

**THE ANNENBERG PUBLIC POLICY CENTER**

**“THE EFFECTS OF ISSUE ADVERTISING  
ON POLITICS AND POLICY”**

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**INTRODUCTION OF TOPIC:**

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**“ARE ISSUE ADVERTISEMENTS EFFECTIVE?”**

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**“WHY ENGAGE IN ADVERTISING?”**

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PRESIDENT, FEDERATION OF AMERICAN HOSPITALS  
MICHAEL MURRAY,  
SOCIAL SECURITY CAMPAIGN MANAGER, AARP  
DAN WEISS,  
VICE PRESIDENT, M&R STRATEGIES**

GORDON MCDONALD: Good morning. My name is Gordon McDonald, and along with Erin Grizard and Erika Falk, I'm one of the co-authors of the issue ad report. On behalf of the Annenberg Public Policy Center, I'd like to welcome you and thank you for coming today.

I'm going to give a brief presentation of the major findings of the report, but before I do that I'd like to take a moment to thank Jennifer Wilhelm and Rachel Larris and Patrick Wells for their invaluable help in completing the report. I'd also like to take this opportunity to thank the Carnegie Corporation of New York for their generosity in funding this research project.

Annenberg researchers examined the major Washington area print and television outlets from January 1<sup>st</sup>, 2003 to December 31<sup>st</sup>, 2004, coding all issue advertisements for 39 different variables including sponsor name, sponsor type and issue topic. Cost estimates for print ads were based on the specific publication, the color, the size and the placement of the ad; cost estimates for television ads were provided by the Campaign Media Analysis Group.

We estimate that over \$404 million was spent on print and television issue advertising in the Washington, DC area during the 108<sup>th</sup> Congress. The 67,653 ads we collected were sponsored by over 914 different organizations and coalitions. The top 10 organizations accounted for 58 percent of the total issue-ad spending inside the Beltway, with the top spender alone accounting for over 22 percent of this total. Sixty-nine percent of the organizations we tracked sponsored five or fewer ads, with 37 percent of the organizations sponsoring only a single ad. Corporations and groups of corporations outspent citizens' groups by more than five to one.

Corporate interests accounted for an estimate \$320 million in spending, while citizens' groups accounted for an estimated \$58 million in spending. Eighteen individual corporations purchased over \$1 million worth of issue ads inside the Beltway during the 108<sup>th</sup> Congress, compared to only six citizens groups that did. The major organizations we identified with ambiguous or potentially misleading names spent nearly \$19 million on issue ads. The Coalition for Affordable and Reliable Energy is actually a collection of utility groups and large industrial electricity consumers. This group spent an estimated \$500,000 purchasing issue ads on energy issues, primarily promoting the use of coal for energy production. Voices for Choices is in fact a coalition of telecommunications companies which advertise against the deregulation of the local telephone market. Committee for a Fair Asbestos Solution advertised in opposition to the Asbestos Trust Fund. Despite extensive research, we were simple unable to determine any information about this organization. In many respects, the organization appears to consist of nothing more than a web site, an e-mail address, a telephone answering machine, and an advertising budget.

Turning now to the issues. We estimate that the top issue accounted for over one quarter of all issue ad spending within the Beltway or \$107 million. We estimate that the top three issues alone accounted for 59 percent of the spending or an estimated \$241 million. Within each of the different issue categories, we identified major subtopics where appropriate. We can also think of these subtopics as major policy debates. Of the 52 major policy debates we identified, exactly half had all the ad spending advocating on a single side of the debate with zero spending on competing points of view. Of the 26 policy debates that did have two-sided ad spending, only three could be considered competitive: President Bush's 2003 tax-cut plan, the re-importation of prescription drugs from Canada, and drilling in the Arctic National Wildlife Refuge.

All told, we estimate that 49 out of the 52 major policy debates we identified were subjected to unbalanced persuasive efforts with respect to issue advertising. Major policy debates that had significantly unbalanced issue ad spending were more often than not decided in the favor of the side that spent more on issue ads. Of the top 10 major policy debates, the top six had policy outcomes that favored the side with more spending. The seventh and eighth ranked subtopics had mixed policy outcomes, and the final two had policy outcomes that favored the side with less spending. Considering the top 10 issue ad spenders for 2003 only, based on Annenberg's method of identifying issue ads, comparisons between our 2003 issue ad spending estimate and the reported 2003 lobbying expenditures for these organizations suggest that six of the top 10 organizations appear to have spent more on inside-the-Beltway advertising than they were required to report in lobbying expenditures based on the lobbying disclosure requirements of the 1995 Lobbying Disclosure Act.

The following major findings are consistent with Annenberg's earlier study, "Legislative Issue Advertising in the 107<sup>th</sup> Congress:" the majority of inside-the-Beltway issue ad spending was concentrated among a small group of organizations and issues; corporate interests outspent all other types of sponsors; organizations with ambiguous or potentially misleading names advertised heavily; the vast majority of policy debates were subjected to unbalanced issue ad spending, and more often than not, the side that spent more on issue ads achieved its desired policy outcome.

This concludes the presentation of findings. Now I'd like to turn it over to the director of the Annenberg Public Policy Center, Dr. Kathleen Hall Jamieson, who will discuss the potential implications of our study.

**KATHLEEN HALL JAMIESON:** Thank you, and thank you to Erika and Gordon and Jennifer for putting together the study. Thank you to Carnegie for funding it.

Why should we be concerned about an imbalance in spending? We know from studies of political campaigns that when the communication expertise on each side is comparable – and it occasionally is not – money can be decisive in tipping the attitudes of those who are exposed to the information. In those circumstances, money matters. Now of there's a strategic advantage on one side because the communication expertise is weighted on one side and the weighting on that side is with the side that's spending less,

you might counter that conclusion. But in general, those who have more money and spend money are able to hire people who are better, and the strategic advantage tends to be with that side, not with the side that is spending less. So the first reason for concern is that that imbalance potentially suggests latitudinal influence.

The second reason for concern is that when money is able to create influence, we increase the likelihood that those voices that aren't moneyed but nonetheless have a legitimate interest in the debate are being closed out of the debate. And the concern could be expressed this way: if the corporate voice is the dominant voice and the corporate voice is always the voice that is able to marshal the resource then the voice that is least likely to be heard is the one that is not represented in the corporate sphere, that potentially the public at large or those segments of the public that can't marshal wealth in opposition. And so the concern that we expressed first, one of the implications of the study, is that it raises the possibility of that because corporations have the wherewithal – and this is not to suggest they don't have a legitimate message – because corporations have the wherewithal to amass large amounts of money, they can create influence in debates in which the other side doesn't have a chance to respond or doesn't have a chance to respond in a way that would be comparably effective. The democratic model assumes that in the balance of competing ideas, truth ultimately will out, particularly in the presence of a vigilant press. But we may have a system now structured in which we don't have a balance of competing views. In fact, some voices may not be able to marshal the resources to reach those who are influential and reach the public. And that's our first cause for concern.

A second cause for concern is the problem identified in this and past studies about the lack of ability to find the people behind the message. We've known since the beginning of communication in the fourth century with the ancient Greeks that when people judge messages, they judge the message in terms of a source. When you know the source behind a message, you judge the message differently, and you impute a source when you're given an ambiguous source to the construction of that identity. So for example, if a message is coming from the utility companies, you judge it differently than you would judge it if it were a group of organized citizens in a community. But if the utility companies can masquerade an identification that doesn't communicate their true identity, it makes it impossible for people who are in the audience to effectively judge the message. So because we judge messages in part by credibility of source, the capacity in this arena to disguise source invites the public to draw a false inference, makes it less reasonable to think that what we have is an informed judgment when that influence occurs because of the imbalance in money.

