top 10 issues, six were dominated by corporate interests and four were dominated by citizen/cause groups.

Six out of the 10 top issue-advertising spenders spent more on issue advertising than they spent on reported lobbying. For example, Pfizer reported spending \$6.3 million on lobbying but also spent \$10.8 million on issue advertising. Looking at just our top 10 spenders, these groups might appear by federal regulatory standards to have spent a total of \$74.6 million to lobby the federal government in 2003, yet when their 2003 issue advertising is included, the figure climbs to \$184.8 million, more than double what was required to be reported.

The top 10 print issue advertisers spent an estimated \$48.6 million, about 28% of the print total, compared to the top 10 television advertisers, which spent \$210.6 million, about 92% of the television total.



The timing and intensity of issue advertising suggests that sponsoring organizations hope to influence members of Congress and their staffs. Our research shows an increase in issue advertising when Congress was in session and a decrease in issue advertising when Congress was not in session.

For more information about issue advertising, including a history of issue advertising, information about specific issue advertisers, and an analysis of how the *Bipartisan Campaign Reform Act of 2002* (BCRA) should affect issue advertising please visit our website:

www.AnnenbergPublicPolicyCenter.org/ISSUEADS/



Introduction

“Of the various ways in which U.S. citizens can be unequal, political inequality is one of the most significant and troubling.”¹ With these words, Sidney Verba, professor of government, Princeton University, opened a recent essay on direct participatory democracy. He noted, “Political equality refers to the extent to which citizens have an equal voice in governmental decisions.”² Verba went on to argue that while political equality was highly desirable, the process of obtaining it was not without cost.

Though he was talking about political participation these words are equally relevant to a discussion on advertising about public policy directed at members of Congress, regulatory agencies, or the executive branch. For the last four years the Annenberg Public Policy Center has found this type of legislative issue advertising (also referred to as advocacy advertising or simply issue advertising) rife with political inequality. The bulk of issue advertising is done by corporations, and important issues usually have vast amounts of money spent on one side with little or nothing spent on competing perspectives. This research project, by documenting who has spent what to persuade legislators on issues of national importance, provides empirical evidence that moneyed interests have had a greater political voice.

That said, the path to create greater political equality in the domain of issue advertising is not immediately clear. If the government were to regulate spending on issue ads one would first have to provide a map that clearly designates just what is and what is not an issue ad and then chart a path that leaves First Amendment protections intact. Still, the goal of political equality is fundamental to the American political system. It entices us with the promise of a strengthened democracy and an ever more legitimate political system.

There is ample reason to be interested if not concerned about spending on issue advertising. When moneyed interests consistently dominate political communication the result may be public policy that represents these interests over others. Even more subtle effects are worthy of attention because such a communication context can sway public policy by providing a greater ability to set political agendas or frame issues. Moreover, when political issues are dominated by one-sided arguments, false and misleading claims are less likely to be questioned. Collectively, these consequences suggest that our representatives may be making important public policy decisions under less than full knowledge and under less than democratic conditions.

Most of the academic and popular literature about issue ads focuses on candidate-centered and not legislative ads. The recent Bipartisan Campaign Reform Act of 2002 (BCRA) targeted only candidate-centered ads, and while major candidate campaigns are sometimes subject to ad watches (critical analyses of political advertising that monitor truth and fairness), such public scrutiny is more rare in public policy advertising.

This study estimates how much money was spent on print space and television airtime for legislative issue advertising in Washington in the 108th Congress and argues that the amount of money spent on advertising to influence the legislative and regulatory process is no less of a public policy concern than money spent in the federal election process.

Part I of this report introduces legislative issue advertising by looking at the problems inherent in disparate spending, examines why so many organizations choose to engage in issue advertising and what they hope to accomplish, and presents studies that look at the effectiveness of issue advertising.

In Part II we present our empirical findings by showing who sponsors ads and which issues are the predominant topics of issue advertising. Specifically we look at which organizations spent the most on issue advertising, explore corporate vs. citizen/cause group spending, and examine issue ad sponsors with ambiguous or potentially misleading names.

We then look at which issues are the subjects of issue advertising, how balanced spending is on each side of important public policy debates, and whether positions with more spending are more likely to prevail. We also examine differences in corporate and citizen/cause group spending on issues and how issue spending has changed over the last four years. Finally we take an in-depth look at the major issues by explaining the public policy debates and the advertising.

In the final part of our results section we look at reported spending on lobbying and compare that to unreported issue advertising spending. We also look at differences in print vs. broadcast advertising, and when issue ads tend to air.

Issue Advertising Good and Bad

While many criticize issue advertising because so much of it is one-sided, others note that it can, and sometimes does, have positive effects, for example during those rare cases when issue advertising is multi-sided or when it includes voices often not covered by the media. When comparable funding backs all sides of an issue, a public debate argued through issue advertising can increase learning and focus attention on problems that may be otherwise neglected. As Robert L. Heath, professor of communication at the University of Houston, wrote, “Issue advertising can broaden the public debate on topics that otherwise would be confined to academic journals, legislative corridors, and committee rooms.”³ Similarly, S. Prakash Sethi, professor of management, Zicklin School of Business, a prolific author and researcher on issue advertising, wrote in his seminal book on advocacy advertising that such ads “could become a cutting edge in further opening up the process of informing the public.”⁴ Moreover, many large corporations argue that issue advertising is necessary because they are denied fair treatment in the press.

Those opposing regulation of issue advertising usually defend free-market pluralism as the guardian against dominance of an issue by one party or interest. In other words the competing interests balance each other. Such ideas date back to James Madison who hoped that the diversity of interests of the population would prevent the promotion of policies that favor specific interests over national ones.⁵ Businesses often point out that they are not monolithic entities. They do not speak with one voice, and the interests of different industries or the interests of large and small companies may run counter to each other. Despite these theories of pluralism, balanced and multi-voiced scenarios that could benefit the public are rare in practice. Instead, on most issues competing perspectives are virtually absent. The first widely cited articulation of the argument questioning whether a free political market provides its own checks and balances and prevents inequality in political voice is credited to E. E. Schattschneider who noted in *The Semi-Sovereign People* that “the flaw in the pluralist heaven is that the heavenly chorus sings with a strong upper-class accent.”⁶ Many others have similarly noted that moneyed interests disproportionately weigh in on public policy debates. “Large corporate advertising budgets can buy disproportionately large amounts of print media space and electronic media time so as to dominate debate and distort truth . . . There can be little robust exchange of views if only one side has the resources required for political advocacy.”⁷ Thus, while it is true that

different business interests often compete against one another, they often still promote a single perspective. For example, while defense contractors may advocate different weapons systems, there is still no advertising voice questioning whether there is a need for a new weapons system at all.

Burdett Loomis, professor of political science at the University of Kansas, notes, “With limited resources, few public interest groups choose to purchase costly advertising space, even in limited circulation journals, to say nothing of much more expensive placements in the national press or on television.”⁸ A full page, black and white (non-premium placement) ad in the inside-the-beltway *CQ Weekly* cost close to \$10,000 in 2004. If one wanted a full page in the more widely circulated *The New York Times* the bill would come to over \$140,000 for a single ad. With costs like that, it is not surprising that “In 1991-1993 . . . of 615 ads appearing in *National Journal* and *Congressional Quarterly* just 21 (3.4%) came from public interest sources, broadly defined. The rest were purchased by corporations and trade associations.”⁹ In a 1994 study of advocacy advertising the authors concluded that while they confirmed their basic expectation that “advertisers would be tilted in a corporate, upper-class direction . . . the extent to which this occurred was surprising . . . there was a nearly complete void of ‘cause’ advertising except an occasional ad from Planned Parenthood and pro-life groups.”¹⁰

Those skeptical of the importance of issue advertising and the disparities inherent in the spending patterns argue that issue ads play a minor role in the overall influence. If true, the role of money in issue advertising still tends to mirror the same disparities found in other types of lobbying in which corporate and business interests tend to prevail.¹¹ For example, Loomis and Sexton found that “those industries that had the most advertisements also had the highest total number of Washington representatives.”¹² Moreover, the advertisements often play an integrated role in multiple steps in the lobbying process. “Regular advertisers in CQ [*Congress Quarterly*] and NJ [*National Journal*] report that they often provide lobbyists with copies [of] their advertisements, which are then provided to staff and principals in the context of personal discussions.”¹³ As Loomis noted, “Money does talk in defining problems, setting agendas, and influencing decisions. Advocacy advertising represents only one influence technique, but its bias is overwhelming.”¹⁴

Issue Advertising Reasons and Results

Despite the widespread belief in the utility of issue advertising among those who engage in it, there is little systematic evidence about its effects, though a growing number of case studies are emerging. A 1981 report found that while only 50% of advertisers reported having formal programs to measure effectiveness, 75% of those using issue-advertising campaigns rated them as fairly effective.¹⁵

Skeptics say issue ads are not as effective as “inside” lobbying such as campaign contributions and personal contact. As noted earlier, issue ads usually work in tandem with such efforts and the types of organizations that spend the most on lobbying also tend to spend the most on issue advertising. Skeptics also note that politicians and their staffs say that advertising does not affect their opinions. Heath and Douglas noted in a survey of the attitudes of congressional aides that they “did not rank issue advertising in the top 30 (of 96) most important types of communication because they thought it does not influence congressional leaders.”¹⁶

While the effectiveness of issue advertising is still the subject of much debate, such claims about the lack of personal impact may be manifestations of the “third-person effect”—the social-psychological theory that most people underestimate the effects of advertising on themselves and people they closely know.¹⁷ For example, Adam Clymer, political director of the National Annenberg Election Survey, noted that in 2004 most people surveyed in a random dial national poll said they had not learned from and did not believe the information in the campaign commercials run during the pres-

idential campaign, but when they also were tested for their knowledge about the political positions of the candidates, the results showed knowledge often was based on misinformation about the candidates that appeared in ads and not the candidates' actual records. Thus, people were unaware that they were learning from the ads.

The contention that advertising does not influence members of the government may also be subject to source confusion, a theory that notes people often forget where they learn information.¹⁸ Of course it is also possible that government officials may be correct when they say that they have strong opinions on subjects of legislation or regulation and they are not swayed by advertising, but even so, the effects of issue advertising may still be found in the ability of ads to raise or frame issues or promote language that may subtly frame thinking. As American Forest Institute spokesperson James Plum noted, "The closer we get to advocating a specific issue or arguing a position, the less effective or credible we are."¹⁹

In fact trends in theorizing about influence have been moving toward putting greater emphasis on this kind of subtle persuasion. As Loomis wrote, "Although organized interests continue to lobby in time-honored ways within the corridors of Washington institutions, they have begun to spend more time and effort in shaping perceptions of problems and effecting the agenda status of particular issues."²⁰

The question of the effectiveness of issue advertising on opinion change is complicated in part because different types of political influence work with and against each other and because it is difficult to document attitude change. Moreover, issue ads don't exist alone. They are often part of elaborate and multifaceted influence campaigns. Rick Kessler, legislative director for Representative John Dingell, noted that issue ads are more effective when they are used in conjunction with a lobbying effort, and might be even more effective when coupled with ads that run in the districts.²¹

Why Advertise?

When advocates of issue advertising are asked why they choose to advertise they usually say: to encourage supporters, set agendas, define frames, keep organizations in mind, generate free media, and balance a biased press. They usually don't mention persuading members on specific issues or passing specific pieces of legislation.

For example, Dan Weiss, senior vice president of M&R Strategic Services and communications consultant to a number of environmental organizations, says he advocates the use of issue advertising not so much to change opinions but to encourage those already supportive of a cause to keep motivated or to move people already in agreement with the agenda from being passive supporters to active ones.²² A representative from Chase Manhattan similarly noted that the primary objective of issue ads was "to motivate the choir to be better evangelists; in other words, to increase the activism of those who might agree with the argument."²³ There is some empirical evidence for these effects. In a controlled experiment researchers found that advocacy ads prevented attitude slippage and bolstered the sources' credibility.²⁴ Moreover, the ads "may mobilize constituents to write, phone, or visit—thus making a significant, albeit mediated, impact on Congress through precisely those traditional means which Congressional staff members consider most effective."²⁵ Similar evidence from political science literature demonstrates that PAC money spent on supporters increases the vigor with which they pursue the agenda of the donor (not whether they pursue that agenda).²⁶

At the top of the list of goals for many issue advertisers is setting an agenda and raising an issue. This is a critical component of the legislative process that has to happen before there is a bill to lobby for or against. According to John Kane, senior vice president of the Nuclear Energy Institute, issue advertising is effective at raising issues in Congress. "If you think about the wide range of issues that Congress has to consider and the wide range of interest groups across the country . . . trying to get

your issue up on the table and highlighted is a very important part of the whole fight . . . It's really not an effort to change someone's mind, it's an effort to really spotlight the issue."²⁷ Media consultant Dan Weiss echoed this idea, "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."²⁸

Along with raising issues, those advocating the importance of issue advertising in the political system tend to point to issue ads as playing an important role in framing problems, issues, and solutions. As Loomis noted, "Successfully defining conditions as problems (smog, learning disabilities, global warming, etc.) is perhaps the most important single step in obtaining policy change."²⁹ Many of the issue ads are subtle, visual, and emotional and promote an idea by implication and not explicit exhortation. "Given the high levels of information within congressional and executive offices, a sharply-worded advocacy presentation might have little impact, especially when issues have been thoroughly aired. Efforts in a lower key — featuring balanced information or strong visuals — may find a more receptive audience. This may be why when specific information is presented it most often comes through visually attractive presentations, rather than dense, text-based advocacy ads."³⁰

Language adoption is also a critical component of promoting a frame. For example, in the current debate over social security reform, journalists have noted that there is a struggle over the words used to describe recent proposals. "'Semantics are very important,' House Ways and Means Committee Chairman Bill Thomas (R-Calif.) said last week when a reporter asked about 'private' accounts. 'They're personal accounts, not private accounts. No one is advocating privatizing Social Security.'"³¹ Issue ads can play an important role in just such linguistic struggles.

Dan Weiss, who was involved in the Sierra Club's issue advertising campaign, noted that issue ads "can help set the terms of the debate,"³² and that "We often . . . try to get out in front of an issue and . . . define it before it can be defined by somebody else."³³ Loomis and Sexton argued that anecdotal evidence indicates that issue ads do have impact on language adoption. Several people they interviewed noted that members of Congress had adopted phrases promoted in ads. For example, one advertising professional said, "In talking to staffers, we know that the ads are read . . . We've had stuff show up in the Congressional Record -- not attributed, often just a fragment, but sometimes a whole sentence.' And a trade association representative noted, 'you get [a sense of impact] by monitoring C-SPAN. Suddenly you'll hear a familiar phrase.'"³⁴

Organizations may also choose issue advertising as a way to keep their organizations in the minds of legislators and regulators. By keeping awareness high, organizations may be more likely to be invited to meetings or hearings or asked for advice.³⁵ According to Loomis and Sexton, the Merrill Lynch staff, who run issue ads targeting government officials, noted, "Regardless of where our ads appear, Congress is our constituency. We focus on 'in-house' publications such as *CQ*, *NJ* and *Roll Call*. It's an 'inside baseball' approach. We want members and staffers to say 'We know what's on your mind.'"³⁶ Herbert Walzer, professor of political science, Miami University (Ohio), also noted that the kinds of "business, which depend on the federal government as their principal customer — aerospace, military equipment, research and development — had felt the need to establish with the public their corporate identities and contributions to scientific and technological progress as well as to the national defense."³⁷

Generating media attention is another common reason given for purchasing issue ads. For example, Weiss noted that one issue ad about the environment that he produced was picked up by the major networks after it aired. Vice President Cheney was shown the ad and asked for his reaction on *Meet the Press*. Weiss concluded "40 million viewers saw this ad for free on national news stories."³⁸ Such media attention was similarly garnered by the so-called "Harry and Louise" ads opposing President Clinton's

health insurance reform initiative in 1993 and 1994. According to Kathleen Hall Jamieson and Joseph Cappella, though the ads ran heavily in only one-quarter of the states they were mentioned in 757 news stories and received nearly five-and-a-half minutes of unpaid airtime on NBC, CBS, and ABC.³⁹

Many corporations also say they need to advertise to set the record straight because the press is biased against corporate interests. “The chief virtue of public advocacy ads is that groups are able to frame policy battles and develop narratives in ways that advantage themselves. Unlike interview shows and the news, which are journalist-controlled, ads are group-controlled. Interest groups understand that ads are the most reliable means of conveying political messages because groups control the content and timing of the messages.”⁴⁰ Representative of this attitude was the sentiment of E. F. Loveland, vice president for marketing of Shell Oil Company. “It is indeed a sad state of affairs when business finds it necessary to advertise to clarify issues affecting its activities . . . Critics of business . . . have little trouble getting their voices across to the public. They don’t have to advertise because their views are publicized for free.”⁴¹

Despite the fact that most advocates of issue advertising are hoping to achieve subtle effects, such as language adoption, agenda setting, or free media, the studies on the effects of issue advertising rarely examine such outcomes. Most studies of issue advertising either look at grassroots attitude change or issue advocacy as a way to promote corporate image. Studies on legislative or regulatory outcomes are virtually non-existent, as are controlled studies on framing or agenda setting effects from issue advertisements.