We saw in the California referenda, for example, that when the tobacco industry's interests were represented under what we call pseudonymous names, under names that you couldn't actually decipher based on ordinary analysis of the English, and the other side unmasked the fact that that was the source, very large expenditures were not effective. Money of itself doesn't create the impact even if it is strategically well-designed to influence an audience if the source is highly suspect. The combination of two factors then creates a potentially problematic equation. And notice, in none of this are we saying

that the corporate interests should not have a right to speak or to make their case. The problematic occurs when you have an imbalance of money with an incapacity on the part of the audience to identify the interests that are at play in those expenditures. Those are the two findings that are the most problematic in the Annenberg studies across the last 12 years of issue advocacy: use of large – organized corporate money in service of unidentifiable labels makes it very difficult for this information to be processed well by the public.

We would posit two additional effects in the process. One, it's possible that the large lobbying expenditures on one side and the issue advocacy expenditures on the other are actually working in a complimentary fashion. That is, a legislature might not want to move in the direction of a corporate position without the cover of issue advocacy or the cover of an advertising campaign that suggests that there is large support tied to this identification that suggest a good group, you know, is underneath the process. So it's possible the issue advocacy isn't trying to actually shape attitudes, it's trying to provide cover for the impact of the lobbying money that's occurring on the side. We can't say that with any evidence because you can't actually study this process. Among other things, you can't study the process because you're not going to get anybody involved in the process to fill out the questionnaires that would be required. But there's a possibility that our model, which is one of direct influence, is the wrong model. That what is actually occurring is, this is providing a cover for what's happening over here, but that without the cover, you might have more scrutiny about what's happening in the lobbying domain, particularly if there's an imbalance of expenditure in one direction and the legislation is tending to move in the direction of one set of interests over another.

The second effect that we would hypothesize is that in the presence of disproportionate communication, you should expect based on our knowledge of how communication functions that there is an agenda-setting capacity. That is, we're more likely to talk about and deal with that issue than we are with other issues that get less attention, and that we're more likely to talk about it and deal with in the terms that are framed by the communication. But I'm not going to spend time going into those because we have a panel of experts who have studied the actual effects of issue advocacy, and I'm going to turn over to them responsibility for answering the question. Does it work? If it works, if so, how? I'm not going to take time to go through their biographies because you've got them listed in the program, and we promised you a brief panel this morning. I'm just going to say that in the first panel we have Burdett Loomis and Eric Sexton, who have written importantly about the impacts of issue advocacy. And I'm going to turn over to them to make brief presentations. We're then going to take questions for the first part of this morning. Burdett.

BURDETT LOOMIS: Hi. Thanks very much. You may notice that I'm from the University of Kansas, and I'm now working as communications director for the governor of Kansas. And so when I used to think about the people who would look for evidence of whether ads were effective, I'd go, oh, you know, some editorial writer picked up a phrase. You know, what a dopey measure. Now I think, you know, oh man, they're using our words; that's great! The idea of answering the unanswerable question of are

issue ads effective is way too daunting for me. I really don't know in terms of the empirical stuff. Kathleen mentioned that you don't get people to fill out questionnaires. Sometimes they'll talk. Sometimes not. But it's – if you don't even know where they are, that's hard to get to them. But lots of folk involved in issue advertising act as if they are effective, and it think that's the crucial thing. And the data presented here testify to that. Eric and I did our original work about 12, 15 years ago. I'd pick up – a long time student of Congress, I'd pick up CQ and look at ads for F-22s. And I went, you know, who the hell is buying an F-22? Well the government is obviously, but it wasn't a regular ad. And so I went through that and found many of the same things 15 years ago on a much smaller scale that they've found over the last couple of years.

But as Kathleen noted, a lot of this, I think, is about framing. I think we're in the age of framing and particularly so since there's a real explosion, number of voices around. There are all kinds of voices, and so you need to cut through that in one way or another. And issue advertising is clearly one of the ways you cut through that and often by providing a story. It can be a very brief story. AARP has a kitchen sink story. The plumbing's you know – throw the whole kitchen sink out – don't tear the house down. I think I got – the ad's coming through. It's coming through. You don't tear the whole house down if your kitchen sink's broken. You fix it. Maybe you go back to the 1983 model of Social Security reform – that would be a frightening thought – actually talk to each other.

I want to talk about three ways of thinking about issue advertising. Two will be pretty brief and one, a little longer. The first is in the pretty common notion of the permanent campaign. We think of permanent campaign in terms of presidential politics, maybe congressional politics. My argument would be that the permanent campaign has permeated to organized interests as well. And again I'm going to use an AARP example because it was so specific and revelatory. After Medicare was quote reformed with the drug benefit, the AARP subsequently advertised like crazy. Now you'd think they'd advertise before, and I think they did. But what was striking is they advertised afterwards to convince their members that they'd done a good thing because there were a lot of questions of whether they had or not. I'm going, this is very odd; they won the battle, and now they've got to convince their members – at least that's the way I interpreted it – that they did the right thing. So the notion of using issue advertising for a variety of purposes is out there, and I think that's important to look at. Secondly, you get groups created, at least the 527s. They morph from campaign organizations into issue advocacy organizations. They have fundraising capacities. I'll talk about that a little more in a second. So the permanent campaign is one way to think about it.

A second way to think about it is the demand side for these ads. One of the things that the data from this study demonstrate in spades is that there are tremendous amount of money out there. If you don't have the money, a lot of these things will simply, obviously not transpire. You have to have a lot of money. The stakes have to be perceived as very high. And of course, they are. He's talking about changing Social Security. You're talking about energy policy. You're talking about a change in the tax law that might benefit drug companies. The stakes are into the billions, so what's a few

millions. It's good investment practice even if the outcomes – you can't tell if you're affecting the outcomes. I also think on the demand side is this notion that we need to frame and frame and frame. But that's often where decisions are made, not on the floor of the Congress where you might be able to tweak something, but how the agenda is set, as Kathleen mentioned. So the permanent campaign and the demand side are two ways to look at it.

There's a third way that I've become fascinated with over the last few years, and I don't think it's a total answer at all. There are no total answers. But it's a different way of looking at that. And that's a supply-side approach to issue advertising, indeed, much of what goes on in Washington these days. And I would say that there's a broad industry of politics that has developed, including lobbying, issue advertising, polling, consulting of all ways, grass roots, you name it. And I think that everybody understands that that's a pretty common place. But if you take it as a whole together – talking about the campaign industry, political consultants, polling firms, fundraisers, fieldwork, paid party personnel, even things like the rise of broad continuing groups like evangelical right, of universities, for example, who provide – go to American University or George Washington, and you can – they're supplying professionals to the politics industry – what you have developed here is a tremendous supply of professionals with real skills: skills on how to get issues across, how to frame issues, how to do demographic polling. The data there, the computing technology is quite inexpensive.

People get involved in campaigns or internships, and they like political life, and they like to get paid for it. If the money is there for issue advertising and other elements, in a sense, the supply of professionals who are marketing themselves, of course – any one who knows consultants, pollsters, whatever, know that a lot of their time is spent marketing themselves – they encourage the notion that you really do need issue advertising. We've got the skills. We'll design a poll for you, and we'll get it out, the issue ads, in the right places for you. And of course, we'll be effective. And everybody else is doing it, too. SO I'd argue that this great supply of professionals, lots of them young with transferable skills, has a real impact here on what is presented, that the substantial supply in the information industry, the politics industry, whatever you want to call it, makes a real difference. The money is there, but also there are a lot of people supporting themselves in this field. It's enjoyable. They think they're doing the right thing, and they can support themselves at a decent level. So the supply of expertise has grown tremendously over the last 10 or 15 years.

And finally I'd say that related to this is, we look at corporations, but not just corporations, large organizations of almost any type: foundations, trade associations, you name it. As generations of CEOs change, you have CEOs who are much more comfortable with the framing notion, with the agenda-setting notion, and they're the one who often make the decisions on whether you make these expenditures or not. And I have only a feel for this, but my sense is that if you looked at 2005 as opposed to, say, 1985, 1990, you'd see CEOs a lot more comfortable with this. And the supply is there. If the supply is there, the money is there, my sense is, effective or not, we're going to see a continuing growth in this part of the industry. Thank you.

MS. JAMIESON: Eric?

ERIC SEXTON: It's hard to follow that, but again thank you for asking me to be here, and thank the Annenberg Center for having this event. Again, my name is Eric Sexton. I am part of the politics industry, and now I am a director of government relations for Wichita State University. So I act as a lobbyist for the university and keep track of legislation, but again part of that growth industry issue. I want to talk a little bit about this issue of effectiveness, and I'd have to agree with Professor Loomis to the fact that it's hard – very, very difficult to measure effectiveness. However, you'll see more and more looking at it. Through a number of different lenses I look at effectiveness. One is if effectiveness is being measure by the ability to mobilize individuals interested in your issue, well, the Annenberg study results indicate that a number of folks – AARP, then if you look at the hospital, let's see, HIAA during the “Thelma and Louise” (sic), the ability to mobilize individuals if that's how you measure –

MS. JAMIESEON: You don't want to say “Thelma and Louise.”

MR. : No, not Thelma –

MS. JAMIESEON: Harry and Louise.

MR. SEXTON: Harry and Louise!

MR. : People thought of it as “Thelma and Louise” but it was actually Harry and Louise.

MR. SEXTON: I apologize; you're exactly right.

MR. : Because remember “Thelma and Louise,” they went over the cliff.

MR. SEXTON: They went over the cliff.

MR. : You didn't.

MR. SEXTON: That's right. I appreciate you guys catching me on that.

MS. JAMIESEON: What you did was took the Clinton healthcare reform effort over the cliff. (Laughter.)

MR. SEXTON: But Harry and Louise, thank you very much. But I've made mistakes many times in my life so that's just one of them. But one of the issues is that it did mobilize individuals to act. And to me that's – in this process of issue advocacy, it's really about the ability to mobilize. That's one way to measure your effectiveness. And then the next piece is do you – ability to talk about effectiveness is relative – your special issues, the issue that you have. Well, in our study that we did many, many years ago is



that about half of the issues were tied to specific pieces of legislation, half of the ads, and the other half were on agenda-setting issues.

So if you're really looking at whether you're effective and passing a piece of legislation in our study and I believe as I looked at the Annenberg's recent study is that not every issue that you're advertising on has a specific piece of legislation you're trying to influence. So you have to look at where in the agenda-setting process or in the policy process are you relative to how you identify effectiveness. The other piece is, as Dr. Loomis talked about again also, is the fact that the stakes are so high and the ability to do issue advocacy and issue advertising as part of your toolkit becomes kind of, as I view it, an insurance policy. It's that you're not sure whether it's going to help or not, but at the end of the day you do not want to have left any part of your toolkit back behind you when we're talking about stakes as high as the Social Security issue and many other issues.

The other piece – a couple other things that I'd like to think about is that again, some of the studies talk about the fact that, I mean, we see an overwhelming influence in corporations participating in issue advocacy. However, I think that we're starting to see more entities such as education, particularly at the Washington, DC inside-the-Beltway activities, as well as other public interest groups getting more involved with issue advocacy. The example I think of is around 1994 when the American Council on Education mobilized the Student Aid Alliance because at that time there was a large push for we're going to reduce student loans, we're going to do a number of things. And that effort was kind of the first that I saw in education getting involved with trying to tell the story to put a face on a policy issue – the students that are being benefited. And I think the most recent proposals that are coming forth from the administration to reduce or to eliminate the TRIO programs, which were again an educational program for low-income and first-time college attendees; I think we may begin to see some efforts to try to put a face to some of those policy issues as well.

The other thing that I wanted to talk about very quickly is the notion of how this phenomenon that we see here in Washington, DC also is trickling down to states. I'll use my state, Kansas, as an example. In 2001, about 12 percent of the lobbying expenditures went toward media and mass communications. In 2004, 36 percent of the total lobbying expenditures went for mass communications and advertisements driven by one or two major interests, but again the sense of this much more involved in advertising. To give you a perspective that total lobbying expenditures in Kansas over that same time period only increased about 16, 17 percent. What was interesting to me as I looked at those data is the fact that food and beverage, kind of the traditional kinds of direct lobbying kind of expenditures, actually declined during that same period of time. So you're starting to see interest even in little old meager Kansas moving toward the use of issue advertising and advocacy through the media to put forth their efforts.

I want to stop right here and leave you with this point of talking about effectiveness is that it may not directly relate, but even the government or the U.S. Department of Education has thought that advertising and advocacy and trying to invest in media has been important because, as we saw or read about, the Department of

Education hiring a celebrity to advocate for the No Child Left Behind program and policy is another indication to me that, again, this issue advocacy seems to be viewed as a necessary tool for all interested or involved in the policy process. Thanks.

MS. JAMIESON: Please address your questions or comments to a specific person, and indicate who you are. We're open for questions or comments.

Yes, Will.

Q: (Off mike.)

MS. JAMIESON: Yes, because he's probably going to answer it in his presentation.

Q: (Off mike.)

MS. JAMIESON: Who are you?

Q: (Off mike.)

MS. JAMIESON: Gordon.

MR. MCDONALD: Well, I think that in terms of a methodological perspective, it was very, you know, difficult to get the data on the state by state spending. You know, but I think that part of our study at least is the theory that, you know, advertising within the Beltway is in some ways a signaling process, you know, a way of speaking to legislators about their ability to advertise in their location in their home districts. So you know, that's kind of the two things that come to mind certainly from a methods perspective, we decided to focus on DC to be easier. It would be the easiest way to do it.

Q: (Off mike.) – scale nationally compared to what you studied?

MR. MCDONALD: Unfortunately, I don't.

MS. JAMIESON: Not in this instance. In the past on some specific issues, we've tracked across the United States, which you actually have to do in order to do the study intelligently. You have to say, well, here's the issue. We're going to track across the United States and watch the buys across markets. And what we found is that there appears to be, in some instances, a two-pronged strategy. That is, you're trying to influence specific legislatures in specific places because they're on key committees and simultaneously trying to shape the Washington debate. And there are other instances in which you're simply trying to shape the Washington debate. In many of these instances, if they're trying to shape the debate outside, we are unaware that it is happening. It looks as if the prime intent here is to shape the Washington debate, obviously in the Social Security debate. Now, there's a broader intent on – perhaps on bankruptcy there was as

well. But the specific answer to your question is in this study, no. We're limiting to what happens in the Washington market.

MR. LOOMIS: Just anecdotally, a couple weeks ago I picked up my local paper, circulation 20,000. There was the AARP ad of the kitchen sink. Even in Kansas we get the New York Times at 6:00 in the morning printed somewhere in the ether, and on the New York Times that same day, there was the same ad. Now I can't – I have no idea where they buys were going, but what struck me was that this was a full court, kind of a full court press.

MS. JAMIESON: Or, if you want to reach elites, you buy the New York Times, and you assume they're all over the country simultaneously. Yes.

Q: (Off mike.)

MS. JAMIESON: Could you speak just a little louder for us please? Thank you.

Q: (Off mike.)

MR. LOOMIS: I think the Annenberg study cited a couple of those studies in terms of remembering the ad impact. My sense here is that you're looking for a dependent variable here, to be academic. And one dependent variable is, do we win or lose? Very gross but extremely important. Others are like, did people remember, did people get mobilized, et cetera. But the farther you go back in the chain, the more difficult it is to get to the win and loss. And my sense is here very few of these. Occasionally, you'll have a big enough of a buy – and I'll be interested to hear about AARP – that you can really affect the national opinion of the masses. But, you know, to get something like holy palm olive, to get 1 percent, 2 percent of market share of a new product, you're talking about hundreds of millions of dollars in advertising. So the ability to move masses, unless you get the help that the Swift Boat Veterans got or Harry and Louise got from free media, is extraordinarily difficult.