Evidence of Penetration

A random national telephone survey conducted in 1980 found that 90% of respondents reported having read or heard of corporate advocacy ads in the previous two years. Of those who were aware of the ads, 70% saw them on television, 38% in newspapers, and 28% in magazines. Two-thirds of the people who had seen the ads described them as at least “fairly believable,” and as helping them to understand the issues.⁴² A similar Roper study conducted in 1982 and in 1984 showed that 34% of respondents had read or heard corporate advocacy ads.⁴³

Research on Mobil ads from 1978 showed that 90% of congressional and other government leaders read the ads and 33% of them said they were useful. However, only 9% of the general public agreed that Mobil was “seriously concerned” about the issue in the ads and only 6% of the public considered them “very credible.”⁴⁴ In a similar poll about ads from the American Forest Institute “56% of government leaders and 70% of the public said the ads were useful in supplying them with information on forestry issues.”⁴⁵

Evidence of Opinion Change

A print advertising campaign sponsored by the Chemical Manufacturers Association between 1981 and 1982 targeted opinion leaders through national magazines and newspapers such as *U.S. News and World Report*, *Harper’s*, *Psychology Today*, and *The New York Times*. The trade association spent over \$3 million in 1981 and about \$2.5 million in 1982. In the first phase the ads described the chemical industry as one of “high technology and scientific innovations,” while the second phase showed the chemical industry workers to be regular people.⁴⁶ The trade association conducted interviews with politically active individuals and their neighbors and found that about 85% of those who saw the ads thought they were “believable” and attitudes about the industry improved among those having seen the ad. Regular readers of the magazines in which the ads ran were “significantly more aware than nonreaders of the ‘chemical industry’s efforts to inform the public of its actions to reduce public risk.”⁴⁷ The results of the study suggested that those who were exposed to the communication

were persuaded on the specific message of the ads, but these attitudes did not translate into a general favorability toward the chemical industry.⁴⁸

In 1976, after six years of Mobil Oil's weekly issue ad appearing in *The New York Times* as well as other national papers, the Harris Poll inquired into public attitudes about seven oil companies. "Although the oil companies in general fared very poorly, the people surveyed thought more highly of Mobil than of the competition."⁴⁹ Though the company "had not done any product advertising for nearly three years, the public rated the quality of [Mobil] products and services higher than the other oil companies."⁵⁰ According to a Mobil representative, the issue ad campaign was credited with benefits in public opinion, and improving the bottom-line.⁵¹ He also credited the campaign with improving recruitment and company morale and even positive attitudes among stockholders.

A controlled experiment in 1972 of the effects of corporate image advertising found that people who had a high exposure to both TV and print advertising by DuPont showed a "statistically significant shift in a favorable direction,"⁵² while those who received little or no exposure experienced a decline in favorable attitudes toward the company. The researchers concluded, "Corporate image advertising works."⁵³

"Companies which engage in corporate advertising have a better image than those that do not, a study conducted by the research firm Yankelovich, Skelly & White shows."⁵⁴ The researchers conducted interviews with 700 members of the business community in the 25 largest cities. When asked about their impression of 10 companies, half of which engaged in image advertising, the executives were more likely to say they had an "excellent" or "very good" impression of those that had advertised. The respondents were also more likely to say that ads in print were more believable than ads on television.⁵⁵

University of Tennessee Marketing Professor David Schumann, in a literature review of studies on corporate advertising effects, cited one study that found that 57% of the public reported it was influenced by issue advocacy ads. Many studies of issue advertising looked at the health care debate during the Clinton administration and found that advertising played a role in the outcome. An article in the *Journal of Health Politics, Policy and Law* concluded that most of the studies of the "Harry and Louise" ad campaign run by the Health Insurance Association of America in opposition to Clinton's health care reform proposals did influence the public policy debate.⁵⁶ That ad campaign generated 300,000 calls between September 1993 and April 1994.⁵⁷ Another study of President Clinton's role in selling health care reform identified the issue advertising by opponents such as the insurance industry and the Christian Coalition as likely to have played an important role in thwarting reform.⁵⁸ A third study similarly concluded, "Ads directed against the Clinton plan played a crucial role in the public's attaching negative connotations to some key elements."⁵⁹

An article in *Public Relations Review* about issue advertising and the nuclear industry found that readers of advertisements promoting domestic fuels such as coal and nuclear energy were more convinced than non-readers that "nuclear energy is helping to meet U.S. energy needs and making the United States less dependent on foreign oil. Readers were also likely to conclude that nuclear energy is reducing the cost of electricity . . . and [they] were more assured that nuclear waste is being stored safely."⁶⁰

A study by the American Association of Railroads in 1979 found in a random national sample about a specific ad campaign that 25% of those who saw the ads said that such advertising had altered their opinion toward an issue.⁶¹ A campaign to reform wasteful energy practices was waged during a four-month period in Denver in 1977. Follow-up survey results indicated the ad buy reached 85% of residents on average 14 times. Denver residents were more aware of energy as a top national priority, more aware of the energy-saving potential of 15 products and actions, more willing to pay for energy-saving devices, and had greater intent to purchase energy-saving devices than were residents in a similar city that did not air the campaign.⁶²

Evidence of Ad Inspired Action

In 1985, *Reader's Digest* published a four-page ad for The Business Roundtable "entitled 'Halt the Deficit.' The ad drew more than 900,000 responses, which were forwarded to government officials." Similarly, a campaign by W. R. Grace Company resulted in 50,000 calls requesting its booklet on the deficit. According to a Common Cause report in March 1996 a television issue ad appeared warning that the government was considering a tax on television that would "kill free TV" and urged viewers to call elected officials and encourage them to oppose the tax. The ad generated about 3,500 calls a day.⁶³

A 1980 ad campaign by LTV Corporation used full-page ads in the *Wall Street Journal*, *Forbes*, and *Financial World*. As a result, there was a measurable increase in the overall image of LTV. A study of stock prices on days the ads ran showed they increased relative to the Dow Jones Industrial average. The ad that contained an offer for readers to write in for a free copy of various booklets generated more than 9,000 letters and more than 25,000 requests for additional materials on issues discussed in the ad.⁶⁴ That said, it is interesting to note that the company filed for bankruptcy in 1986 and ultimately went under in 2002.

Professor David Schumann noted that among the campaigns believed to have inspired public action was one by Smith-Kline. "Smith-Kline developed a campaign to argue the company's side in a dispute with the government. They found that consumers who recalled the ad were 71% more likely to side with the company against the government and 67% more likely to write Congress on behalf of Smith-Kline."⁶⁵ A random telephone national survey conducted in 1980 found 57% of those who saw advocacy ads said they caused them to change their mind about an issue, 25% were prompted to write a letter to a public official, 12% to write a letter to the editor.⁶⁶

Stephen B. Elliot, director of corporate advertising for W. R. Grace, noted there was measurable action as a result of a campaign by his company. The ad was designed to disseminate the Grace Commission findings on government waste and budget deficits. The commercial showed on three networks and "the very first night it aired on the network news, we [the company] had 31,000 calls asking for our brochure on deficits."⁶⁷

Between March 1979 and February 1982 SmithKline Beecham ran a major advocacy campaign primarily warning of the dangers of the growth in government. Each advertisement contained a form that the reader was encouraged to fill out and send back for more information. The ad generated more than 78,000 requests for additional information over the course of the campaign. The company also commissioned a study to test the effectiveness of the campaign. Focus groups conducted in five cities and 612 interviews from the target audience were done in the 11 major markets. On the basis of this, researchers concluded that 7.2 million members of the target audience read the ad and 1.3 million recalled it. Those who did remember the ad were more likely to rate their impression of the company as "very favorable." They were also more likely to take a position on the issues, to write their member of Congress, and to read the company's annual report. The 78,000 people who responded to the ad were even more positive than the target audience. The company also followed up with interviews of people in government and academia. "A number of legislators reported that the issues discussed in the ads were being brought to their attention by constituents, and in some cases the ads had been called to their attention."⁶⁸

In the mid-1970's Bethlehem Steel Corporation ran a series of issue advertising campaigns. These ads focused on capital formation, pollution control, energy, and conservation. Studies on the effects of these various campaigns showed that readers had recall of the points made in the ads but that there was rapid decay over time, demonstrating the need for sustained advertising. They also found that agreement with the ads tended to go up among readers, especially among neutral readers. The campaign also included a "write-in" component. Five thousand letters were received by the White House of an estimated 200,000 that were written. "Bethlehem's 'people in Washington who contacted the Hill' said that the advertising was noted and generally well received and that legislators had heard from their constituents about those issues."⁶⁹ Bethlehem Steel concluded, "We cannot point to a single ad, year's campaign, or the entire 3-year advocacy program and credit it with the passage of a particular piece of legislation-or its failure to pass. But based on what we are able to measure and what we are told by our associates in Washington and the state capitals, we believe the series has been a success."⁷⁰

Evidence of Legislative Effects

Studies that examine legislative and regulatory effects of advertising are extremely rare. Wake Forest University professor of management Michael Lord surveyed corporate executives responsible for monitoring and managing their firms' relationship with the federal government and congressional aides and found that ads have "some degree of influence." However, members of the corporations rated that influence as higher than the members of congressional staffs.⁷¹

As evidence of legislative effects, Heath pointed to a campaign by the American Banking Association to oppose a provision of President Reagan's 1982 tax plan that would have allowed the government to tax savings on a quarterly basis. According to Heath, the campaign generated protest mail and "tapped the public's dislike for taxation, [and] the tax measure was defeated."⁷²

In 1998 a hotly debated issue was eclipsed by one-sided issue advertising - the tobacco settlement. "Senate Bill 1415, authored by Republican Senator John McCain of Arizona and supported by President Bill Clinton, was voted out of the Senate Commerce Committee . . . by a vote of nineteen-to-one. The bill would have settled the lawsuits brought by the attorneys general against the major U.S. tobacco companies."⁷³ An estimated \$40 million was spent on an ad campaign by the five largest tobacco companies to oppose the settlement. "Pro-tobacco industry forces outspent the anti-industry side more than twenty to one on broadcast and cable ads."⁷⁴ Kathleen Hall Jamieson, who studied the campaign in depth, noted "The scope of the campaign and the imbalance in the amount of advertising information available meant that a large audience was repeatedly exposed to misleading and uncorrected claims."⁷⁵ The bill was effectively thwarted.

True Conservatives Oppose the Federal Marriage Amendment.



George Will

Syndicated Conservative
Columnist

"Amending the Constitution to define marriage as between a man and a woman would be unwise for two reasons. Constitutionalizing social policy is generally a misuse of fundamental law. And it would be especially imprudent to end state responsibility for marriage law at a moment when we require evidence of the sort that can be generated by allowing the states to be laboratories of social policy."



Lynne Cheney

Wife of Vice President
Dick Cheney

"I thought that the formulation [Dick Cheney] used in 2000 was very good. First of all, to be clear that people should be free to enter into their relationships that they choose. And, secondly, to recognize what's historically been the situation, that when it comes to conferring legal status on relationships, that is a matter left to the states."



Bob Barr (R)

Former Congressman from
Georgia and author of the
Defense of Marriage Act

"Marriage is a quintessential state issue. The Defense of Marriage Act goes as far as is necessary in codifying the federal legal status and parameters of marriage. A constitutional amendment is both unnecessary and needlessly intrusive and punitive."



Sen. Alan Simpson (R)

Former Senator from
Wyoming

"A federal amendment to define marriage would do nothing to strengthen families — just the opposite. And it would unnecessarily undermine one of the core principles I have always believed the GOP stood for: federalism."



Lyn Nofziger

Former White House Press
Secretary and Assistant to
President Reagan

"There are two kinds of amendments. One kind would give the federal government more authority, usually at the expense of the states, and broaden its intrusion into the lives of its citizens. These include the failed Equal Rights Amendment and the proposals to ban same sex marriages and abortion. I favor neither of the latter two but I oppose constitutional amendments that would ban them."

Be conservative with the Constitution. Don't Undermine it.



www.campaigntoprotect.com



Results

Sponsors of Issue Ads

For the period covering the 108th Congress, we examined legislative print and television issue ads that ran in the Washington, D.C. metropolitan area in *Roll Call*, *National Journal*, *CQ Weekly*, *The Hill*, *Congress Daily AM*, *The Washington Post*, *The Washington Times*, and the Washington edition of *The New York Times*, and those that were broadcast on Washington television stations or ran nationally on cable or the networks. We estimated the costs for the airtime or print space for these ads but not the full cost for purchasing and producing the ads. See the Methodology Section for a full description of our procedures.

We estimated that \$404.4 million was spent on print and television issue advertising during the 108th Congress. The 67,653 ads we collected were sponsored by 914 different organizations and coalitions.

Total Spending by Organization

Despite the large overall number of advertisers, we found the bulk of spending concentrated among a small group of sponsors. The top 1% of organizations accounted for 57% of the total spending with the remaining 99% of organizations accounting for 43%. The top spender, Fannie Mae, alone accounted for over 22% of the total (\$87.2 million). Roughly 69% of organizations sponsored five or fewer issue advertisements, with 37% sponsoring only a single ad.