MS. JAMIESON: Chip?

CHARLES KAHN, III: Chip Khan with the Federation of American Hospitals. I think in terms of measuring the kind of media you're talking about, the inside-the-Beltway print media particularly, you cannot use sort of normal, soap-sud advertising campaign analysis because very frequently the ads are aimed at – and I'm going to talk a little bit about this but – such narrow audiences that it really isn't a question of turning heads. I mean, literally I had a discussion with an advertising agency the other day, and I've got a very complicated issue I'm working on. My consultants come back, and we did a brochure. And we did a myth and fact sheet, and we did about five or six – I wrote a paper. And the consultants come back and say, you know, we can't persuade these set of legislators on this issue. So I called an advertising guy, and I said, look, I got about a hundred and fifty people or maybe even just 15, but somewhere between the two, that I

have to have an “oh, wow” factor. I’ve got to have an ad which will have an analogy in it that when they see it, they’ll say, oh, now I understand.

Now, how can you measure that, you know, in any kind of normal angle? You can’t. And I would argue that most of the advertising in your publication and other publications is really for that kind of purpose. And I would argue – and I’ll argue in a minute – if it’s not, you’re wasting your money because that’s sort of the purpose of that kind of advertising. It’s all audience, but it’s always a very specific audience to spend well then, there.

MS. JAMIESON: Yes.

Q: (Off mike.) I’m wondering what you all thought of an ad that – it’s not in your study, but the USA Next ad attacking AARP – (inaudible) – whereas the others, they have two goals. One is Social Security and the other is simply a battle between them and AARP for market share – (inaudible).

MS. JAMIESON: Michael, do you want to respond?

MR. MURRAY: Well, in this situation, as we’ve moved into –

MS. JAMIESON: Michael – (inaudible) – over AARP.

MR. MURRAY: Thank you. The USA Next ad, you know, we’ve been criticized in some ways for, much as Kerry had been back in the election for why aren’t we responding in different ways to this type of attack? And AARP is really focusing on the issue itself; we really don’t want to provide platforms for this type of activity, engage in further increased potential for earned media for that type of organization. I think it’s – when AARP sees this, certainly we have to make sure we maintain a balance of the integrity of the association and demonstrate to our members in the public what we are trying to accomplish, but also again not to provide them the platform or opportunity to give that that earned media that they seem to be getting on a regular basis.

MR. LOOMIS: From someone who is not involved in that campaign at all, but just a consumer, it struck me that that ad was so bizarre that the phrase our chief of staff uses is “let that Turkey baste in its own juice.” In a sense, this isn’t a political campaign where the moment – if you don’t respond, you may lose the game; it does strike me that the linkage was so weird on its face that I think the attack framed by media response was not especially convincing. So it’s interesting to hear that things are with – the response was not to respond, so I think that was an effective –

DAN WEISS: I’m Dan Weiss with M&R Strategic Services. The thing about that ad, though, is they ran it like one time in the American spectator website – it probably cost the \$500. And what happened, three weeks later the head of USA Next is on the interview page of The New York Times Magazine. And so one could argue that it

was really about boosting their name recognition as the countervailing force to ARP and at that the media helped them succeed at that goal.

MR. SEXTON: Absolutely, absolutely. And that is what I think about relative to how this measure of effectiveness – it's hard to know that partially because you need to know what the motivations of the companies or individuals who are advertising – what they are trying to accomplish because in fact that was – may have exactly what they were trying to accomplish so it was very effective. But it's hard for us to kind of see that from the outside.

MS. JAMIESON: And it is a weakness in the study that we do and the methodology we have because we're looking at the dollars spent, not the additional value gained when media push the information out in ways that can be disproportionate to the dollars spent. And so we will underestimate those kinds of effects because we don't have any way to quantify what it means when you get your story into The New York Times.

Yes.

Q: I'm Carol – (inaudible) – from the National – (inaudible) – Association. I've seen a number of announcements that have been done recently about where Hill staff and members of Congress get their information, and more and more they're turning to online sources. (Inaudible.) And I think also a lot of information has come out that they don't really watch TV ads, the kinds of programming – (inaudible).

MS. JAMIESON: Part of the reason for the selections in the study are based on the assumption that there are things you have to read if you are on the Hill, and the assumption that these ads go into those places because you have to read – whether you read online or you read in hardcopy that there is going to be exposure on these sources so this is a highly targeted attempt to get to those elites. We have always had trouble with surveys and we do them asking people what they actually do because what they say they do and what they recall that they do is not necessarily what they actually do.

The number of places that keep a media outlet on all day in the backdrop is pretty high. The number of people who keep a portal open on the web is pretty high. People aren't all that accurate when they are asked to recall back but it certainly is legitimate to say there are changing patterns of access, Internet is increasingly a place that one needs to look to but many of these sources are acceptable online. And whether people read it there or get it in hardcopy doesn't make a lot of difference to us as long as they are getting the ads in those forms.

Yes.

Q: The study itself looked at TV advertising and at print in selected publications. What was the breakdown of print to TV?

MS. JAMIESON: Gordon?

MR. MCDONALD: In terms of spending?

Q: Yes.

MR. MCDONALD: Television spending was – I want to say three to – outspent three-to-one on print but that is just off of the top of my head. It's definitely in --

MS. JAMIESON: The print was three-times more than television?

MR. MCDONALD: No, excuse me.

MS. JAMIESON: Television was three-times more than print.

MR. MCDONALD: Television was three-times more than print. It's definitely in the report, though, but I don't have the figure on the top of my head.

MS. JAMIESON: Why don't you look for it? We'll come back to you.

MR. SEXTON: The one thing, Gordon, I'd like to follow up on on that is that the – and I need to look at the study – is the notion on the cost – the expenditure factor, I assumed that it is more expensive to run TV and media, so that might – in the report it talks about the frequency as well, so –

MR. WEISS: (Inaudible.)

MS. JAMIESON: Yes, quickly.

MR. WEISS: I actually have one thought about the study, which is that, first, if you do it again I would also include a D.C.-area radio, particularly *WGOP*, as a way to reach elites. Second is that if there is a way to break down the difference between what I would call feel-good ads or framing ads – coal is good – versus specific ads aimed at legislation – vote for H.R. 6 because we are going to burn more coal. That might be interesting to see what the difference is because it's my sense that a lot of the former is sort of wallpaper.

MS. JAMIESON: Yeah, we're trying actually to avoid the former; we're trying to avoid image advertising. We're occasionally going to make an error of inclusion where we should have excluded. We're trying to pick up those places in which there is something specific in the legislative arena that is being referenced. And it's problematic sometimes because you can't draw the line as clearly as you would like.

Anyone else? Yes.

Q: (Off mike.) I think there's a little bit of tension between what you suggest in terms of providing air cover for legislators who – (inaudible) – for a particular bill or

issue in a committee and what you're talking about, where he is trying to very specifically educate 10 to 15 people, that sort of difference between air cover versus educating. Do any of your metrics sort of get to that type of thing, the educational value of an ad versus maybe the – (inaudible)?

MS. JAMIESON: No. And there are other hypotheses that are out there. It's possible that in different campaigns, you're doing different things or the same campaign you're doing multiple things simultaneously. Another possibility is that you're signaling the legislature that you have enough money to punish them if they don't vote the way that you would like, and that you have a plausible public message to use to punish them with in the event that they call into that category.