Corporate vs. Citizen/Cause Group Sponsors

Studies on issue advertising have consistently found that corporate interests outspend and out-advertise interests with fewer funds. As Loomis and Sexton noted, “Business in the United States has become much more capable of defending and asserting their interests in Washington. Large corporations have become extremely sophisticated at dealing with both the public and government; they closely monitor political and social trends, and for many firms government relations has become an integral part of corporate strategy.”⁷⁶

When Clyde Brown, professor of political science at Miami University (Ohio), completed a 2001 study of advertorials he found that businesses were the most likely sponsor of ads. Citizen advocacy-centered “cause groups,” even when most broadly defined, sponsored only about half as many ads as did businesses. “Labor

Top 10 Issue Advertising Organizations for Spending

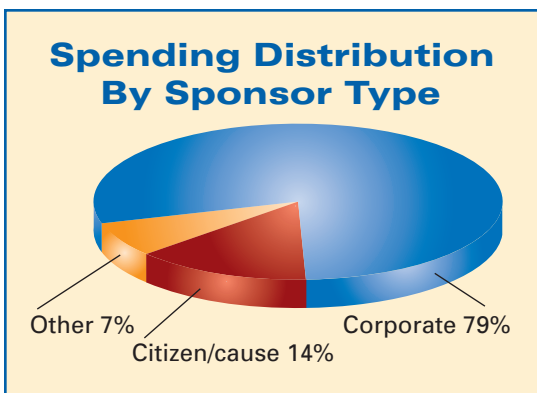
Organization	Total Ads	Spending 2003 & 2004 (in millions)
Fannie Mae	10,797	\$87.2
GlaxoSmithKline*	2,596	\$33.5
SBC	1,409	\$26.0
AARP	4,538	\$20.7
Boeing	8,300	\$17.7
BP	3,624	\$13.1
Pfizer	4,779	\$11.6
Exxon/Mobil	1,468	\$9.7
Americans for Balanced Energy Choices	2,660	\$9.1
United States Telecom Association	4,644	\$7.7
Total	44,815	\$236.3

Note: These estimates do not include money spent by these organizations in conjunction with other organizations and as a result are likely to understate true spending. For detailed information about these companies please see our website at: www.AnnenbergPublicPolicyCenter.org/ISSUEADS/.

*Contacted us regarding spending estimates. Please see our Methodology Section.

advertorials are hardly worth mentioning when compared to the volume of corporate advertorials, with labor being ‘out-advertorialized’ 14:1 over the study period.”⁷⁷ Moreover, “The industries that felt the most beleaguered — petroleum, energy, and chemical industries — led the pack.”⁷⁸ Highly regulated businesses and those that rely on the federal government as the main customer, such as transportation, utilities, and military equipment, were also heavy advertisers.

In an analysis of advertising running in *CQ Weekly* and *National Journal*, two publications targeting Washington political leaders, researchers found that fully 31% of the ads were sponsored by the defense and aerospace industries. That was followed by finance/insurance/banking (15%) and telecommunication (13%).⁷⁹ The researchers concluded, “What we are seeing is not pluralism at work; rather, the monied voices are weighing in. Lockheed and McDonnell Douglas may disagree over specific weapons systems, but the defense/aerospace sector as a whole speaks with a single voice in promoting its products for the post-Cold War era. In none of these sectors does a countervailing commercial force appear. Medium-sized insurers may make a different health reform argument than the drug industry, but there are no advocates, say for a single-payer system to be found.”⁸⁰ “Advertising by groups with no direct economic interests stands out as real exceptions; weeks can go by without the audience of NJ [*National Journal*] or CQ [*Congress Quarterly*] coming across a presentation that does not reflect mainstream corporate or trade association thinking.”⁸¹



Our analysis of corporate versus citizen/cause group sponsorship of issue advertising echoes previous research. **Corporate interests outspent citizen/cause interests by more than five to one.**

Corporations and groups of corporations accounted for \$320.1 million in issue ad spending or 79% of the total spending during the 108th Congress. Citizen/cause groups purchased \$58.2 million in issue advertisements representing 14% of the total.

Ads sponsored by the remaining organization types constituted \$26.1 million or 7% of the total ad spending. These remaining groups are trade associations, foundations, professional associations, unions, individuals, and countries.

Businesses outspent citizen/cause groups not only in absolute terms, but also in the number of sponsors spending over \$1 million. We estimate that 18 individual businesses spent over \$1 million on issue advertising during the 108th Congress, compared to only six citizen/cause groups that did.

Types of Sponsors By Issue Ad Spending		
Sponsor Type	Print and Broadcast Spending (in millions)	Percent of Total Spending
Corporation(s)	\$320.1	79%
Citizen/cause Advocacy Groups	\$58.2	14%
Multiple	\$7.9	2%
Foundations	\$4.8	1%
Professional Associations	\$4.0	1%
Unions	\$2.7	*
Person/People	\$2.3	*
Countries	\$2.3	*
Unknown	\$2.0	*

*Less than 1%

Individual Corporations Spending Over \$1 Million on Issue Ads		
Rank	Organization	Spending (in millions)
1	Fannie Mae	\$87.2
2	GlaxoSmithKline*	\$33.5
3	SBC	\$26.0
4	Boeing	\$17.7
5	BP	\$13.1
6	Pfizer	\$11.6
7	ExxonMobil	\$9.7
8	Freddie Mac	\$7.6
9	Blue Cross Blue Shield Association	\$6.4
10	General Motors	\$5.3
11	Northrop Grumman	\$4.8
12	Lockheed Martin	\$4.7
13	Microsoft Corporation	\$3.8
14	Merrill Lynch	\$3.3
15	PriceWaterhouseCoopers	\$2.6
16	Airbus	\$2.1
17	Bristol-Myers Squibb Company	\$1.8
18	Shell Oil Company	\$1.3

Citizen/Cause Groups Spending Over \$1 Million on Issue Ads		
Rank	Organization	Spending (in millions)
1	AARP	\$20.7
2	MoveOn.Org*	\$2.4
3	American Civil Liberties Union	\$2.2
4	Dr. Rath Health Foundation	\$1.9
5	TomPaine.com*	\$1.5
6	Washington Legal Foundation	\$1.2

Note: These estimates do not include money spent by these organizations in conjunction with other organizations and as a result are likely to understate true spending. For detailed information about these companies please see our website at: www.AnnenbergPublicPolicyCenter.org/ISSUEADS/. *Contacted us regarding spending estimates. Please see our Methodology Section.

Ambiguous or Potentially Misleading Sponsor Names

Past studies of issue advertising have identified the use of ambiguous or potentially misleading names as a concern. Kathleen Hall Jamieson has argued that the adoption of pseudonyms for advertising groups makes the ads problematic. “Because issue advocacy ads are not subject to disclosure requirements, the press and the public have no way of knowing who is funding the campaign or how much is being spent. At the same time, funders can camouflage their actual agenda behind an innocuous group label, making it difficult for the public to assess the group’s motives and credibility.”⁸² Jamieson further argued that “At worst such labels trick citizens into misidentifying the source of the message; at best, these labels fail to tell the citizen whose self-interest is served by the message. The absence of disclosure in issue advocacy undercuts citizen assessment. Knowing who is paying for an ad helps viewers determine whether the sponsor is a credible source; part of what makes this possible is knowing the self-interest of the sponsor. Audiences take the possible self-interest or bias into account in evaluating messages.”⁸³

According to Brown University professor of political science Darrell West, organizations have a clear interest in obscuring the true nature of their sponsorship. “Interest groups which run ads have clear partisan objectives and therefore are not seen as credible by reporters, legislators, or the public.”⁸⁴ “Unpopular interests recognize that one of the most important aspects of effective communications is ‘source credibility.’ Individuals or groups that are seen by the public as being independent or unbiased are more persuasive than those that are not. Interests that lack source credibility hide their activities under innocuous-sounding alliances, such as the National Smokers Alliance or Citizens for a Sound Economy. The former is funded directly by Philip Morris, while the latter is a conservative group devoted to lessening government regulation of the private sector.”⁸⁵

Asbestos A Problem?

Not for Honeywell's CEO. He took home 56 million dollars last year.



But asbestos is a problem for Chris Stoeckler.

He's dying at 41 from mesothelioma, caused by a career spent as a mechanic working with Bendix asbestos brakes. He'll leave behind Wendy, his wife of 18 years, and Taylor, their ten-year-old daughter.

Honeywell's answer:

"My answer to the problem is: If you have enjoyed a good life while working with asbestos products, *why not die from it*. There's got to be some cause."

Letter from E. A. Martin, Purchasing Director of Honeywell's Bendix Unit to Canadian Johns-Manville, September 12, 1966.

Congress' answer:

Eliminate the right to fair compensation. Let Honeywell escape all responsibility for less than it pays its CEO each year.

Explain that to ten-year-old Taylor. We can't.

For more information visit: www.fairasbestossolution.org or call (800) 998-9600

Sponsored by Committee for Fair Asbestos Solution

Jamieson also noted that research found when “audience members are neutral toward an issue and generally uncommitted, they tend to respond more negatively to a trade organization or a commercial sponsor than to a noncommercial sponsor of the same advocacy position. Knowledge about the sponsor influences the impact of the issue ad . . . Source credibility is a fundamental concept in understanding how interest groups utilize issue advocacy. By employing a front group to sponsor issue advocacy, a controversial interest group may forestall a backlash. Average viewers may not be able to discern the source of the ads and thus may judge a commercial sponsored by a front group more favorably than an advertisement for an interest identified in its spots.”⁸⁶

The major organizations we identified with ambiguous or potentially misleading names spent a total of \$18.5 million on issue ads.

Americans For Balanced Energy Choices



[Announcer] Some of us invest lots of time and money



into making our world cleaner



and one thing that's helping is electricity,



from coal. The fact is while coal's usage has tripled since 1970,



emissions have been reduced and air quality has improved,

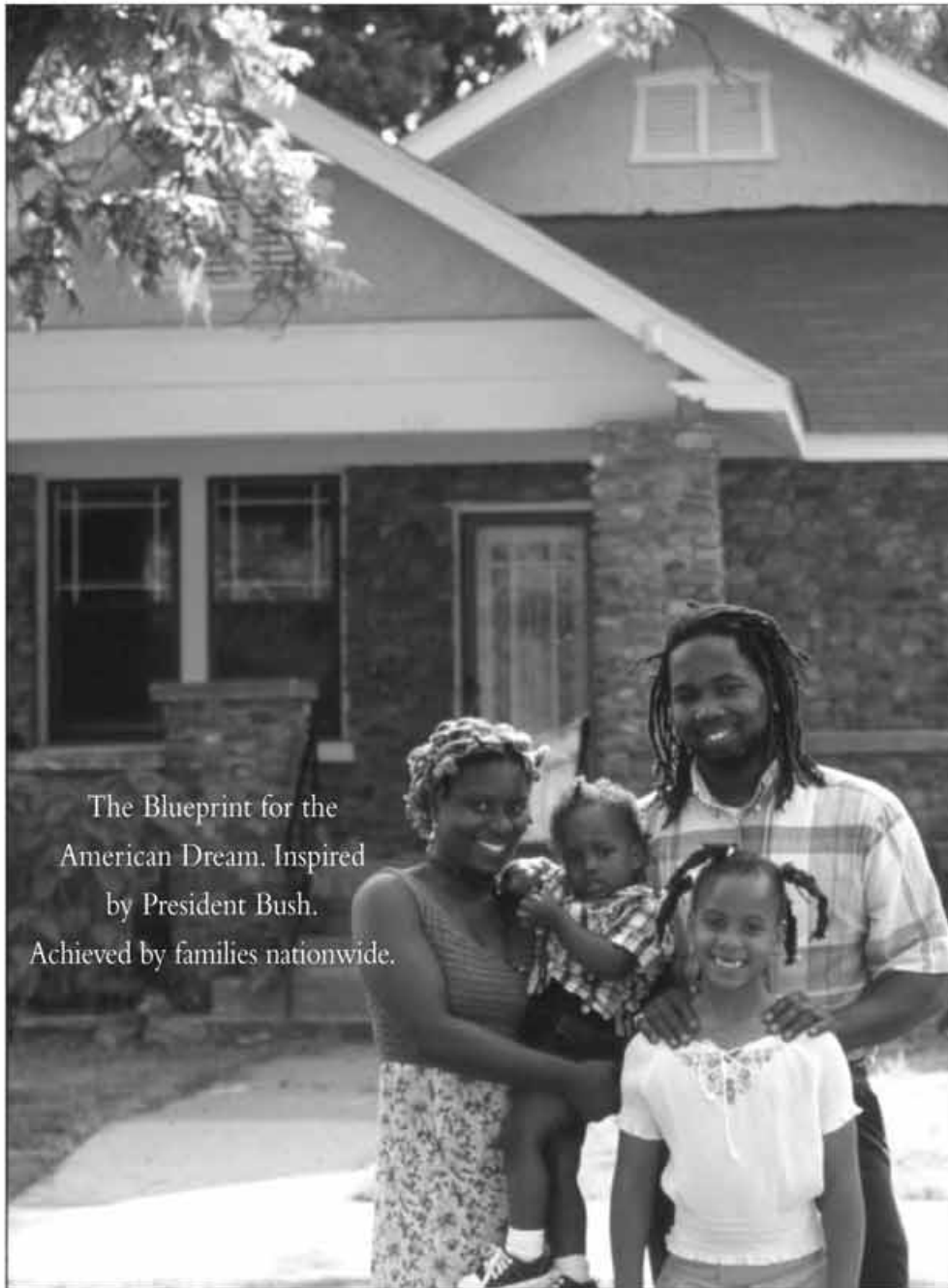


thanks in part to investments in clean-coal technology



And unlike some people, affordable, abundant electricity from coal is always there to help.

Issue Advertisers With Ambiguous or Potentially Misleading Names	
Organization Name	Organization Description
Alliance for Energy and Economic Growth	An energy-industry led organization that is lobbying for the Bush energy policy
Americans for Balanced Energy Choices	A coalition of mining companies, coal transporters, and electricity producers that supports coal-based electricity
Americans for Job Security	A group of corporate and individual members that promotes conservative candidates for national political races
Campaign to Protect the Constitution	A group that is focused on blocking the Federal Marriage Amendment, which sought to define "marriage" as a union between a man and a woman
Citizens for Asbestos Reform	A coalition of insurance companies that would like to block asbestos lawsuits
Coalition for Affordable and Reliable Energy	A single organization comprised of separate trade associations dedicated to promoting the use of coal for energy production
Coalition to Protect America's Health Care	A coalition of hospital owners and operators that advocates for increasing federal funding to hospitals
Committee for Fair Asbestos Solution	An organization that has not publicized its members or funding sources that urged Congress not to pass the Asbestos Victims Compensation Fund
Concerned Women for America	A conservative religious organization that focuses on bringing Biblical principles into all levels of public policy
Conservatives for Balanced Electricity Reform	A coalition of more than 20 conservative leaders who opposed the implementation of FERC's standard market design rule, which was designed to encourage competition in the wholesale power market
Dr. Rath Health Foundation	An organization founded by vitamin researcher Dr. Matthias Rath to implement a new global health care system. The organization sponsored numerous ads opposing the war in Iraq
National Hispanic Policy Institute	An organization run by New York State Senator Efrain Gonzalez to block the merger of Spanish-language media Univision and HBC that has not publicized its members or funding sources
Partnership to Protect Consumer Credit	A coalition of retailers and credit card companies fighting for less regulation of the credit industry
Project Protect	An organization that supported the Healthy Forest Restoration Act (HR 1904), which promoted logging of forests to protect them from wildfire and disease, and has not publicized its members or funding sources
Stakeholder Coalition	An organization that advertised in opposition to a proposal in the energy bill (HR 6) that would have financed upgrades to the national energy transmission grid. This organization has not publicized its members or funding sources
Stay the Course	An ad hoc group comprised of 52 prominent individuals such as Steve Forbes who supported the war in Iraq
TomPaine.com	An organization that sponsors a website that acts as a clearinghouse for progressive news and opinions. In 2004, the organization merged with the Institute for America's Future, a progressive 501(c)(3) citizen/cause group
Voices for Choices	A coalition of telecommunications companies that advocated the continued regulation of local telephone services and is primarily funded by AT&T and MCI



The Blueprint for the
American Dream. Inspired
by President Bush.
Achieved by families nationwide.

*Consumer Federation of America •
The Council of Insurance Agents &
Brokers • The Enterprise Foundation •
Fannie Mae • Freddie Mac • Habitat for
Humanity International • Independent
Community Bankers of America •
Independent Insurance Agents & Brokers
of America • Local Initiatives Support
Corporation • National Association
of Hispanic Real Estate Professionals
• National Association of Home
Builders • National Association of
Mortgage Brokers • National Association
of Real Estate Brokers • National
Association of Realtors® • National
Bankers Association • National Council
of La Raza • National Urban League
• World Floor Covering Association*

On June 17, 2002, President George W. Bush launched a minority homeownership initiative. One year later, hundreds of thousands of families all across America have become homeowners. The Homeownership Alliance is proud to be a part of the President's effort to help more minorities achieve the American dream of homeownership. We will not rest until the job is done. For details, visit HomeownershipAlliance.com.

 Homeownership Alliance

Spending by Issue

Each ad was coded for a number of characteristics including the main issue it addressed (see the Methodology Section for a full description). Certain issues with high levels of ad spending were further broken down into subtopics. For example, under the broad issue of Tort Reform, there were three specific subtopics: asbestos litigation, medical liability litigation, and class-action litigation. When an ad addressed multiple issues, the dominant issue determined the ad's categorization.

For the advertising directed at policy-makers during the 108th Congress, we identified 28 different issues and 52 different specific topics. **Advertising about business and the economy ranked number one, accounting for 26% of all spending (\$106.7 million). The top three issues alone (business/economy, health care, and energy/environment) accounted for well over half (59%) of the total spending on legislative issue advertising.**

As is apparent from the chart, selected specific issues often dominated issue spending. For example, fully 90% of spending on the issue of business and the economy was spent by Fannie Mae, Freddie Mac, and the Homeownership Alliance regarding their oversight and charter. Government spending was similarly dominated by advertising for military contracts.

Issue Spending			
Spending Rank	Issue Topic	Spending (in millions)	Percent of Total Spending
1	Business/Economy	\$106.7	26%
2	Health Care	\$80.4	20%
3	Energy/Environment	\$53.8	13%
4	Telecommunications	\$46.4	11%
5	Government Spending	\$43.9	11%
6	Foreign Policy	\$14.5	4%
7	Social Security	\$7.6	2%
8	Tort Reform	\$5.9	1%
9	Candidate	\$5.5	1%
10	Civil Rights	\$4.2	1%
11	Labor	\$3.8	*
12	Gun Control	\$3.2	*
13	Trade	\$2.9	*
14	Education	\$2.7	*
15	Taxes	\$2.5	*
16	Transportation	\$2.1	*
17	Substance Abuse	\$1.6	*
18	Animal Rights	\$1.0	*
19	Abortion	\$0.7	*
20	Political Process	\$0.7	*
21	Aviation	\$0.7	*
22	Other	\$0.7	*
23	Voting	\$0.3	*
24	Gambling	\$0.3	*
25	Political Parties	\$0.3	*
26	Farming	\$0.2	*
27	Immigration	\$0.1	*
28	Crime	\$0.1	*

* Note: Less than 1%

Selected Subtopic Spending		
Issue and Selected Subtopic	Spending (in millions)	Percent of Issue Spending
Business/Economy	\$106.7	
GSE Oversight	\$96.0	90%
Health Care	\$80.4	
Prescription Drug Benefit	\$40.5	50%
Government Containment of Health Care Costs	\$26.5	33%
Prescription Drug Re-importation	\$3.7	5%
Energy/Environment	\$53.8	
Government Mandates on Alternative Fuels and Alternative Fuel Vehicles	\$23.0	43%
Investment in Coal as an Energy Source	\$10.3	19%
Investment in Natural Gas as an Energy Source	\$4.8	9%
Telecommunications	\$46.4	
Local Telephone Deregulation and Competition	\$39.9	86%
Government Spending	\$43.9	
Military Contracts	\$36.5	83%
Foreign Policy	\$14.5	
War in Iraq	\$4.1	28%

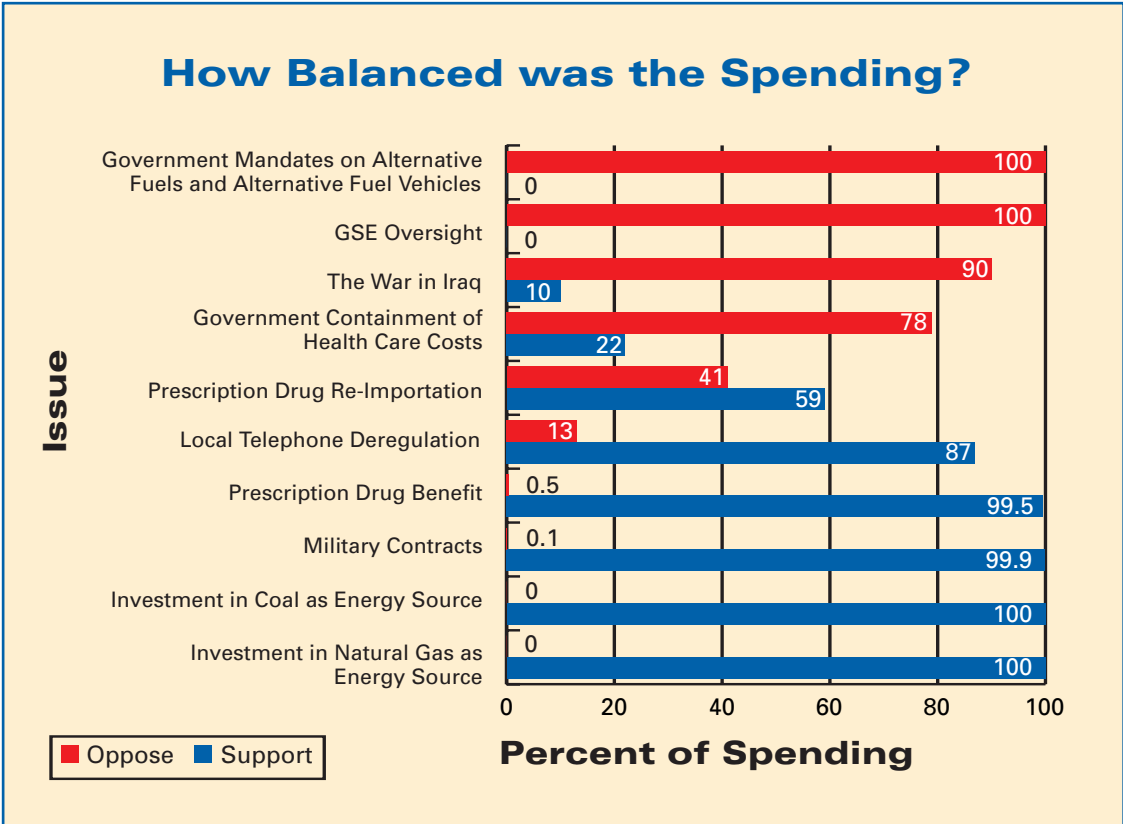
How balanced is the spending?

One of the major objectives of this research was to assess if legislative issue ad spending was equal on all sides of the major public policy debates. If groups on only one side of an issue advertise or if one side can vastly outspend the other, some organizations can dominate the debate and potentially distort the truth, both of which may affect how legislators and regulators view issues and ultimately make policy decisions. In the absence of equal voices, there is increased opportunity for a biased policy process.

We found that there was vastly uneven advertising spending on important public policy issues. All told, 94% of the specific issues we examined were subject to unbalanced persuasive efforts. Of the 52 specific issues we identified, half had all of the spending advocating a single side of the debate with zero spending on competing points of view. Only 26 issues (50%) faced any opposition spending whatsoever, and for the great majority of these the spending was vastly disparate; only three (6%) issues had competitive spending.

Specific issues with competitive spending (65% vs. 35% or better) included: drilling in ANWR (60% supporting, 40% opposed), President Bush's 2003 tax-cut plan (51% opposed, 49% supporting), and the re-importation of prescription drugs (59% supporting, 41% opposed).

Specific Issue Spending by Side					
Spending Rank	Specific Issue	Spending Supporting (in millions)	Spending Opposing (in millions)	Percent Supporting	Percent Opposing
1	GSE Oversight	\$0.0	\$96.0	0.0%	100.0%
2	Prescription Drug Benefit	\$40.3	\$0.2	99.5%	0.5%
3	Local Telephone Deregulation	\$34.6	\$5.2	87.0%	13.0%
4	Military Contracts	\$36.5	\$0.05	99.9%	0.1%
5	Government Containment of Health Care Costs	\$5.7	\$20.8	22.0%	78.0%
6	Government Mandates on Alternative Fuels and Alternative Fuel Vehicles	\$0.0	\$23.0	0.0%	100.0%
7	Investment in Coal as Energy Source	\$10.3	\$0.0	100.0%	0.0%
8	Investment in Natural Gas as Energy Source	\$4.8	\$0.0	100.0%	0.0%
9	The War in Iraq	\$0.4	\$3.6	10.0%	90.0%
10	Prescription Drug Re-importation	\$2.2	\$1.5	59.0%	41.0%



Spending and Issue Outcomes

The question of the effectiveness of issue advertising is complicated in part because the legislative process is dynamic and many different gradations of success are possible. An organization's optimal outcome could be the passage of legislation, the defeat of legislation, no action on pending legislation, some kind of regulatory remedy, or simply to raise an issue or promote language in a public policy context.

This study was not designed to prove or disprove whether issue ads affect specific legislative outcomes. That said there were some associations worthy of note. **Major legislative debates that had significantly unbalanced issue ad spending were more often decided in favor of the side that spent more during the 108th Congress. Of the top 10 specific issues that we tracked, six had legislative outcomes that favored the side with more spending, two had outcomes that favored the side with less spending, and two had mixed results.**

For the top eight specific issues, the side that spent more achieved at least partial success. Consistent with the findings in *Legislative Issue Advertising in the 107th Congress*, business interests with a financial stake in an issue outcome dominated the advertising spending and more often than not gained the legislative or regulatory outcome for which they advocated.

Spending and Issue Outcome for the Top 10 Specific Issues				
Spending Rank	Specific Issue	Percent Supporting	Percent Opposing	Issue Outcome
1	GSE Oversight	0.0%	100.0%	Side with MORE spending favored.
2	Prescription Drug Benefit	99.5%	0.5%	Side with MORE spending favored.
3	Local Telephone Deregulation	87.0%	13.0%	Side with MORE spending favored.
4	Military Contracts	99.9%	0.1%	Side with MORE spending favored.
5	Government Containment of Health care Costs	22.0%	78.0%	Side with MORE spending favored.
6	Government Mandates on Alternative Fuels and Alternative Fuel Vehicles	0.0%	100.0%	Side with MORE spending favored.
7	Investment in Coal as Energy Source	100.0%	0.0%	MIXED Outcome.
8	Investment in Natural Gas as Energy Source	100.0%	0.0%	MIXED Outcome.
9	The War in Iraq	10.0%	90.0%	Side with LESS spending favored.
10	Prescription Drug Re-importation	59.0%	41.0%	Side with LESS spending favored.

Corporate vs. Citizen/Cause Groups on the Issues

Corporate interests dominated citizen/cause groups in spending on specific issues. For the top 10 issues, six were dominated by corporate interests and four were dominated by citizen/cause groups. All told, business interests outspent citizen/cause groups \$320.1 million to \$58.2 million (79% to 14%). Generally speaking, corporate interests and citizen/cause groups advertised on different issue topics.

Top 10 Issues for Business Interest Advocacy Groups		
Spending Rank	Business Interests	Spending (in millions)
1	Business/Economy	\$101.9
2	Health Care	\$59.3
3	Energy/Environment	\$46.2
4	Telecommunications	\$44.6
5	Government Spending	\$43.0
6	Labor	\$2.7
7	Tort Reform	\$2.6
8	Trade	\$2.4
9	Taxes	\$1.8
10	Transportation	\$1.7

Top 10 Issues for Citizen/Cause Advocacy Groups		
Spending Rank	Citizen/Cause Groups	Spending (in millions)
1	Health Care	\$15.7
2	Social Security	\$7.6
3	Foreign Policy	\$7.2
4	Energy/Environment	\$6.4
5	Candidate	\$5.1
6	Civil Rights	\$3.4
7	Gun Control	\$3.2
8	Tort Reform	\$1.7
9	Education	\$1.0
10	Drugs and Alcohol	\$0.9

Spending on Selected Issues by Organization Type		
Issue Topic	Business Interest Spending (in millions)	Citizen/Cause Groups Spending (in millions)
Business/Economy	\$101.9	\$0.5
Health Care	\$59.3	\$15.7
Energy/Environment	\$46.2	\$6.4
Telecommunications	\$44.6	\$0.5
Government Spending	\$43.0	\$0.7
Foreign Policy	\$1.1	\$7.2
Social Security	\$0.0	\$7.6
Candidate	\$0.0	\$5.1
Tort Reform	\$2.6	\$1.7
Civil Rights	\$0.1	\$3.4

Issue Spending Over Time

Ranking issues by spending for each of the last four years provides a snapshot of the issues that received the most issue advertising year over year. Although the methodology of this report (2003-2004) has changed somewhat from the previous one (2001-2002), these comparisons still yield interesting observations. Energy and the environment, business and the economy, and health care all have consistently topped the advertising agenda.

Top 10 Issues by Year				
	2004 Rank	2003 Rank	2002 Rank	2001 Rank
1	Business/Economy	Business/Economy	Health Care	Energy/Environment
2	Health Care	Health Care	Energy/Environment	Telecommunications
3	Energy/Environment	Telecommunications	Business/Economy	Education
4	Government Spending	Energy/Environment	Government Spending	Health Care
5	Telecommunications	Government Spending	Telecommunications	Abortion
6	Foreign Policy	Foreign Policy	Foreign Policy	Business/Economy
7	Social Security	Tort Reform	Abortion	Foreign Policy
8	Candidate	Social Security	Trade	Tobacco
9	Civil Rights	Trade	Social Security	Trade
10	Tort Reform	Labor	Education	Government Spending

A Closer Look at the Issues

1. Business/Economy (\$106.7 million in spending)

Over 90% of the spending on business and the economy was on the specific issue of Government Sponsored Enterprises (GSE) oversight. Fully \$96.0 million was spent out this issue alone.

GSE Oversight

THE DEBATE:

Fannie Mae and Freddie Mac are private shareholder-owned companies that buy mortgages from lenders, package them into securities, and sell them to institutional investors. They are considered government-sponsored enterprises (or GSEs) because they operate under a government charter, which gives them some business advantages (e.g., a \$2.25 billion line of credit with the Treasury), but also imposes some requirements on how they do business (e.g., limiting the size of mortgages they can purchase). The government backing lets them borrow at interest rates that are typically half a percentage point lower than other big borrowers, giving them a competitive edge over their rivals.⁸⁷ The Congressional Budget Office values the government backing at more than \$10 billion a year.⁸⁸ In 2003 Freddie Mac had revenues of over \$40 billion.⁸⁹ Fannie Mae is credited with revenues closer to \$54 billion⁹⁰ making them two of the largest companies in the nation.

Various critics have charged that the two companies are too large, do not provide fair service to minorities, control too much of the mortgage market, and get an unfair advantage from their government charter. During 2003 Freddie Mac announced it had understated its earnings by \$5 billion.⁹¹ The revelations about the accounting added to the calls for greater federal oversight of the GSEs.

Fannie Mae Foundation



[Announcer] We built something special in America. The finest home financing system in the world,



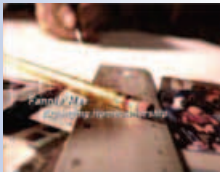
opening the doors to home ownership for millions all across our country.



A finely crafted system with private companies like Fannie Mae fulfilling a public mission of expanding home ownership.