I think understanding the relationship between the lobbying money and the publicly spent media money is a really important question. I don't think we have a really tight answer; I think we just have a series of hypotheses. We hope in the next panel to answer the question: what are they doing? Does it work? How do they know it works? And also a last question that we think is important: what are we getting wrong the perspective of the people who are on the other side? What is the scholarly community just misunderstanding?

We're going to start with Chip Kahn. The reason that I'm particularly pleased that we're starting with him is because were it not for Harry and Louis, the Annenberg Public Policy Center would not be studying issue advocacy. (Laughter.) We came into this by accident having studied – studying the healthcare reform debate when all of a sudden issue advocacy emerged in the middle of this debate in '93 and '94. Our conclusion about Harry and Louise went like this: Harry and Louise didn't create a direct impact; Harry and Louise didn't spend enough to create a direct impact; Harry and Louise persuaded the media that it had been effective in part because Bill Clinton attributed effectiveness to it and the media thought that Bill Clinton thought it was effective, it must be effective.

Having gotten the media to assume it was effective, Harry and Louise got a great deal of media exposure much beyond the time buy – a now familiar story but a much – a new story in '93 '94 for issue advocacy and we believe influence Dan Rostenkowski to make concessions to HIAA he might not otherwise have made, which he didn't get to implement because he didn't hold his position long enough to.

Now, that's a complex story in which ultimately the impact is through the media, and that is the fourth function we think issue advocacy plays. We think ads in the instance of the ad that is attributing a position on gay rights to AARP – the intent of much of this is to try to push into the media stream not simply a frame but that side of a story and create huge benefit in terms of imputation of effectiveness that becomes effectiveness when the media creates the story.

So we're going to start with Chip, then we're going to Mike Murray. We want Michael here because AARP has clearly been able to come into debates the way HIAA

did including Clinton health reform effort and helped shaped the debate. So if we are asking whether it's effective having players who have had an effect, and in AARP's case, on both sides of an administration – we thought would be instructive. And then we want to conclude with Dan Weiss because we would like to hear from the people who were on the low side of the imbalance and see what it looks like from there.

I'm going to let them come up sequentially and make presentations then I'm going to take questions.

Chip.

MR. KAHN: Thank, Kathleen. I was going to start someplace else but let me just start by saying I still am irritated by the Annenberg Public Policy Center's analysis; they are wrong. They were wrong then and they are wrong now about the – we spent \$14 million, which actually back in 1993 and '94 was real money, and we spent it nationally but we understood something that – my advertising agency understood something, which few people did at the time, which was that if you use the cable – cable news particularly – channels you can get to opinion leaders.

So my only – my problem with her analysis was that, yes, we did affect the media; yes, we did make the Clintons angry and they did give us an opportunity to actually multiply our message and its breadth, and reach because of – it was on the evening news when we were doing ads but I would – the thing that is lacking from her analysis is that the message actually got across, that the questions we were asking or the questions we were asking became a problem with the public for the Clintons and that is what partly led to the outcome. Now, as bizarre as it seems – and I'll be happy to talk about this later – that wasn't our purpose to upturn the process, but that is a whole other discussion.

Let me also say, just sort of beginning this process, that where is the Fox News when we need them? I think there is a completely different way of looking at the issues that were just described. I mean, first, there is an assumption here that there is an imbalance created because of corporate interests outbalancing the -- in quotes – and I'm going to say in quotes, so-called "citizen interests," and thus there is something potentially wrong. Well, I think it's a chicken and egg. You know, why do corporate interests even spend their resources on this and my argument would be because there was an imbalance between the – I need to be careful here – but the media biases and the bully pulpit that politicians had over issues, so that the old fashion lobbying in Washington of simply taking a message to the Hill was not sufficient to compete with those.

So what happened? The consultants came in and they said to corporate interests, well, wait a second, you know; there are other ways to get a message across so I think that is how it all got started. Now, it's become distorted and perverted and we can talk about the issues and problems that it raises, and I'm not debating they're not problem, but I think that is an important matter to look at. This is not something that heads of corporations or interests were really enthusiastic about spending money on; they weren't



looking to spend their dollars on this. It was the outcome I think of years of lack of success in the debate over ideas.

Second, I think that the analysis does a stereotyping of who are the citizens and good and who are the corporate interests? I say that because some of these so-called citizens groups are not more than two or three rich people who have decided they have a cause. Now, I'm not arguing their right to advertise or do whatever they want in terms of advocacy. This is a free country and we have free speech, and more power to them. But I think that the problem with the analysis from my standpoint from the get-go is it is not properly nuanced. It makes an assumption that the titles of these organizations are misleading. That's one of the – they are either called ambiguous and misleading.

Misleading from whose perspective? Let's go back to Fox News. You know, I'll never forget one of the first times I watched Fox News, there was a report on farmers in Oregon who were upset because a particular dam was not being opened and they had the farmers out there rallying, and they had this really scruffy environmentalist being interviewed – just this horrible looking guy saying we're going to stop the farmers, and it was an alternative universe.

And my point is – my saying that is because it was an alternative universe. I mean, that is why I think that this kind of analysis has got to be more nuanced because it doesn't cross between those alternative universes; it accepts one without taking a more nuanced view. I'm not saying that all corporate interests are good or that they have the public interest in mind, but sometimes, you know, they do, and this kind of analysis ignores that and does a disservice from the standpoint of continuing stereotyping that falls into a certain kind of bias that I find problematic.

Now, let me make a few points and I'll sit down. I guess the question for us is why issue advertising and let me answer that. I mean, I guess I've laid the first point that it is in response to an inability to get your message across in any other way because of the bully pulpit certain politicians may have or because of media biases against your message. But when you – when a trade group or an industry, or any group looks at this kind of endeavor, they have to sort of measure two things.

One, is there a strategic reason that they want to do this and would it help them prevail or at least reach some strategic goal that makes sense to the organization? Frequently, that question is not sufficiently asked and a lot of the money that was spent – that they talked about today was totally wasted because they didn't – the head of the organization probably couldn't give you exactly what the strategic reasons for doing the advertising was. If you can't answer that question, you shouldn't do it.

Second, sometimes you do advertising simply to satisfy your membership if you're a trade association, to make them either feel like something is being done or you're doing everything you can, or you have a good cause. So sometimes the audience is yourself or your members, or some group other than the politicians and the media. The second point is that if you're going to go into it, you have to know your audience. As my

point I made earlier, this is not like selling soapsuds. So you have to know who you are trying to affect.

Going back to the Harry and Louise advertising, it was specifically designed to affect opinion leaders across the country. If you go back to the demographics of CNN at that point in time when it totally dominated certain opinion leader markets, it was unbelievable. The number of males that fit certain demographics, that you could affect or at least get to by advertising on CNN was incredible at that time. It's not replicable today. I mean, you have to spend a lot more money in a lot more places.

Second, your message – and this is whether it's something as specific as I talked about a few minutes ago or is broad as Harry and Louise – it has to be truthful and relevant and for a number of reasons. First, it's the right thing to do; I mean, it's unethical not to have a truthful message. And second – and you can argue whether that's the reason you ought to have the truthful message or because the downside of having something that is wrong is not worth the price because the point of the advertising is you advertise on the issue; you don't generally want the advertising to become the issue, and it becomes the issue if you do something or say something that is challengeable – legitimately challengeable or wrong.

Fourth, you have to have the fundamentals with you, whether these are political or social, or fundamentals in terms of the wave of an issue or public attitude. Harry and Louise would have not have worked in terms of the message unless there was an element in the public that we were trying to get to of potential questioners. I mean, you have got to have a message that fits that fundamental. I've seen a lot of campaigns fall completely flat because the fundamentals were all wrong.

And finally, even if you are truthful, even if you have a good reason to do it, even if it fits the fundamentals, you have always got to be ready to break eggs and understand the risk of breaking eggs because once you go as public as many of these campaigns are, you are extremely exposed – you are going to break political eggs and you have got to understand the risk of that.