30 year fixed mortgages. Some of the lowest interest rates in the world. Low mortgage costs that save typical home owners as much as \$25,000 dollars over the life of their loan.



Downpayments as low as three to five percent, and strong consumer protection against hidden costs and fraudulent loan practices.



At Fannie Mae we're proud with our partners to have helped over 50 million American families become home owners.



And we're committed to expanding home ownership for millions more. Because we believe that every American family deserves a special place they can call home.



[PFB]: Fannie Mae

Also during 2003, Allan Greenspan, chairman of the Federal Reserve Board, testified that Congress should consider limiting the multitrillion-dollar debt the enterprises take on each year, arguing that their below-market borrowing costs encourage the GSEs to grow faster than the housing market and contribute little to their mission of promoting homeownership.⁹² Meanwhile, a December 2003 report by the Federal Reserve Board claims that the firms provide meager support to home buyers. The federal study estimates that the typical homeowner saves just \$87 a year due to Freddie Mac and Fannie Mae.⁹³

In the 107th Congress (2001 and 2002), the debate about Fannie Mae and Freddie Mac became the subject of Congressional hearings and legislation that would have stripped some of the companies' charter benefits. In 2003 the debate over Fannie Mae and Freddie Mac centered on government oversight. GSEs are currently regulated by the Department of Housing and Urban Development. In 2003 Housing Financial Services Capital Markets Subcommittee Chairman Richard Baker (R-LA) proposed legislation (HR 2575) to shift oversight from HUD to a new Treasury Department agency that would have greater authority in monitoring the GSEs' financial health, but the proposal died in committee after the administration pulled its support. Despite investigations into GSE accounting practices by the Department of Housing and Urban Development, the Justice Department, and the Securities and Exchange Commission, no legislation regarding new oversight was passed by the 108th Congress.

SPENDING AND ADVERTISING:

Fannie Mae, Freddie Mac, and the Homeownership Alliance (an organization that Fannie and Freddie co-founded to promote their mutual interests) spent over \$96 million and accounted for 100% of the spending on this issue. No organizations ran ads challenging the claims of Fannie Mae and Freddie Mac.

Fannie Mae spent about \$87.2 million, Freddie Mac \$7.6 million, and their coalition Homeownership Alliance spent an additional \$1.3 million. This money went to buy extensive ad campaigns in Washington. These ads promoted the idea that Fannie Mae and Freddie Mac help the public by stimulating the economy and helping people buy homes.

2. Health Care (\$80.4 million in spending)

Three issues dominated spending on health care advertising: a Medicare prescription drug benefit, government containment of health care costs, and prescription drug re-importation. Together these three topics accounted for 88% of health care ad spending.

Medicare Prescription Drug Benefit

Fifty percent of the spending on the topic of health care was on the specific issue of the prescription drug benefit. Fully \$40.5 million was spent out this specific issue alone.

THE DEBATE:

Medicare was established in 1965 as a federal health insurance program for people 65 and over. Since 1972 it has also covered people under 65 with disabilities. When Medicare was first enacted it did not include coverage for prescription drugs for outpatients. However, since the 1960s, drug therapies have become increasingly part of standard care while costs for prescription drugs have increased dramatically. In May of 2001 the Kaiser Family Foundation estimated that virtually all Medicare beneficiaries use prescription drugs on a regular basis but only three-quarters had some drug coverage for at least part of the year in 1998.⁹⁴ The foundation found that those “without drug coverage averaged nearly eight fewer prescriptions per year than those with coverage.”⁹⁵

The *Medicare Prescription Drug Improvement and Modernization Act of 2003*, which passed in December of the first session of the 108th Congress, created a new Medicare prescription drug benefit. It provided for a Medicare-endorsed discount drug card that could be used between 2004 and 2006. The card would be offered by private organizations but regulated by the government. Both the covered drugs and the discounts offered differ among the cards, and can vary without warning to the cardholder.⁹⁶ The law also provided that beginning in 2006 the government would subsidize the cost of federally regulated but privately run prescription drug plans. The bill prohibited the government from stepping in to help negotiate volume discounts on drugs that the plans would offer. The Congressional Budget Office estimated the cost of the new plan at \$395 billion between 2004 and 2013.⁹⁷

Disagreement centered on several issues. Some argued that it was economically inefficient for private companies to offer drug plans and that a single plan directly under Medicare would provide greater benefits for less money. Others felt that the drug coverage benefit should have been greater, noting in particular what became known as the “benefit gap” (the lack of any coverage when drug costs are roughly between \$2,000 and \$5,000). The prohibition on negotiation of drug prices by the government also came under attack when opponents noted that this would keep drug prices higher.

Proponents of the plan touted it as the largest expansion of Medicare benefits in many years and noted that the coverage provided was better than what existed. AARP, which supported passage and advertised in favor of the legislation, came under criticism. In addition to being a citizen organization they also offer insurance and other financial services, and as such stood to benefit as an insurance provider.

AARP (American Association of Retired Persons)



[Woman]: “Senator Jordan will sit here. Put that one on the outside, honey.” [Man]: “Okay”



[Woman]: They're here.



Hi. Come on in. Have a seat. How are you?



Thanks for coming to my prescription drug summit.



Before we leave today, I want us to get an affordable drug benefit in Medicare.



Everybody on board?
[Sen1]: “Sure.” [Sen2]:
“Yeah.” [Sen3]: “Uh-huh.”



[Woman]: “Let's eat.”



[Announcer]: If one person could do it alone the world wouldn't need AARP.

SPENDING AND ADVERTISING:

Issue ad spending promoting the prescription drug benefit fell into two categories: those that promoted the benefit and those that specifically promoted the prescription drug discount card aspect of the benefit. The discount drug card programs are run by the prescription drug companies. They are designed to aid in the transition to the full drug benefit by immediately allowing seniors to purchase certain drugs at discounted rates for a yearly fee. Taken together, advocates of the prescription drug benefit outspent those in opposition \$40.3 million to \$206,000.

GlaxoSmithKline was the largest spender promoting the prescription drug plan, spending an estimated \$18.3 million supporting the bill. Their advertising accounted for roughly 45% of the total spending on this specific topic. The second largest spender, Pfizer, spent an estimated \$11.2 million promoting the bill. Their advertising accounted for an estimated 28% of the total spending on this specific topic. The third largest spender was AARP, which spent an estimated \$7.2 million, or 18% of the total, on this specific topic, promoting the legislation. Taken together, these three organizations spent an estimated \$36.7 million (91%) promoting the Prescription Drug Benefit plan.

Six organizations spent an estimated \$206,000 advertising in opposition to the prescription drug benefit. The largest spender, the National Community Pharmacists Association, spent an estimated \$80,000 opposing the bill. Their advertising accounted for roughly 0.2 % of the total spending on this specific topic.

Government Containment of Health Care Costs

Thirty-three percent of the spending on health care advertising was on the specific issue of government containment of health care costs (excluded from this specific issue was advertising specifically related to the prescription drug benefit and re-importation of prescription drugs from Canada). A total of \$26.5 million was spent on this issue alone.

THE DEBATE:

In 2002, \$1.6 trillion was spent on health care nationwide, an 88% increase from 1992 expenditures.⁹⁸ This represents 14.9% of the Gross Domestic Product (GDP), almost 3 times larger than the industry's share of GDP in 1960. Health care as a share of GDP rose most significantly during the 1980s, remained roughly constant during most of the 1990s, and began to rise fairly rapidly after 2000.⁹⁹ It is projected that health care expenditures will be near \$3.1 trillion in 2012, or 17% of the GDP.¹⁰⁰ During the Clinton administration this led to the first widespread public policy conversations about overhauling the American medical system. In 2003 15% (45 million people) of the public had no health care coverage, 27% (77 million people) had government-sponsored coverage, and 58% (174 million people) were covered by their employers.¹⁰¹

Government-run programs that extend health insurance to all, such as those in Canada, were considered as well as private sector solutions such as increasing tax credits and cost-sharing between employee and employer. Generally speaking, citizen/cause advocacy groups tended to promote government-centered solutions whereas corporations tended to oppose expansion of government health programs. President Bush proposed tax credits and incentives for lower-income people to purchase their own health care but Congress took no action. Though not taken up in the 108th, advertising did address the issue of health care coverage and costs.

SPENDING AND ADVERTISING:

We estimated \$26.5 million in spending on issue ads related to government containment of health care costs. Fully 75% (\$20.0 million) of the total advertising on the issue was purchased by GlaxoSmithKline and Blue Cross Blue Shield to argue that the current market-based system keeps health care costs low. The Blue Cross Blue Shield ads implicitly argued that they were doing their

part to keep costs low, and justified the costs of health care in the U.S. (e.g., research, quality) whereas the GlaxoSmithKline ads repeated the theme that health care costs were high because researching and developing new drugs takes a great deal of time and effort.

A number of organizations such as AARP and the Robert Wood Johnson Foundation promoted increased government action to contain the rising costs of health care. Many of these ads advocated expanding government programs designed to provide at-risk groups such as children, the elderly, and the poor with health services. AARP was the top spender, sponsoring \$3.1 million worth of advertising promoting increased government action to contain the rising costs of health care.

Re-Importation of Prescription Drugs

Five percent of the spending on health care advertising was on the specific issue of re-importation of prescription drugs. A total of \$3.7 million was spent on this issue alone.

THE DEBATE:

Many U.S. drug companies manufacture drugs in the U.S. but sell them cheaper abroad than they do domestically. Drugs sold to foreign countries can cost between 30% and 70% less than the same drugs sold within the U.S.¹⁰² In recent years the costs of domestic drugs have risen dramatically. For example, between 2003 and 2004 prices rose by three times the rate of inflation and rose almost 30% from 2000 through 2003.¹⁰³ The rising cost of domestic drugs and the availability of lower cost drugs re-imported back into America from abroad have led Americans to increasingly order their drugs from outside U.S. borders. In 2003 one estimate of drug purchases from Canada alone accounted for almost \$700 million in expenditures.¹⁰⁴

It is legal for individuals to personally import a less than three-month supply of drugs for personal use. Otherwise it is illegal for Americans to buy drugs that are not manufactured at FDA-approved facilities. The FDA has consistently argued that they cannot guarantee the safety of drugs imported from abroad. Proponents of the practice note, however, that many drugs ordered from abroad are in fact made in the U.S. in approved facilities.

One of the provisions considered as part of the *Medicare Prescription Drug Improvement and Modernization Act of 2003* would have allowed re-importation of drugs from Canada, but in the final stages this amendment was removed. Instead the bill called for a study on the feasibility of legalized re-importation by December 1, 2004. In 2004, other legislation was proposed by both parties to legalize re-imported drugs from Canada, but was not passed out of committee.

Those opposing re-importation of drugs note that driving the domestic cost of drugs down may reduce the funding for research and development by U.S. pharmaceutical companies. Those supporting re-importation note that most of the revenue from these drugs goes to profits, not research, and there would be ample money for research even with lowered prices. Proponents also argue that many people cannot afford to buy drugs without re-importation and therefore are at increased health risk if purchase from foreign sources remains illegal. Opponents say the safety of drugs imported from abroad cannot be guaranteed.

SPENDING AND ADVERTISING:

We estimated that issue ad spending on the re-importation of prescription drugs was \$3.7 million dollars or 5% of all spending on health care issues. Of the spending on the issue of re-importation, 59% or \$2.2 million dollars was spent in support of re-importation, while the remaining 41% (\$1.5 million) of the spending was spent advocating against re-importation. AARP dominated the advertising supporting re-importation. Pharmaceutical companies such as GlaxoSmithKline, Pfizer, Purdue, and PhRMA made up the majority of organizations advocating against re-importation.

3. Energy/Environment (\$53.8 million in spending)

Three topics dominated advertising about energy and the environment: government mandates on alternative fuels and alternative fuel vehicles, investment in coal as an energy source, and investment in natural gas as an energy source.



AT SHELL, WE'VE DEVELOPED A FUEL WHOSE ONLY BY-PRODUCT IS WATER. HOW REFRESHING.

The promise of hydrogen is exciting, but commercial viability is a long-term prospect. At Shell there's progress toward the promise, thanks to a commitment to make the hydrogen economy a reality.

Key to this progress are strategic relationships with leading companies like General Motors and people like Kristin Andrichik, Business Development Advisor with Shell Hydrogen (U.S.). Kristin works to capitalize on Shell leadership in fueling technologies and GM's expertise in vehicle technology to determine the best path toward the commercialization.

The centerpiece of this union is the first hydrogen refueling dispenser at a retail site in the U.S., which supports a fleet of GM hydrogen fuel cell vehicles.

Ultimately, commercialization will depend on individuals choosing hydrogen. And through the efforts of Kristin and others like her, Shell is ready to meet those needs.

Visit www.shell.com/hydrogen for details on this and other Shell activities.

*Shell Hydrogen® refers to a global business of the Royal Dutch/Shell Group and consists of separate companies set up to pursue and develop business opportunities related to hydrogen and fuel cells.



Government Mandates on Alternative Fuels and Alternative Fuel Vehicles

A total of \$23.0 million dollars, 43% of total spending on the issues of energy and the environment, referred to the specific issue of government mandates on alternative fuels and alternative fuel vehicles.

THE DEBATE:

Given the concern over access to and quantity of the world's remaining oil reserves, there is interest in alternative sources of energy, especially for automobiles that depend almost entirely on gasoline. There are already alternative vehicles in use in the U.S., most notably the gas/electric hybrid, and public policies to encourage their use are part of the broader energy policy debate. On February 14, 2002 the Bush Administration unveiled the Clear Skies Initiative, which said it would reduce the pollutants sulfur dioxide, nitrogen oxide, and mercury.¹⁰⁵ The Clear Skies policies support a \$4,000 tax credit for buyers of high-mileage hybrid vehicles, yet oppose "tougher fuel efficiency standards for automobiles."¹⁰⁶ While Congress has made little "progress on the Clear Skies proposal in its past two sessions"¹⁰⁷ the Bush administration has signaled it intends to resubmit the legislation to the 109th Congress.¹⁰⁸

Also, there continues to be a large push for more advanced technologies such as hydrogen fuel cells. In 2004 Bush proposed \$227 million in the FY 2005 Department of Energy budget for the hydrogen fuel initiative, which aims to develop commercially viable hydrogen-powered fuel cells for use in cars and electricity generation.¹⁰⁹ Some Democrats counter that the initiative is an attempt to divert attention from those who think automakers should meet more stringent fuel economy standards.

SPENDING AND ADVERTISING:

All of the ads argued against government mandates on alternative fuels and alternative fuel vehicles by showcasing voluntary industry efforts to raise fuel efficiency in automobiles. The largest spenders were BP (\$11.5 million), General Motors (\$5.2 million), and ExxonMobil (\$2.6 million). BP and ExxonMobil are gas and oil companies who benefit by enhancing their images as environmentally sound companies that contribute to the efforts to lower emissions. General Motors, among other automakers, advertised new vehicle technologies that they said were more environmentally friendly. These ad campaigns may prevent more stringent government regulations by communicating to policy makers that petroleum manufacturers and car producers are voluntarily making an effort to do their part in protecting the environment and thus that government mandates are unnecessary.

Investment in Coal As an Energy Source

We estimate that \$10.3 million, 19% of the spending on energy and environmental issues, dealt with coal as an energy source.

THE DEBATE:

Coal fuels half of the nation's electricity and is less expensive than natural gas, the other major source of energy. Coal is plentiful, with domestic reserves that could last for 230 years. Proponents of coal argue that it is affordable, reliable, and domestically secure. However, pollutants from coal are among the biggest contributors to acid rain and global warming. As a candidate Bush promised to expand energy supplies by encouraging reliance on coal. Bush also pledged to ease environmental restrictions that industry officials said were threatening jobs in coal country.

The 2003 energy bill included a \$16 billion tax package that would have provided subsidies to the oil, gas, coal, and nuclear power industries to encourage additional production. The Senate held a vote on a portion of the bill that would have allowed drilling in the Arctic National Wildlife Refuge (ANWR). "The bill would link [ANWR] drilling to a fund coal companies pay into to clean-up abandoned mines. Money from drilling would also be diverted to help pay health care costs of retired miners whose companies have gone bankrupt."¹¹⁰

The 2004 bill, like the 2003 bill, contained many of the same tax credits and subsidies for oil, clean coal, natural gas, and nuclear power totaling billions of dollars. However, as was the case with the 2003 version, it stalled in the “Senate over an environmental and legal issue; the insistence by House GOP leaders that the bill include liability protection for the producers of MTBE, a clean-fuel additive that has been found to pollute groundwater when it leaks from storage tanks.”¹¹¹ As a result, the bill did not pass the 108th Congress.

The FY 2005 administration budget proposal included \$447 million for research into cleaner burning coal. The proposal included funds for research and development, clean-coal technologies, and tax incentives among other projects.

SPENDING AND ADVERTISING:

All of the spending in this category purchased ads that supported coal use. By far the largest spender promoting coal as an energy source was Americans for Balanced Energy Choices, a coalition of mining companies, coal transporters, and electricity producers who spent an estimated \$9.1 million to sponsor issue advertisements. These ads portrayed coal as an “increasingly clean” energy source that is both available and environmentally friendly. There were no ads solely dedicated to opposing investment in coal as an energy source.¹¹²

Investment in Natural Gas as an Energy Source

We estimate that \$4.8 million, 9% of the total spending on energy and environmental issues, was spent on natural gas as an energy source.

THE DEBATE:

The 2004 version of the Comprehensive Energy Bill (HR 4503) included a provision for \$18 billion worth of loan guarantees to build a natural gas pipeline from Alaska to the lower 48 states. Proponents of the pipeline argue that the U.S. had to secure domestic sources of energy and that natural gas was the most abundant. The only component of the project that was debated was the price guarantees for natural gas that would come from this pipeline. The 2003 energy bill included a \$16 billion tax package that would have provided subsidies to the oil, gas, coal, and nuclear power industries to encourage additional production.

Despite the failure to pass the Energy bill, the natural gas industry successfully lobbied against the *Climate Stewardship Act of 2003*, which would have “establishe[d] a so-called ‘cap and trade’ system that freezes emissions from six greenhouse gases at 2000 levels by 2010.”¹¹³ The restrictions in the bill were considered too stringent by the industry and the bill never made it out of the Senate Committee on Environment and Public Works.

SPENDING AND ADVERTISING:

All of these ads advocated in favor of natural gas. ExxonMobil was the majority spender on the issue. They sponsored an estimated \$2.5 million promoting investment in natural gas as an energy source. No organizations ran ads in opposition.

4. Telecommunications (\$46.4 million in spending)

Local Telephone Deregulation and Competition

About 86% of the spending on telecommunications issues dealt with local telephone deregulation and competition. A total of \$39.9 million was spent on this issue alone.

THE DEBATE:

The debate over telecommunications competition has its roots in the 1982 consent decree between AT&T and the Justice Department. The decree split up the AT&T phone monopoly into AT&T and seven regional Bell operating companies or “Baby Bells” with subsequent mergers reduced their number from seven to four. The four remaining Baby Bells inherited the existing infrastructure that made up the nationwide phone network and a protected local telephone monopoly, but they were not allowed to engage in long distance, manufacturing, or information services. By contrast, AT&T was allowed to remain in these markets.

In an effort to repeat the successful creation of a competitive long-distance market, Congress and President Clinton enacted the Telecommunications Act of 1996, which sought to promote similar competition in the local telephone market. The government knew repeating this success would not be realistic if competitors had to build their own infrastructure of telephone lines, so the Act prescribed a tradeoff whereby the Baby Bells were allowed to enter the previously restricted long distance, manufacturing, and information services markets in exchange for the end of their local telephone monopolies.¹¹⁴ Many argued that since the original telephone lines had been built with government sponsorship, no single private company technically owned the lines and that it was defensible to give competing private companies access. The 1996 legislation was vague, however, and left many of the details to the Federal Communications Commission.

As prescribed in the Act, the FCC established and implemented a set of rules that gave those wanting to enter the local phone market the right to lease telephone lines from the Baby Bells at deeply discounted rates. A number of new companies such as AT&T, Sprint, and MCI entered the local telephone service market, offering consumers a choice of provider for the first time in history. However, the Baby Bells opposed the plan on the grounds that they were essentially forced to subsidize their competition by leasing their infrastructure at low rates. They contested the first set of

SBC will say anything to kill competition.

Over the last two years, SBC has said local phone competition is putting them "on a path to financial ruin."¹

But in 2003 SBC gave their shareholders record dividends.² And spent billions repurchasing 350 million shares of stock.³

And now SBC just paid \$25 billion to create the largest wireless company in America. **In cash.**⁴

It wasn't the first time SBC told a whopper to get deregulation. Last year they promised to increase broadband deployment if the FCC deregulated that part of the industry. A few months after they got what they wanted, they went back on their word.⁵

Now they're pressuring the FCC to weaken the pro-competition policies of the 1996 Telecommunications Act. They beg state regulators for huge wholesale rate increases and say they'll go broke unless they get relief.

Never mind the record profits. Never mind their promises to invest in broadband.

Given SBC's track record, they've got a lot of explaining to do.

voices for choices

Voices for Choices. We believe the best way to protect America's phone system and get consumers lower prices, better service and more choices is to make the giant Bell monopolies keep the profits of the Telecommunications Act. Call 1-877-734-6862 or go to www.voicesforchoices.com for more information.

1. "SBC warns on phone service. Firm headed for financial ruin, other says," Chicago Board, September 5, 2002. 2. "SBC Reports Strong 4th-Quarter Long Distance Growth in Midwest, Improved Retail Access Line Results, Record Growth in Long Distance, DSL," Business Wire, January 27, 2004. 3. "The Quarterly Report: SBC Investor Briefing No. 244," January 27, 2004. http://www.sbc.com/news/Investor/Investor_Spring_0401.doc#SBC_FinRpt.pdf. 4. "Wall Street Journal Online, 1 a.m. after launch to new government," The Atlantic Journal Constitution, February 18, 2004. 5. "Monthly Wireless Pricing, State State US Investment Policy," Wall Street Journal, February 21, 2003.

leasing rules and instead argued that voluntary negotiations should set the rate structure. The Baby Bells worked to overturn the rates mostly through the courts and were successful in 1998 when the Supreme Court ruled that the rates were too low. However, the Court sided with the FCC saying that they did indeed have the broad power to set the rules for competition.¹¹⁵ The FCC produced a second set of leasing rules but the Baby Bells again filed suit.

Unsatisfied with the progress of their suit, the Baby Bells also sought a legislative remedy. The 107th Congress considered the *Internet Freedom and Broadband Deployment Act of 2001* (popularly referred to as Tauzin-Dingell). This bill would have exempted the Baby Bells from the FCC's leasing regulations but it did not pass. Despite the legislative failure, the Baby Bells again won in the courts in 2002 when the FCC's second set of leasing rules were struck down. The court again directed the FCC to come up with a more favorable rate structure. The FCC issued a third set of leasing regulations more favorable to the Baby Bells

In March of 2004 the United States Court of Appeals overturned the third set of leasing rules saying they were still too burdensome on the Baby Bells though it was fine to exempt the broadband lines from the regulations. After the appeals court ruling, the FCC set a June 2004 deadline for the Baby Bells to voluntarily negotiate settlements with competitors seeking access to carrier lines to provide long-distance rates and other services. Although only a single Baby Bell, SBC, submitted an agreement with rival Sage Telecom, it was kept secret from the public, sparking criticism that these types of agreements could result in higher prices for consumers because of anti-competitive practices. The FCC also voted to appeal the court order, but in June of 2004 this final appeal was rejected. Within weeks AT&T announced plans to end offering some local phone service. In early 2004 SBC bid to purchase their formal rival AT&T altogether.

SPENDING AND ADVERTISING:

A number of Baby Bells such as SBC Communications and Verizon, and their main lobbying group, the United States Telecommunications Association, ran ad campaigns in Washington, D.C., that argued in favor of the deregulation of the local telephone services market. These ads mainly sought an end to the FCC's regulations by contending that the rules stifled investment in new technologies and hurt the economy by eliminating jobs. These groups spent a total of \$34.6 million, or 87% of the spending on local competition, arguing in favor of deregulation of the local telephone services market. SBC alone spent \$25.8 million (65% of the local competition total) arguing in favor of deregulation, making it the highest single spender on this issue.

A number of the companies wanting to enter the local telephone market (such as AT&T) and organizations comprised of companies that were opposed to deregulation (such as Comptel Ascent Alliance and Voices for Choices) ran ad campaigns that argued against the deregulation of the local telephone services market. These ads promoted the benefits of competition for the American local telephone service consumer. These organizations spent a total of \$5.2 million arguing against the deregulation (13% of the local competition issue total). Voices for Choices alone spent \$2.7 million (7% of the local competition issue total) advertising against deregulation.

5. Government Spending (\$43.9 million in spending)

Roughly \$36.5 million, 83% of total spending on advertising targeting government spending, was directed at military contracts. Nine of the top 10 companies receiving the largest dollar volume of prime contract awards were issue advertisers.

Military Contracts

THE DEBATE:

The Department of Defense (DOD) accounts for the majority of federal contract awards. In September of 2003, the 108th Congress voted to increase the defense budget by \$13 billion from the inherited FY03 level of \$355 billion to \$368 billion for FY04. In July of 2004, Congress voted to increase defense spending by \$48 billion, raising the FY05 budget to \$416.2 billion.¹¹⁶

Among the major programs that received significant funding by the 108th Congress were the F/A-22 Raptor, the Joint Strike Fighter (F-35), the F/A-18 Superhornet, the MV-22 Osprey, the Virginia-Class Submarine, the Littoral Combat Ship, the DD(X) Destroyer, the Arleigh-Burke-Class Destroyer, Future Combat Systems, C-17 Transport Plane, and ballistic missile defense systems.

There were controversies over the defense appropriations, however, such as debates over continuation of Sikorsky's Comanche attack helicopter program and the Boeing air-tanker lease program. In February of 2003, the Pentagon terminated the Comanche program, diverting its remaining funding to other projects. To date, \$7 billion has been spent on the Comanche project.¹¹⁷ In 2003 a controversial \$25 billion involving Boeing air-tankers was postponed due to congressional concerns over ethical misconduct at the aerospace giant.¹¹⁸

In addition, the 108th Congress appropriated significant supplemental funds to pay for the conflicts in Afghanistan and Iraq: \$79 billion in April of 2003¹¹⁹ and \$87.5 billion in November of 2003.¹²⁰ The FY05 defense budget of \$416.2 billion contains \$25 billion for the war in Iraq. Budget items earmarked for Iraq and Afghanistan contain funding for a myriad of war-related efforts, including major sub-contracts for military supplies and post-conflict reconstruction projects. Of the major military contracts specifically funded by the Iraq and Afghanistan supplemental appropriations, those awarded to Vice President Dick Cheney's former firm Halliburton received the most attention. Aside from contracts to provide logistical services such as food to the men and women of the military, Halliburton was awarded contracts to rebuild the Iraqi oil industry on a no-bid basis. Further, Halliburton and its subsidiaries were investigated for improper accounting methods.¹²¹

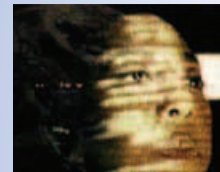
Lockheed Martin Corp



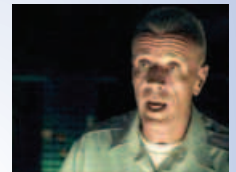
[Announcer]: Question: what if an enemy missile had just been launched?



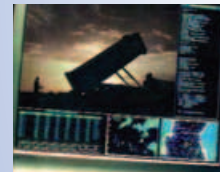
What would it take to stop it? Answer: information, speed, accuracy,



and a multi-layered system that integrates all three.



Effective action. Missile defense.



Turning data into knowledge and knowledge into action.



Lockheed Martin: we never forget who we're working for.



[PFB]: Lockheed Martin.

Companies Receiving Largest Dollar Volume of Prime Contract Awards

Rank	Company	Prime Contract Awards FY03 and FY04 Combined (in billions)
1	Lockheed Martin	\$42.6
2	Boeing	\$34.4
3	Northrop Grumman	\$23.0
4	General Dynamics	\$17.8
5	Raytheon	\$16.4
6	Halliburton	\$11.9
7	United Technologies	\$9.6
8	Science Application International	\$5.1
9	Computer Sciences	\$4.9
10	Humana	\$4.8

Note: Records are available at *United States Department of Defense*, <http://www.dior.whs.mil/peidhome/procstat/P01/fy2004/top100.htm>

SPENDING AND ADVERTISING:

About 15% (\$5.6 million) of the spending on legislative issue advertising for military contracts was sponsored by coalitions of corporations that have shared interests in various large-scale military products. These groups of sub-contractors co-sponsored issue ads promoting their projects. For example, a group of sub-contractors that build the DD(X) destroyer co-sponsored legislative issue advertising under the name DD(X) Gold Team. All of the major legislative issue advertisers who sponsored ads for military contracts as individual corporations also did so as members of these teams. The coalition that sponsored ads promoting the F-22 Raptor aircraft (comprised primarily of Lockheed Martin, Boeing, and Pratt & Whitney) was the largest of these groups. During the 108th Congress it accounted for \$1.4 million, 4% of the total spending on issue ads for military contracts.

We were not able to determine the percent of cost borne by each individual co-sponsoring firm in these coalitions. In an effort to avoid double counting, spending was reported only for those ads that the firm sponsored entirely on its own. Co-sponsored ads were reported separately under the coalition's name. In effect, if an individual firm were also part of any coalition that advertised during the 108th Congress, the estimated individual spending will underreport its actual issue ad spending.

Boeing was the biggest individual spender on advertising for military contracts. We estimated Boeing spent \$17.1 million dollars (or about 47% of the military contract total). The second largest spender, Northrop Grumman, spent about \$4.7 million (or about 13% of the military contract total) promoting its various military products. Lockheed Martin spent approximately \$4.2 million (or about 12% of the military contract total) promoting the military products it markets to the government.

We found only three ads sponsored by the National Legal and Policy Center that opposed government spending on military contracts. These ads argued that the United States government shouldn't buy products made by Boeing due to allegations of ethical impropriety. These ads cost an estimated \$26,000, or 0.1% of the total spending on military contracts advertising.

6. Foreign Policy (\$14.5 million in spending)

A total of \$4.1 million or 28% of spending on advertising about Foreign Policy was directed specifically at the war in Iraq.

War in Iraq

THE DEBATE:

Since Iraq violated United Nations resolutions by ousting weapons inspectors in 1998, the United States had considered the return of observers an important foreign policy goal.

The Bush administration openly advocated regime change in Iraq because Iraq had violated a UN resolution and allegedly had weapons of mass destruction. The administration, most notably Vice President Cheney, also argued that evidence suggested a possible link between Iraq and the September 11th attacks.

The Bush administration pushed a new resolution through the UN Security Council, despite opposition from France, Russia, and Germany, demanding that Iraqi leader Saddam Hussein accept the unconditional return of UN weapons inspectors. In late November of 2002, Iraq relented and allowed the inspectors to return. Despite Iraq's acquiescence, the United States and members of the international community concluded that Iraq was not fully cooperating with the UN resolutions.