I'll conclude on that.

MS. JAMIESON: Thank you.

Michael.

MR. MURRAY: Thank you, Kathleen. I do need to apologize a little bit in advance. I have to leave at 10:15 for a 10:30 media event, so I apologize for that. I do want to make a couple of key points. I appreciate the opportunity to be here on behalf of AARP.

When AARP is looking at issue advertising there are about four key things I think that really we look at as we move forward. Key to us is educating the public about the

issue and really framing that in a way that they understand the issue at hand and the nuances – keeping the message very clear if there some call to action that we want them to take. And also, coming up with creative that allows us to break through the clutter that is out there in the advertising world. Unless you have just got an open pot of money that allows you to spend just hundreds of millions of dollars, it's very hard to break through that type of clutter. So find the creative – the kitchen sink keeps coming up and other ads we've done in the past. Hopefully we're being successful in doing that.

Another key piece of this – and certainly for AARP because it's a large part of our success of who we are as an organization – issue advertising really does help us to energize our grassroots activities out in the states. If it was not for our grassroots efforts, our volunteers, partnering organizations, we would not be able to accomplish what we do as an organization.

Third point I would like to make is that this type of advertising, no matter what the issue is – Social Security, Medicare, prescription drugs, Medicaid – really allows AARP to demonstrate its commitment – organizational commitment to our members, the Hill, state legislatures, business partners, and the community. Another piece I'd like to build on in addition to being truthful and relevant – what you're message really is – again, with things being very clear.

One of the things that we have learned -- as many other organizations do -- as we work through these types of ads, is the importance of listening to our members. With 35 million members, we certainly aren't going to represent every single viewpoint, but what we can do is make sure that we engage those numbers and find out where they stand on an issue so we would know as we move forward that we are representing the best interest of our members as an organization.

And the last piece I would like to mention around this – folks have talked about measure of effectiveness and with the current Social Security campaign, it's been interesting for us, starting in January 4<sup>th</sup>, when we launched initial ads, and there have been several waves and there will be more ads coming up with the upcoming March work period. One way that we're measuring our success is through these call-to-action ads, we are asking members and the public to contact their legislators, tell them how they feel about this Social Security campaign that is going on. And to date, we have got over 400,000 calls. So we know there is an impact, we know that we are having a steady drumbeat through a sustained effort – some more visible during peak periods of advertising and grassroots efforts, but it really allows us to make sure that our members and the public voices are being heard and that the legislators are hearing that here in D.C. and back home when they are back in their districts.

MS. JAMIESON: I'm going to break from the format because Michael has to leave and give you a chance to ask him any questions that you'd like. Okay, thank you.

MR. MURRAY: Thank you all. Thanks for the opportunity.

MS. JAMIESON: Dan.

MR. WEISS: Thank you, and I'm honored to be on this distinguished panel of folks.

First I want to address the concern that Chip Kahn raised about who is the corporate interest and who is the public interest. And I think perhaps Annenberg might have used a little bit of shorthand in their study. In my mind, the corporate interest is where the people running the ads believe that their member organizations can economically benefit from whatever policy they are advocating, or whatever the policy they are trying to stop, versus the societal interest or the public interest where, whether it's funded by a thousand people giving five bucks or one guy giving five million bucks, nobody involved is going to receive a direct economic benefit from that policy.

Whether you have a large number of people or a small number of people advocating for reductions on emissions from co-power fire power plants – those people who give that money will not economically benefit, whereas the energy companies who may run ads opposing such controls will economically benefit if they succeed. So in my mind, that is the difference, and the shorthand that Annenberg used may not capture that fully but I think there is a clear difference. Just like the environmentalists you described in Oregon who – it wasn't me, I swear. (Laughter.) I wasn't near Oregon then. That gentleman, rightly or wrongly would not have benefited economically from the policy he was advocating, whereas the farmers would have. And I think to me that is the difference.

Now, environmental organizations who are – I used to work at and now I predominately work with, generally do not much of the inside the beltway issue advertising for one main reason, which is that it intends to be too general and not very cost effective for whatever else they have to spend their scarce resources on. However, when we do undertake such advertising, it's generally to achieve one or more of the following goals, and being environmentalists means we're inherently cheap and inherently have to have every dollar accomplish two or three goals, not just one.

First, doing inside-the-Beltway issue ads is a very, very cost-effective way of distributing information to Hill staff and reporters that they might not otherwise pay attention to. For example, during the energy debate in 2003, we ran a series of five or six ads in Congress Daily, that each ad focused on a different element of why the Senate Energy Bill was going to be bad for the environment and bad for taxpayers.

This information was readily available to Hill staff and in fact we are trying to communicate that to them, but we knew that they would pay more attention if they saw it Congress Daily than if they just got it dropped at their desk -- the same with reporters. And in fact, even though a lot of Hill staff undoubtedly read Congress Daily online, where the ads were not appearing, somebody in their staff always picks it up and if it's the back page ad, happen to see it.

Second, we use it to educate the press. Again, we could distribute this information via fact sheets and press releases to reporters, many of which they will either delete or recycle before actually reading. But if it is in a form of an ad, we have a much better chance we believe of them seeing that information.

Third reason to do it is to rally your side of the debate. Actually at one o'clock today we have a vote on whether or not to drill for oil in the Arctic National Wildlife Refuge, and some people on our side a couple of weeks ago said, where are all your ads in Roll Call and Congress Daily? We need to see that you are doing stuff. Meanwhile we have been spending tens of thousand of dollars, which is a lot of money for us, outside the beltway trying to persuade specific senators. But the Hill staff and their senators had not seen that so they wanted to know where was the inside-the-Beltway stuff that they view as a signal that we are working hard. So a lot of the times it's done to rally your side.

Now, when we do inside-the-beltway ads, like Chip said, we have a very, very small audience. Our targets are the staff, occasionally their – the senators who represent us, but everybody knows they don't really read very often, political hacks such as myself, political reporters such as yourself, and you know, generally it's not – these are not advertisements that are designed for what I like to call civilians, which is a technical term that you can feel free to use.

Now, when we – when the environmental community does do issue advertising, it's much more likely to be done outside the beltway, aimed at a specific target with a specific ask, and we choose the targets based on the following criteria. We look at the past record of the member on the particular issue. We look at whatever intelligence we've been able to gather on the prospects of the member being able to support our side. We look at what I'll call their sensitivity to constituent views, which is whether or not somebody is in their first year of six-year Senate term or their fifth year – will actually affect how sensitive they are to constituent views.

And then we look at other activities that are already going on to attract the vote of this particular member. Are we doing grassroots phone calls or letters? Are we doing earned media, et cetera? Very rarely is it a good idea to plop in an issue ad aimed at a particular target when there are not these other activities going on because we don't believe that it is – the issue ad by itself is going to be sufficient enough to get the person's vote.

Our techniques, or the tools we use, tend to be relatively low budget. You know, Chip talked about spending \$14 million on Harry and Louise in 1994. Well, I was political director at the Sierra Club that year and we spent about \$500,000 on everything that year. So we tend to be low budget which actually leads us a lot to radio because you can really target it, because they have low production costs, and in most markets, with a few exceptions, it's relatively cheap compared to either – even cable television and particularly, interestingly enough, print ads, which run only one time in a newspaper, tend to be relatively expensive compared to radio airtime.

Now, we use issue ads both before a vote to try and get that person's vote, and after the vote, which we call either thank you or – well, I won't use the vernacular but – or spank ads – (scattered laughter) – to highlight their vote to their constituents, and that is another way of making sure that they remain sensitive to the other things that we will have talked with them about during the year on other issues. Now, sometimes we want to make sure that – some people don't want us to thank them publicly for supporting us and we always need to check in to make sure that is the case.