On March 20, 2003, American military forces led a coalition (including Great Britain, Poland, and Italy) that invaded Iraq. Within three weeks American forces had entered Baghdad and on May 1, 2003 President Bush declared an end to major combat operations in Iraq.

Since the President's declaration, however, American military forces have continued to fight a guerilla-style war against various Iraqi insurgent groups. Administration critics contend that the pre-war intelligence on Iraqi weapons of mass destruction was proven inaccurate as none of the suspected armaments were found. They also argued that the war's monetary costs substantially exceeded expectations and that the 9/11 Commission Report cast doubt on the administration's contention of a potential 9/11-Iraq link. In addition, administration critics suggested that the war strained America's international relations and overstretched the American military.

The coalition members, however, argued the war in Iraq has made the world safer by removing a dangerous regime from power. The Bush administration asserted that a free and democratic Iraq could prove to be a positive example for others in the region. Capturing and trying the former Iraqi dictator Saddam Hussein for crimes against humanity would discourage others in the region from defying the international community.

SPENDING AND ADVERTISING:

During the 108th Congress an estimated \$4.1 million in legislative issue advertising was directed specifically at the war in Iraq. The debate over the war accounted for 28% of the estimated Foreign Policy advertising spending total. Groups opposing the war outspent groups supporting it (\$3.7 million to \$400,000). Spending on advertisements opposing the war in Iraq outnumbered those in favor 90% to 10%.

The Dr. Rath Health Foundation, a social justice group, spent an estimated \$700,000 in advertising opposing the war. The foundation's advertising accounted for 24% of the total spending concerning the war in Iraq. Eight organizations advertised in favor. The largest spender was Stay the Course, an ad hoc group comprised of 52 prominent individuals such as Steve Forbes, who spent an estimated \$230,000 or 71% of the total spending supporting the war.



This is the way to prevent a war. Not start one.

Imagine thousands of inspectors stationed throughout Iraq. Imagine they had ready access to American intelligence gleaned from satellite photographs, U-2 flights, intercepted phone calls. Suspicious activity is detected at a factory, a power plant, a palace. Within minutes, inspectors could be dispatched, intercepting vehicles, confiscating suspicious material. Disarming Iraq.

The Bush Administration, hell-bent on war with Iraq, has inadvertently presented the world with the very best way to prevent that war. Such a war, whose costs and casualties are incalculable, lacks support among our allies, lacks broad support among Americans. Yet the President is barreling ahead. The intelligence information revealed by Secretary Powell at the UN last week could have been given on a daily basis to the inspection teams already in Iraq. That it has been withheld is a damning indictment of the Administration's mindless pursuit of a military solution.

We should listen to the CIA

In testimony before Congress, the CIA has presented the best reason to ending the search for a peaceful solution in Iraq. Director George Tenet said: "Baghdad now appears to be drawing a line short of conducting terrorist attacks with conventional or chemical and biological weapons against the United States. Should Saddam conclude that a U.S.-led attack could no longer be deterred, he probably would become much less constrained in adopting terrorist actions." So we are pursuing a policy that will increase the danger to America and Americans, increase the likelihood of terrorist attacks both from Iraq and, the experts warn, from Osama Bin-Laden and Al-Qaeda.

Carter vs. Bush

Former President Jimmy Carter has given us a blueprint for preventing war with Iraq. He said in a recent editorial: "The most obvious answer is a sustained and enlarged inspection team." For almost eight years following the Gulf War until it was withdrawn four years ago, UNSCOM proved to be

very effective in locating and destroying Iraq's formidable arsenal, including more than 900 missiles and biological and chemical weapons left over from their previous war with Iran. The cost "would be minuscule compared to war." Adding US intelligence capabilities will only give the Carter plan a greater likelihood of success.

1,500 inspectors or 150,000 American soldiers

There is no imminent threat to the United States from Iraq unless we attack first. So the choice is clear: We can commit modest resources and time to an inspection process that is already containing any threat from Iraq. Or we can commit massive resources, and the lives of our children, to a war whose outcome is unpredictable. For any but the reckless, that is not a difficult choice to make.

YES! I want to help stop the rush to war with Iraq.

Please use this non-deductible donation of \$_____ to help prevent a war that would have Americans best off.

Name: _____
 Address: _____
 City/State/Zip: _____
 Phone: _____
 Email: _____
Make check payable to: IraqWarrior
 Mail to: IraqWarrior, P.O. Box 1476, New York, NY 10011

MoveOn.ORG Democracy in Action. **Working Assets** YOUR EYES AND EARS IN CONGRESS. MoveOn.org, The Majority and Working Assets are all members of the War Without War coalition.



Tying the knot could soon become a tangled web.

If Congress fails to renew the Fair Credit Reporting Act (FCRA), a patchwork of conflicting laws administered by the states would be put in place. The resulting bureaucratic nightmare of red tape would make financing big-ticket items, such as an engagement ring or honeymoon trip, slower and more difficult. A mess like that could make everything from obtaining a mortgage to financing a new car more time consuming and expensive.

That's why Congress needs to protect the national consumer credit system we already have. FCRA established a nationwide, streamlined system of consumer credit that works. It ensures accuracy, fairness and confidentiality for consumers as well as an unprecedented level of choice and service. Find out how that system works for you by visiting our Web site at www.ProtectConsumerCredit.org.

PARTNERSHIP TO PROTECT CONSUMER CREDIT

Giving Americans the Credit They Deserve.

Other Findings

Lobbying vs. Advertising

Issue advertising is not considered lobbying under federal law and is not covered by the Lobbying Disclosure Act. As a result, millions of dollars in spending and potential influence go unreported. The Lobbying Disclosure Act of 1995 required lobbying firms and other organizations employing in-house lobbyists to register and file reports on their lobbying activities with the Secretary of the Senate and the Clerk of the House. The Act is directed at professional lobbyists and covers only those who are paid to lobby. Moreover, the “triggering provisions of the law cover only lobbying activities which may be described as ‘direct’ contacts with covered officials.”¹²²

In fact the provisions of the Act are quite narrow and only cover a person who “makes more than one ‘lobbying contact’ and spends at least 20% of his or her time”¹²³ on lobbying activities in a six month period. “A ‘lobbying contact’ is an oral or written communication to a covered official, including a member of Congress, congressional staff, and certain senior executive branch officials, with respect to the formation, modification, or adoption of a federal law, rule, regulation, or policy.”¹²⁴

However, these lobbying regulations do not include advertising directed at members of Congress or their staffs. As a result when organizations report their lobbying expenditures they often dramatically understate the amount they spend to influence the legislative process. Organizations that rely heavily on issue advertising but do not employ people who make “lobbying contact” do not need to disclose their lobbying expenditures at all.

Using the Office of the Senate’s 2003 data, we were able to determine the reported lobbying expenditures for many of the top issue advertisers. These numbers include reported spending for both in-house and out-of-house lobbying as defined by law. According to records kept by the Senate, one of the organizations we documented as spending the most on issue advertising in 2003, the United States Telecom Association, had no registered lobbyists and no lobbying expenditures recorded.¹²⁵ Yet, as shown below, we recorded over \$5 million in estimated advertising expenditures for the organization. We were able to

Top 10 Issue Advertising Organizations in 2003: Lobbying vs. Issue Advertising Spending in Millions of Dollars			
Organization Listed in Order of Issue Ad Spending	2003 Disclosed Lobbying Expenditures (in millions)	2003 Estimated Issue Advertising Expenditures (in millions)	Combined
Fannie Mae	\$10.7	\$45.7	\$56.4
SBC	\$6.4	\$19.5	\$25.9
AARP	\$21.0	\$12.9	\$33.9
Boeing	\$11.4	\$6.5	\$17.9
Pfizer	\$6.3	\$10.8	\$17.1
Americans for Balanced Energy Choices	\$0.1	\$3.3	\$3.4
Freddie Mac	\$1.3	\$3.2	\$4.5
Blue Cross Blue Shield Association	\$9.5	\$3.2	\$12.7
ExxonMobil	\$7.9	\$2.6	\$10.5
United States Telecom Association	None reported	\$2.5	\$2.5

Note: The issue advertising estimates do not include money spent by these organizations in conjunction with other organizations and as a result are likely to understate true spending. For detailed information about these companies please see our website at: <www.AnnenbergPublicPolicyCenter.org/ISSUEADS/>

obtain data on the other nine top issue ad spenders in order to compare official lobbying expenditures with unreported estimates of issue advertising expenditures.

Six out of the 10 top issue-advertising spenders spent more on issue advertising than they spent on reported lobbying. For example, Pfizer reported spending \$6.3 million on lobbying but also spent \$10.8 million on issue advertising. Looking at just our top 10 spenders, these groups might appear by federal regulatory standards to have spent a total of \$74.6 million to lobby the federal government in 2003, yet when their 2003 issue advertising is included, the figure climbs to \$184.8 million, more than double what was required to be reported.

Outlets for Issue Ads

The number of organizations that sponsored print advertisements dwarfed those sponsoring television advertisements, 879 to 111. However, we collected 58,408 total television spots, compared to 9,246 total print issue advertisements directed at the 108th Congress. The amount spent on both media was closer to being equal. Forty-three percent of spending went for print ads (\$175.7 million), while 57% of the spending went toward television (\$228.7 million of the total).

Top 10 Spenders by Print or Broadcast Advertising			
Print		Broadcast	
Organization	Spending (in millions)	Organization	Spending (in millions)
Blue Cross Blue Shield Association	\$6.4	Fannie Mae	\$81.5
ExxonMobil	\$6.3	GlaxoSmithKline*	\$31.7
Freddie Mac	\$6.1	SBC Communications, Inc.	\$24.4
Fannie Mae	\$5.8	AARP	\$17.3
General Motors	\$5.3	Boeing	\$15.3
Northrop Grumman	\$4.8	Pfizer	\$11.3
Microsoft Corporation	\$3.8	BP	\$10.7
Lockheed Martin	\$3.5	Americans for Balanced Energy Choices	\$8.8
AARP	\$3.3	United States Telecom Association	\$6.2
Merrill Lynch	\$3.3	ExxonMobil	\$3.4

Note: These estimates do not include money spent by these organizations in conjunction with other organizations and as a result are likely to understate true spending. For detailed information about these companies please see our website at: www.AnnenbergPublicPolicyCenter.org/ISSUEADS/. *Contacted us spending estimates. Please see our Methodology Section.

Three organizations were top 10 spenders for both print and television: Fannie Mae, ExxonMobil, and AARP. The top 10 print spending organizations represented a far smaller share of all spending on print than the top 10 television spenders did for television. **The top 10 print issue advertisers spent an estimated \$48.6 million, about 28% of the print total, compared to the top 10 television advertisers, which spent \$210.6 million, about 92% of the television total.**

Top 10 Issues by Medium	
Top Issues – Print	Top Issues – Broadcast
Energy/Environment	Business/Economy
Government Spending	Health Care
Health Care	Telecommunications
Business/Economy	Energy/Environment
Telecommunications	Government Spending
Foreign Policy	Social Security
Tort Reform	Candidate
Labor	Tort Reform
Candidate	Civil Rights
Gun Control	Foreign Policy

Timing of Issue Ads

The timing and intensity of issue advertising suggests that sponsoring organizations hope to influence members of Congress and their staffs. Our research shows an increase in issue advertising when Congress was in session and a decrease in issue advertising when Congress was not in session.

Peak issue advertising months correspond with the months that Congress spends the most days in session. March was the single most active month in terms of issue advertising for the 108th Congress, where we collected a total of 7,714 ads (2003 and 2004 combined). March was also the busiest month for lawmakers; the House and Senate were in session for 73 days during March of 2003 and 2004.

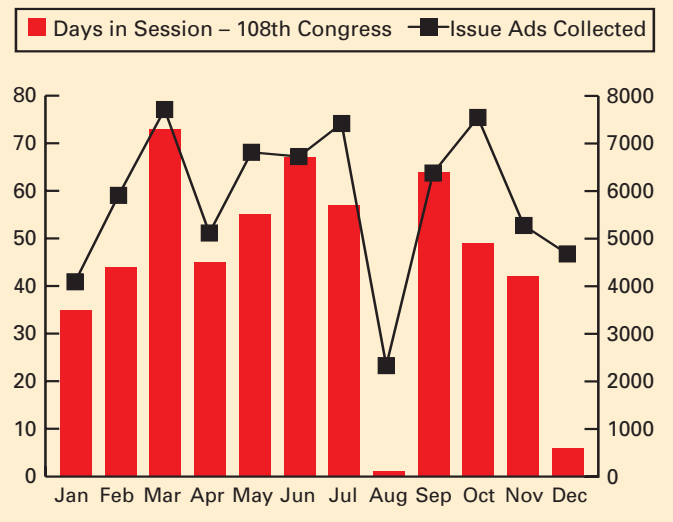
Similarly, the single least active month in terms of issue advertising for the 108th Congress was August, where we collected a total of 2,332 ads. Again, August was also the slowest month for lawmakers, with the House and Senate in session for a single day during the combined two months.

CASE STUDY: MEDICARE LEGISLATION

Issue advertising on Medicare-related issues rose with the increase of legislative activity. The *Medicare Prescription Drug Improvement and Modernization Act of 2003* (PL 108-173) was brought before Congress in spring of 2003, and was signed into law December 8, 2003. Issue advertising increased when there was a significant change in the bill's legislative status. Just prior to June, when the bill was referred to the House for debate and subsequently passed by the House, advertising increased dramatically. Similarly, in November when the bill was in the final stages of conference committee, during the final debate and floor votes issue advertising peaked again.

Days Congress in Session and Issue Ads Collected		
108th Congress (2003 & 2004)	Total Days in Session (House & Senate 2003 & 2004)	Total Print and Broadcast Issue Ads Collected
January	35	4,094
February	44	5,910
March	73	7,714
April	45	5,119
May	55	6,815
June	67	6,726
July	57	7,420
August	1	2,332
September	64	6,379
October	49	7,547
November	42	5,277
December	6	4,679

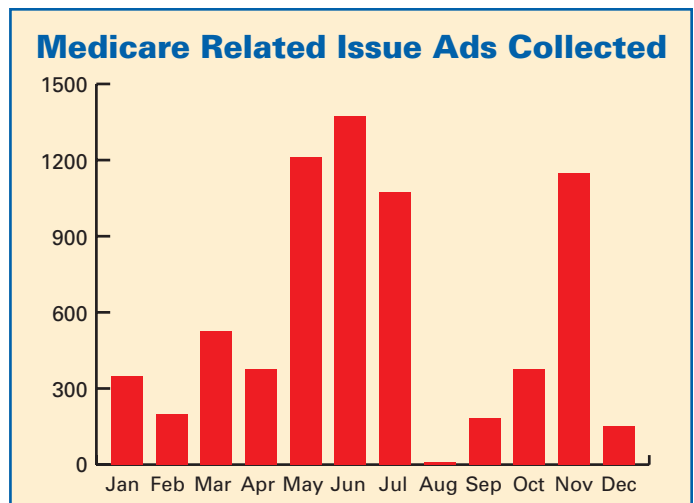
Timing of Ads – 108th Congress



Significant Dates in the Passage of Medicare Re-authorization 2003

Date	Passed
June 25	Referred to relevant House Committees
June 27	Passed by House
July 7	Received in Senate, Amended by Senate, Passed by Senate, Conference members appointed
July 14	House appoints conferees
July 14	Bill in conference committee
Nov. 21	Conference Report filed. Report passes House
Nov. 25	Report passes Senate
Dec. 8	President signs bill. Becomes public law

Note: The data used for this chart included ads about Medicare-related issues (prescription drug benefit, government regulation of access and cost of prescription drugs, Medicare – funding, and Medicare – general) during 2003



The 60 Plus Association	Goodman Manufacturing Corporation
Aluminum Association	Institute of Makers of Explosives
American Association of Port Authorities	Intermodal Association of North America
American Bakers Association	International Brotherhood of Boilermakers
American Boiler Manufacturers Association	International Brotherhood of Electrical Workers
American Chemistry Council	International Dairy Foods Association
American Health Care Association	Motor Freight Carriers Association
American Highway Users Alliance	National Association of Manufacturers
American Iron and Steel Institute	National Association of Wheat Growers
American Public Power Association	National Cattleman's Beef Association
American Road and Transportation Builders Association	National Food Processors Association
American Sheep Industry Association	National Grange
American Short Line and Regional Railroad Association	National Mining Association
American Trucking Associations	National Restaurant Association
American Waterways Operators	National Retail Federation
Americans for Tax Reform	National Rural Electric Cooperative Association
Association of Equipment Manufacturers	National Waterways Conference, Inc.
Brotherhood of Locomotive Engineers	Portland Cement Association
Brotherhood of Railroad Signalman	Railway Supply Institute
Center for Energy and Economic Development	The Salt Institute
Council of Industrial Boiler Owners	The Seniors Coalition
Edison Electric Institute	Small Business Survival Committee
Federation of American Hospitals	Snack Food Association
Frontiers of Freedom	US Chamber of Commerce
General Mills	United Mine Workers of America
	United Seniors Association
	United Transportation Union

WHAT DO ALL THESE GROUPS AGREE ON?

LIEBERMAN-McCAIN IS BAD FOR AMERICA

Working together, business and government have helped to make our environment cleaner than it's been in a generation. Despite huge increases in energy production and consumption, pollution is down across the board.

But some in Congress want to impose mandatory reductions on carbon dioxide (CO₂) — reductions that will hurt our nation's economy, threaten U.S. jobs and competitiveness and raise energy prices for all consumers.

Lieberman-McCain, S.139, will require deep cuts in American energy use, raising electricity, gasoline and natural gas prices. And we can expect to pay more for everything we buy — including food — since everything is produced and transported using energy.

America has made great strides in cleaning up our environment, and American industry is taking action to address concerns that many have regarding climate change. But Lieberman-McCain will only threaten our economy, destroy jobs and make it harder for working Americans to make ends meet.

Oppose Lieberman-McCain. For more information about CARE and its members, log on to www.careenergy.com.

CARE
THE COALITION FOR AFFORDABLE AND RELIABLE ENERGY



Conclusion

The data presented in this report show that usually one side of important issues facing the nation outspends the competing sides and dominates the debate. Often large corporations outspend other factions and as a result may have greater influence over the political agenda, frames, and even opinions. In the absence of competing perspectives, legislators and regulators may be subject to incomplete or even false and misleading information.

Business interests dominated the issue advertising concerning important public policy issues such as the oversight of government sponsored enterprises, the prescription drug benefit, local telephone deregulation, and military contracts. Further, the aforementioned issues had policy outcomes during the 108th congress that favored the side that spent more.

Results from this report show that advertising is a heavily used form of lobbying. Despite federal regulations that require only the reporting of direct lobbying, many organizations spend as much or more on advertising to members of Congress and most of these persuasive attempts, though out in the open, are not known about by most citizens. Because most of these ads appear in papers targeting members of Congress and their staffs and not the general public, most citizens are unaware of these persuasive attempts and the massive amount of advertising dedicated to affecting the legislative and regulatory process.

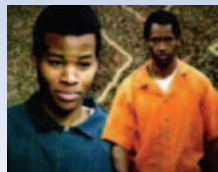
Brady Campaign/Prevent Gun Violence



[Announcer]: Bull's Eye Shooter Supply is one of a handful of reckless gun dealers that supply most of the guns used in crimes.

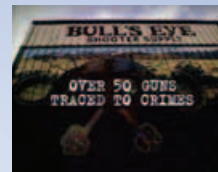


Over 50 Bull's Eye guns traced to crimes, and hundreds missing.

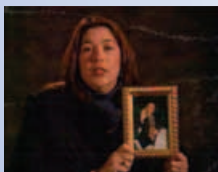


[Woman]: "And one used by the DC snipers killed my brother."

[Announcer]: 12 people killed by that Bull's Eye gun.



Yet the NRA wants the US Senate to give special legal immunity to Bull's Eye and other reckless gun dealers.



[Woman]: "At least that's one crime we can still prevent."



[Announcer]: Go to stopthenra.com and help us defeat this terrible bill.



[PFB]: Brady Campaign to Prevent Gun Violence

KEEP AMERICA'S ECONOMY MOVING

Congress must appropriate \$31.8 billion to maintain a strong federal highway program that does the following:

- Sustains 1.5 million American jobs**
- Generates more than \$64 billion in economic growth**
- Alleviates congestion and environmentally harmful emissions**
- Reduces traffic injuries that cost our economy more than \$55 billion**
- Improves America's just-in-time inventory system**

Americans for Transportation Mobility

Management Committee: Air Transport Association • American Public Transportation Association • American Road & Transportation Builders Association • American Waterways Operators • Association of Equipment Manufacturers • Associated General Contractors • International Union of Operating Engineers • Laborers International Union of North America • National Asphalt Pavement Association • National Stone, Sand, & Gravel Association • U.S. Chamber of Commerce • Waterways Work!

A Business-Labor Coalition of the
U.S. Chamber of Commerce to Improve
America's Transportation Network

ATM www.a-t-m.org



Methodology

What Is an Issue Advertisement?

Simply and generally put, issue advertisements are ads about issues and not products or candidates. That simple definition belies the confusing reality of how to distinguish issue ads from product, image, or candidate ads. In fact, despite the simple definition, developing a foolproof typology of issue ads is a hefty task. Ads blur gradually from product ads to image ads into advocacy ads and public service announcements, and onto candidate ads, without bright lines and demarcations. Categories are further blurred when corporate products are sold to the nation for national defense creating a set of ads that both promote products and affect public policy or when trade associations run image ads that promote their credibility while advocating for an industry in journals that target members of Congress. Common sense and the law are often at odds in determining which ads are candidate ads, which are commercial ads, and which ads are actually about political, economic, and social issues facing the public.

For the purposes of this research project we were interested in ads that were about issues of public policy, specifically national policy; in other words, persuasive ads about issues before the Congress, president, or regulatory agencies. Since we looked only at ads that ran in the Washington media market, many, though not all, of the campaigns that we tracked specifically targeted key government players.

In determining whether an ad was an issue ad, we took into account the specific contents of the ad and where the ad ran. We collected all ads that mentioned or referred to federal issues of public policy (whether they mentioned specific legislation, such as HR 5, or general issues as in abortion rights). We also collected all ads that referred to the president, national legislative bodies, or federal regulators, and we included product ads run by government contractors.

Corporate image ads and trade association ads represented something of a problem. These ads often have multiple purposes and effects. They can work to enhance the image of a corporation or trade association and as a result improve sales, or by enhancing the credibility of the sponsor they may help promote a policy agenda. For example, an ad campaign promoting voluntary programs by oil companies to reduce gasoline emissions might be interpreted by a general audience as a good reason to use that brand, while the same ad targeting a member of Congress might be interpreted as a good reason new regulation is not necessary. Since it was impossible to know the purpose of the ads, and since many are created with dual purposes, we included these ads when they ran in journals that targeted members of the federal government (*The Hill*, *CQ Weekly*, *National Journal*, *Congress Daily AM*, and *Roll Call*). We did so because we felt it was more likely that the elite groups who read these publications would interpret these ads in the context of questions about public policy and not what kind of gasoline or car to buy. Image ads that did not mention issues of public policy were not included when they ran in the *Washington Times*, *Washington Post*, or *The New York Times*.

Distinguishing between candidate ads and pure legislative issue ads was another gray area that was further complicated by the fact the courts and regulatory agencies were dealing with just this issue during the course of the research project. We included ads that before the Bipartisan Campaign

Reform Act (BCRA) would have been considered issue ads. These are ads that support or oppose federal candidates but are not sponsored by the candidate or their agency and do not use express advocacy. Ads run or authorized by the candidates or that use express advocacy have consistently been considered candidate rather than issue ads and thus were not included.

We also did not include ads that ran for free or ads about state or local issues. Generic get-out-the-vote ads that did not mention federal public policy issues and ads that encouraged changes in personal habits such as using a seat belt or abstaining from drug use were also not included.

Data Collection and Coding

We included ads that ran in 2003 and 2004 in *The Washington Times*, *The Washington Post*, the Washington edition of *The New York Times*, *The Hill*, *Congress Daily AM*, *CQ Weekly*, *National Journal*, or *Roll Call*. *The Washington Times*, *The New York Times*, and *The Washington Post* are general papers that serve the Washington area, while the others are papers that cover Congress and specifically target the federal government. We also included broadcast ads that ran on local D.C. television stations (WBDC 50-WB, WDCA 20-UPN, WJLA 7-ABC, WRC 4-NBC, WTTG 5-FOX, WUSA 9-CBS) and ads that ran nationally on the networks or cable (our supplier for television ads does not track local cable ads). Occasionally our paper was not delivered and back issues could not be secured. The ads from the following days are not included in our data set: *The Washington Post*: 4/12/03, 8/23/03, 8/28/03, 8/29/03; *Congress Daily AM*: 5/7/03 and 6/5/03.¹²⁶

Research assistants were trained to identify what was and was not an issue ad and subjected to reliability tests before being allowed to clip them. Researchers had to demonstrate at least 85% accuracy in clipping all and only issue ads from the papers and 90% agreement in coding the ads. Once the coders had passed their competence requirement, the newspapers were scanned by them each day and ads were clipped and coded for color, page, size, and premium placements. We contracted with a supplier to electronically monitor the local stations and national cable and networks for television advertising. The storyboards of these ads were coded.

Ad content was coded for sponsorship. When ads were sponsored by two or more organizations we considered the sponsor to be a coalition and attributed the spending to the coalition, not to the individual members. As a result our estimates for specific organizations do not include spending by organizations in conjunction with other organizations.

We also coded for type of organization. Each ad was identified as being sponsored by the Democratic Party, the Republican Party, a citizen/cause group (i.e. citizen groups, interest groups, ideological organizations, and organization whose main objective is not profit), professional associations, corporations (including groups of corporations and trade associations), unions, countries, individuals, and foundations.

Ads were coded for their dominant issues. When multiple issues were mentioned, we used the predominant issue. If all issues were given equal weight within the ad, the first issue mentioned was coded. For a complete copy of the coding document, please contact the Annenberg Public Policy Center.

Spending Estimates

Tracking spending on issue advocacy is far from an exact science. Organizations are not required to report their issue advocacy expenditures (and usually decline to do so when asked), and stations and newspapers are not obligated to make those expenditures public. As a result we relied on estimates in making our calculations.

We did not take into account the full cost of producing the ads, buying the ads, or designing the ads. As a result our estimates understate the true costs of issue advertising. They are only estimates of air-time and print space. Moreover, when organizations sponsored ads in conjunction with other organizations these totals were calculated separately and not added to the individual organization totals. This was common for many military contractors. Further, no attempt was made to match corporate subsidiary spending to the parent corporation spending. For example, ad spending by Pratt & Whitney was attributed to Pratt & Whitney and not their parent corporation, United Technologies. As a result our estimates understate the amount of spending by particular organizations.

Spending on print ads was calculated based on ad rates. We asked papers for their advertising rates and for purposes of calculating costs used the “open rate” for the appropriate ad size. Open rates tend to be higher than rates for buying in bulk, which many of the advertisers receive, and as a result we may have overestimated the ad space costs for some buyers. We adjusted these prices for color, day of the week, and some but not all types of premium placement.¹²⁷

For television advertising, the Annenberg Public Policy Center contracted with a private company to obtain the storyboards and estimated costs of airtime. This company uses proprietary software and hardware to electronically monitor the airwaves and download advertisements from TV broadcasts. Estimates for the airtime of these commercials were based on current and historical data for the time, station, market, and program in which the ad aired. Please note that the costs provided are estimates, and do not factor in the parameters in which buys were made, i.e. placement lead times, media packages, negotiations, etc.

Data Checking

After we made our estimates, we contacted the organizations that we identified as top spenders in the report and asked them to contact us if our estimates were wrong. Only three companies disputed our numbers.

MoveOn.org contacted us on January 14, 2005 to explain that there are three distinct legal entities that use the MoveOn brand name: MoveOn.org (a 501(c) (4)), MoveOn.org Voter Fund (a 527), and MoveOn PAC. As a result we removed the ads sponsored by the federally regulated MoveOn PAC.

TomPaine.com contacted us on January 31, 2005 to note that the organization merged with the Institute for America’s Future on April 6, 2004. After the merger, TomPaine.com became a project of IAF and ceased issue advertising. A representative placed its 2003 issue advertising at \$700,537 and its 2004 at \$73,622. The differences in our estimates were attributed to discounted ad rates offered to the group.

A representative from GlaxoSmithKline wrote on February 8, 2005 to say that their spending on ads designed to be issue ads totaled only \$1 million. They suggested we counted as issue ads, advertisements the company had designed to improve its corporate image (according to GlaxoSmithKline, these ads only ran on national and cable television markets). The disputed ads either argued that research and development by drug companies accounted for the cost of prescription drugs or promoted GlaxoSmithKline’s discount drug card. Since these ads used persuasive language and aired during the public policy debates over both the *Medicare Prescription Drug Improvement and Modernization Act of 2003* and the re-importation of prescription drugs from Canada, they were correctly coded as issue ads.

Limitations of Our Method

In reading this report, it is important to keep in mind that estimates are just that. For example, we attributed spending to organizations named at the bottom of the ad, though sometimes these organizations might not actually have paid for the ads. Sometimes we counted ads as issue ads because they mention a topic of public policy, though the sponsors of the ads may have designed the ads more to promote their companies than their policy positions. Due to budget constraints, we also did not collect advertising from every possible source. There are periodicals that contain issue ads in Washington that we did not analyze. Moreover, many organizations also run ads in the districts of Senators or Representatives whose votes they wish to influence. These caveats are all in addition to the ones we have already mentioned (e.g., not taking into account development of an ad or bulk rate discounts).

Despite these limitations, when we asked, several organizations did contact us to confirm that our estimates were accurate. Still, it is unlikely given the various ways in which we both under- and over-estimated actual spending that our numbers represent exact dollar amounts. However, given the current lack of regulation of issue advertising, these estimates represent the best information available to paint a broad picture of who is spending what on which issues.

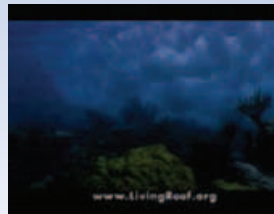
Living Reef Organization



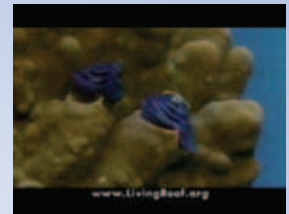
[Announcer]: This is a journey to a place known as the living reef.



These wondrous complex communities are the most diverse places on the planet



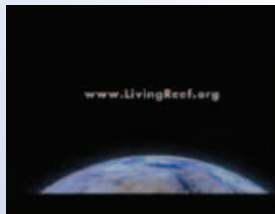
and are so important that the oceans cannot exist without them.



And, we cannot exist without the oceans.



Pollution and over-fishing are destroying the world's reefs. We may lose them within a generation unless we act now.



Can we protect the living reef?



We have to. [PFB]: LivingReef.org

Endnotes

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