Many people in the environmental community believe the dollar spent on issue ads are resources that are better spent on grassroots mobilization because it's generally more effective. For example, an organizer in a state working fulltime would cost, you know, like, anywhere from 7 (thousand dollars) to \$10,000 a month, which say – take – say the person is working in Missouri – that is not even a decent radio buy in Saint Louis over a week. So a lot of people in the environmental community believe that we ought to spend money on grassroots first before we do issue ads and that is a tactic – the issue ads is something that is added on at the end.

Generally speaking, I believe that the general issue ads play a very small role in convincing members to support a special interest. It's rare that they have the impact in changing the debate in my view like Harry and Louise did. I think they are the exception – that proves the rule. Here we are still talking about an ad that was run more than 10 years ago.

I think there are other factors that prove more effective in getting members deciding how they vote: their colleagues. One senator once told me the best way to – the most effective lobbyist with a senator is another senator. Second, there is an increase in party discipline and the party that holds the White House, particularly the Republicans, is really a much greater indicator I think of how somebody will vote than whether or not you have done an issue ad in their district. The high-paid lobbyist of course are very effective, and then PAC contributions.

I believe that industry related issue ads – and I think you just said this, Gordon – are just an indicator of the level of effort an interest is putting into trying to win on a particular issue rather than having a direct measurable impact on their prospects for winning that issue. So that if the coal industry are running ads saying pass this bill because it will mean we'll burn more coal, you know the campaign contributions are already flowing, you can guess that the lobbyists are already elbow rubbing, and you can guess that the other things that I talked about are already underway, and this is just sort of another thing to do to make sure their basis are covered, but it is not – it is rarely sufficient.

Lastly, the imbalance between the economic interests of who are running ads and those who do not benefit economically from any particular policy is of concern. But I think a bigger concern is the fact that there is also imbalances in the amount of money that the economic interests are spending on lobbying and very much on the amount of

money that the economic interests are contributing to campaigns, even with McCain-Feingold in place. And so that – I agree that issue ads are an indication of this imbalance but the other imbalances I think have a far greater impact on the outcome than just the fact that the coal industry runs an ad every day in Roll Call.

And with that, I'll sit down and join everybody for questions. Thank you.

MS. JAMIESON: Chip, give us a response.

MR. KAHN: Yeah, I guess on that one point, I think that the division of ideas that you have is really no different than the division that is in the report and I think it's not sufficiently nuanced. And I'll give you an example – this is a self-serving example, but you'll see ads right now on the air in Washington regarding America's healthcare – arguing don't cut America's healthcare; don't cut seniors, don't cut low income America. Who is paying for that? The hospital industry is paying for that because they don't want to see reductions in Medicaid.

Now, we can argue about whether Medicaid needs to be reformed, we can argue about whether it's a good thing or a bad thing, but to make the analogy between that and then some – and I'll give you some environmental issue in which literally the coal industry will make money off something and if you get your way they won't. And you can argue they don't represent the public interest at all. I mean, I think it much more nuanced.

And so to say that hospitals – I mean, with the reporting that's likely to happen in this report, you know, my example would put hospitals on the bad side – on the corporate side of what we just described and I would argue trying to defend Medicaid payments, which are already not sufficient, so that more poor people will stay on the rolls is not exactly something that isn't in the most liberal view in the public interest. So I think you have got to have a more nuanced analysis of how the money is being spent whatever your political ideology.

MS. JAMIESON: Let me respond by saying, while though we appreciate Dan's defense, it is not the distinction that we are drawing. The intent of this report is to say imbalance is bad. And in the analysis here, the imbalance is in the direction of what we define as corporate. Now, you could say is it corporate or not, but we are not making the assumption that corporate is bad, anything that's non-corporate is good; we're making the assumption that imbalance is bad and problematic, and that if the imbalance were on the side of something called non-corporate, that would be bad too.

The weakness underlying our analysis I don't think is that distinction; I think the weakness is that there are debates in which there are three or four alternatives out there and we tend to assume it's one against another when in fact most debates I think are more complicated than that. So if one hears that anything corporate is bad, I think one has a Rorschach problem. You know, we're not intending to say that. If there is a better word than corporate to use, we would be open to it because we're not intending to start out

with an assumption that anything corporate is evil; the imbalance is necessarily evil because it's corporate. The imbalance is bad because it's an imbalance.

The imbalance that we studied empirically as opposed to qualitatively – we studied your ads on Harry and Louise qualitatively, and there are always limitations in that. And by qualitatively I mean we did focus groups that found that the people in the focus groups thought that the Harry and Louise ads were intended to kill the Clinton Bill, which was not your intent. My recollection is your intent was to get two amendments to the Clinton Bill. So first, we didn't think the ads were effective because people thought they were doing something you didn't think they were doing. Secondly, we didn't find high levels of recall in focus groups.

Now, ideally we would have done experiments to draw our conclusions; the ads themselves didn't have direct power. Or we would have done surveys in markets matching spending; we didn't have the resources. We did in the McCain Tobacco Bill, which is the one time that the academic community was able to get media market data where there was a huge imbalance in spending. The people who were opposing the bill outspent the people favoring it about 40 to one, and we were able to look at the markets in which there was the highest level of expenditure -- hence the highest imbalance – down to the lowest level of expenditure and show that we were not studying elites; the public was more likely to accept the claims in the ads the greater the imbalance – unsurprising since advertising studies usually find that money in one direction, unless it's strategically inept produces that effect.

But the interest that we have in both of those cases is the same interest. It is do you have the competing points of view represented in the debate, and as a result is the public or are those who are affected likely to make the judgments. So if you have heard our presentation to say corporate is bad, anything that is non-corporate is good, then we have a communication problem; it is not our intent.

MR. KAHN: Let me just make one point – and actually, going back to the health – the Harry and Louise advertising, they were points in time in which we wanted to affect one amendment. That was not the – if you go over the 18 months of the advertising, that was only a point-in-time issue; that wasn't – so you can't measure the success or failure of the advertising or even assess it in terms of a piece of the legislative process.

And it really points I think to one of the problems, which is I'm just concerned from the study that this notion of imbalances will somehow be broadcast when the whole legislative process is so complicated and as Dan really well articulated that, you know, if you think of it is an iceberg, advertising in all circumstances is only the tip of an iceberg in terms of advocacy, and I'm not sure by measuring it, it tells us that much about if there are imbalances that we ought to be worried about. I think there is so much more to it and it's much more nuanced that I think it needs more study.

MS. JAMIESON: Fair point.



Questions? Yes.

Q: Is there a policy recommendation coming out in your study? In your conclusion you talk about the difference between grassroots – these kinds of advertising and grassroots activity versus direct lobbying, which is regulated by – (inaudible). Are you saying that there ought to be disclosure of this stuff, and would it make any difference in what goes on?

MS. JAMIESON: I think there ought to be disclosure of the identity of the people who are the donors behind the process because I think it helps people judge the messages. And when Chip says he doesn't like our use of ambiguous and misleading, the question one would reasonably ask him is tell us who is behind the asbestos campaign based on what we know of its label. Take the labels we have that we find problematic and tell us who those people are. And you could say, well, they are identifying what they want to accomplish; they are basically taking God, mother and apple pie and they are identifying what they are going to accomplish, but that isn't who they are.

When you set up a disclosure requirement, you're trying to say, I want to know it's you rather than you. And I don't have any problem with anything that says HIAA, Health Insurance Association of America. I know that that represents that industry. I don't know whether it's the big insurers or small insurance but at least I have got a peg on who they are who they are coming. I don't know have a problem with AARP. You know who they are, you know where they are coming from. You know, where Sierra Club is coming from.

The problem I think occurs when you have got these pseudonymous labels that don't let the public tie source to message in a way that lets them make an intelligent judgment about the message that they are being presented with. And the fact that that is the area that people move to automatically raises questions for me. The question it raises to me is why can't you tell us who you are? I mean, are you afraid that we don't think that you're an honorable person or that your interests are honorable? Is your image so tainted from other sources that you can't disclose who you are? So this is my personal position, not the position of the policy center.

I think there ought to be disclosure of the identity of people who engage in these kinds of activities because it helps the communication process work. I don't favor any regulation of speech in any way in a public setting. I think the laws that are there for libel and for malice are perfectly fine for them to perform the functions they serve and I don't want anybody getting in the way of anybody making a case to anybody in the public space, which is why I worry about imbalance. You'd like to make sure that there is the alternative point of view represented, not solve a problem by saying let's get rid of the people who have the money to make the case; let's get rid of their capacity to make it. I think that's –

(Cross talk).

MR. WEISS: Kathleen, can I just add one thing about the imbalance question. Even inside the Beltway the imbalance does become troubling because of the decline in hard news coverage. The news hole is shrinking. Len Downey of The Washington Post said a couple of months ago let's write stories. There is a decline I think in news coverage on – you know, you have got Headline News, for example, now covering, you know – half the time it's sports or entertainment on their half-hour segment.

So I think that is where the imbalance becomes really critical – is that you have got a decline in news coverage, you're hearing one voice and not the other, so people may believe even inside the Beltway where we generally pay more attention to this sort of thing and are, you know, are more interested in this sort of thing getting really more of only one side of the story.

MR. JAMIESON: Although Chip's point is one that the academic community is taking very seriously. Fox News is a major force with an alternative frame on all issues. The concern raised there is that increasingly the public is gravitating toward news that is framed from its own ideological perspective and one would like to have the public try to expose itself to as many alternative frames of things as possible. The critique from the standpoint being there was this alternative framing for very long period of time and Fox is trying to provide a counterbalance.

MR. KAHN: I just take issue with Dan. I mean, I think if anything, you can talk about the major media of networks being confused and having lost their way, but I mean, if you are a political person in Washington, in any kind of responsible position on the Hill or in any role, or you're in the media, you now have unbelievable number of outlets. You're looking at Drudge or you're looking at your version of Drudge all day long. I don't think there is any shortage of news being written that filters in now, whether or not – you know, what the balance is I can't say that but I think there is no shortage of information from sources other than advertising that is available to people today who are policymakers.

MS. JAMIESON: Comments, questions? Anybody who hasn't asked a question?

Yes, go ahead.

Q: Well, two points. I would agree because I think – (inaudible) – all of these publications that are here in Washington that are dailies reporting on all of these issues. (Inaudible.)

A couple of points. I think – you know who the Sierra Club is because it's a long-standing organization – (inaudible). A lot of these coalitions that are formed in Washington are of shorter duration, and that's why people don't necessarily know who that name or that so and so is, but generally you can go to their website – they're very transparent about who their membership is and – (inaudible) – whereas I think if you look at some of the other groups – (inaudible) – I don't know where their money comes from. (Inaudible.)

KATHLEEN JAMIESON: And part of what the Web provides you with is the ability to find out whether they're trying to disclose to you and just didn't have the time. But if we come up with a group in which we work hard and we can't find out who they are, we worry about it.

Any other comments or questions? Yes, sir.

Q: For either Chip or Dan, when we're looking at these inside-the-Beltway publications, whether it be the National Journal and Roll Call and CP Publications, what – there's so many of these now – (inaudible) – each other. I mean, what are the criteria that when you're making that decision to influence the debate, what are you looking for? I mean, outside the beltway when they're looking at advertising and how they make the decision, they do it on situation statements, they do it on leadership levels. Those are very traditional methods to make those kinds of decisions. Are those the same methods that you use to make decisions here in this market or are there other types of things you're looking for?

MS. JAMIESON: Dan then Chip.

DAN WEISS: It just depends on what we're trying to accomplish. When we – a good example is a couple years ago when a forestry vote was coming up very suddenly, we took out an ad in Congress Daily that had a lot of factual information. And afterwards, The Hill staff on our side said that was a very good thing to do because you got the information in the hands of the legislative assistants very quickly. So it depends on the timing and what we're trying to affect. If we want to try and affect real senators and we want a real senator to see it, we're more likely to put an ad in Roll Call because we believe that they're more likely to actually look at that than they are to look at Congress Daily, for example. You know, the thing about Congress Daily – the advantage there is for much less money you can do an ad over three or four days. And so, you know, then there's the repetition factor. And so it really just depends, and we judge it based on anecdotal evidence. A lot of people in our community are formal Hill staffers or worked in the Clinton administration, and so they're willing to say, well, here's what I think you should do because this worked when I was there. So basically it's no scientific method whatsoever.

MS. JAMIESON: Chip.

CHARLES KAHN: I think Dan's characterized it well. I think that the research that's done by some of these outlets if they have enough money to do research on who and why in terms of their audience, you know, when they go to the advertising firms, it makes a difference. I mean, I have certain preconceived notions, as Dan said, you know when I say, gee we've got to do something that meets such and such purpose. Put it in Roll Call or let's put it in The Hill. And that may be stupid. And if you can show me research that says that's stupid then – and actually I do ask my advertising agency that does the placement, you know, well, is there any research on this considering what we

want to do? So I mean the issue here is, what do you want to accomplish? And you've got your preconceived notions, but, you know, when The Hill or Roll Call go out and do some research, they can affect the market, I think, for smart buyers. Let me also say that in the case of the particular example that I gave earlier, all I really want is the slick. I mean I'm going to put it in Roll Call and The Hill probably just to sort of get that coverage, run it once, and then I'm going to have the slick. And then I'm going to give the slick to all my people from out of town that come in to lobby or to my lobbyists. When they go to see those 75 or 80 people we want to affect, they're going to have the slick, and it's going to be nice. And so we're spending all the money to make it, you might as well put it in someplace, too. And that's why I'm using it as an ad.

MR. WEISS: You know, Chip, we do the same thing except we just Xerox. (Laughter.) The other – and this may sound humorous to you but it's true – the other thing that we really look at is publication lead times. Roll Call, for example, has a two- or three-day lead-time before publication. Congress Daily – it's noon the day before you want to run it. And so depending again on the circumstances, one is more attractive than the other. If we're trying to do something last minute, Roll Call, for us, is very difficult to do just because the lead-time for getting your ad copy in is longer.

BURDETT LOOMIS: I've learned a variety of things today, but one of the things I've learned – and two people – there were two stories, and I think Chip had one – I'm not sure who else – that they turn to advertising after other means of communication were not effective. And it might be for a hundred people or 10 staffers or two senators or whatever. But I find that really interesting to combine it with your notion of having venues. And I think again you look back to some things are constant. So 15 years ago when we were collecting the data, the whole notion of ad slicks – someone could have said that 15 years ago. I want the ad slick to walk into a staffer's office. You couldn't say that about Congress Daily 15 years ago.

MR. WEISS: It didn't exist.

MR. LOOMIS: It didn't exist. And one of the things here is this is a business. We're talking about a business here that's – I want to go back to the supply-side notion – this is supporting a lot of people including, to an extent, the Annenberg Center. We're all involved in this.

MS. JAMIESON: We want you to keep doing this.

(Laughter.)

MR. LOOMIS: But I think that what you do end up with is more and more voices. And then you say, okay, what can I do to be effective today or this week. And once of the choices is to spend that money on that ad.

MS. JAMIESON: Thank you to our staff for preparing the report, to our panelists for joining us today, and to you. Those of you who would like to talk to the panelists

before they escape, please come up. I am appreciative of all the effort that has gone into preparing the event. Particularly, thank you, Erika Falk, and thank you, Gordon.

(END)