



**United States House of Representatives
HOUSE COMMITTEE ON RULES**

The Honorable Louise M. Slaughter, Ranking Member



America for Sale:

The Cost of Republican Corruption

A Congressional Report on How America Is Being Sold to the Highest Bidder

Prepared by the House Rules Committee Democratic Staff



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EXECUTIVE SUMMARY

“WE’VE CREATED A CULTURE THAT JUST BREEDS CORRUPTION” – REP. JEFF FLAKE (R-AZ)¹

The United States Government used to belong to the people. Now it belongs to the highest bidders with the best Republican political connections. Congress is no longer a place where legislators work to make sure the government acts in the people’s interest and uses taxpayers’ dollars wisely. Instead, it has become a place where the Republican representatives who have the power to set Congress’ agenda work to re-distribute as many of those taxpayers’ dollars as possible to their special-interest friends in a massive “pay to play” scheme. It has become a place where the insurance and drug companies write our health care legislation, and the oil and mining industries write our energy policy.

The most important thing to know about Washington these days is the following statistic: over the past ten years, the number of registered lobbyists in Washington has grown from around 10,000 to more than 34,000, while the fees that lobbyists charge their new clients have increased by as much as 100 percent. Today there are 63 registered lobbyists for

¹ Representative Jeff Flake (R-AZ), quoted in Edward Alden, “Conservatives call for return to core Republican principles,” *Financial Times*, 1/11/06.

each Member of Congress.² The Washington Post recently reported that starting salaries have risen to about \$300,000 a year for the best-connected aides eager to “move downtown” from Capitol Hill or the Bush administration.³ For example, the twelve lobbyists working at the Alexander Strategy Group, a lobbying firm with particularly close ties to former Majority Leader Tom DeLay (R-TX) and convicted GOP super-lobbyist Jack Abramoff, earned an average of \$650,000 per lobbyist in 2004.⁴

Why do well-connected lobbyists make two, three, or four times the salary of the Members of Congress voters have sent to Washington to represent them?

It’s because America is for sale. The Republican White House and Congress do not even pretend to be acting in the public interest any more. As conservative columnist David Brooks recently put it, in the past few years the Republican Congress has washed away “the walls between the public servants and the private lobbyists.”⁵ Today the Republicans’

“We simply have too much power... We Republicans have abused that power badly over the past several years.”

- Rep. Jeff Flake (R-AZ)

only interests are those of the corporations and contractors who have purchased access to a government that is supposed to belong to the people. The new national pastime in GOP-controlled Washington, George Will recently wrote, is “bending public power for private advantage.”⁶

² According to new data released by PoliticalMoneyLine, lobbying spending in the first half of 2005, which exceeded \$1.1 billion, set a new record. Judy Sarasohn, “Record Sum Spent on Lobbying,” Washington Post, 2/16/06.

³ Jeffrey H. Birnbaum, “The Road to Riches Is Called K Street; Lobbying Firms Hire More, Pay More, Charge More to Influence Government,” Washington Post, 6/22/05.

⁴ Michael Forsythe, “DeLay Inc.’ Lobbying Company Links Three Scandals,” Bloomberg, 1/6/06.

⁵ David Brooks, “A Scandal Waiting to Happen,” New York Times, 11/20/04.

⁶ George F. Will, “For the House GOP, a Belated Evolution,” Washington Post, 1/10/06.

Serving as the conduit between special interests and public officials are the loyal Republican lobbyists put in place over the past ten years through the so-called “K Street Project.” The Republican Conference recently reaffirmed their support of the “K Street Project” system by elevating one of its founding fathers, Representative John Boehner (R-OH), to the position of Majority Leader.⁷ Another architect of the K Street Project, and now a public symbol of its corruption, is the former lobbyist and now-convicted felon Jack Abramoff, who made millions of dollars selling his access to prominent Republicans in Congress and the Bush Administration to any client who would pay his outrageous fees. Abramoff would then redistribute a portion of his profits back to his Republican allies in Congress through both campaign contributions and a dizzying array of “charitable” organizations. Commenting on the Abramoff scandal, former Republican Congressman and Congressional expert Mickey Edwards recently called it a “disturbingly broad scandal driven by lobbyists whose attitude seemed to be ‘government to the highest bidder.’”⁸

The results are bizarre, outrageous stories that seem more at home in the pulp paperback thrillers of John Grisham or Carl Hiaasen than in the halls of Congress:

- a corrupt politician who lives on a yacht bought and paid for by a defense lobbyist;
- three mysterious Russian industrialists who launder \$1 million dollars into the coffers of a prominent political leader;
- a shady lobbyist and his mob-connected friends who recruit the help of a politician to take over a Florida casino boat business;
- a radical religious anti-gambling activist who is secretly on the take from the gaming industry;
- prominent politicians working with the leaders of an obscure Pacific Island to allow Third World-style sweatshops to operate on American soil.

⁷ See Appendix I to this report, entitled: “The K Street Project and Majority Leader John Boehner.”

⁸ Susan Schmidt and James V. Grimaldi, “The Fast Rise and Steep Fall of Jack Abramoff; How a Well-Connected Lobbyist Became the Center of a Far-Reaching Corruption Scandal,” Washington Post, 12/29/05.

In the current Republican-ruled Washington, the truth can sometimes be stranger than fiction.

WHO IS RESPONSIBLE FOR THE CURRENT REPUBLICAN CULTURE OF CORRUPTION?

For the foreseeable future, Congressional Republicans will be working hard to distance themselves from Jack Abramoff and other K Street Project lobbyists. They will be holding hearings and rolling out proposals to re-create themselves as the champions of “lobbying reform” and cleaning up Congress. Their strategy will be to distract the American people from the painfully obvious fact that lobbyists like Jack Abramoff were only able to flourish in Washington because Republican elected officials collaborated with them. The USA Today editorial board recently made just this point:

What is most shocking in the Abramoff case is not that he would want to make a fortune and spread it around to gain power and influence. It is that so many members of Congress would be so quick to accommodate him.⁹

The uncomfortable truth is that Jack Abramoff and his associates are just a symptom of the disease that has infected our nation’s capital. As is documented in Appendix 2 to this report, a large number of senior Republican legislators have accepted contributions, trips, and other gifts from Abramoff, and then taken official legislative actions that benefited Abramoff and his clients. Referring to both the Abramoff scandal and another Republican scandal that has rocked the Capitol, Representative Mark Edward Souder (R-IN) recently warned the Republican Conference, “Duke Cunningham, Jack Abramoff, and the ongoing and

⁹ USA Today editorial, “Lobbyist’s Plea Likely to Expose Seamy Underside of Congress,” 1/4/06.

disgusting saga of abuse of power and public trust are not just made up by the Democrats.”¹⁰

The culture of corruption has thrived in Republican-controlled Washington because the Republican Congress has intentionally allowed the processes that normally hold our politicians accountable to the American people to completely collapse. For the past several years, the Republican Congress has not enforced the code of ethics that requires Members of Congress to act with honesty at all times and to put the public interest above their own. At the same time, it has not exercised its constitutional responsibility of oversight—to ensure that the federal government is not abusing or overstepping the powers Congress has given it. As Republican Representative Jeff Flake (R-AZ) recently summarized the situation to USA Today: “We simply have too much power...We Republicans have abused that power badly over the past several years.”¹¹

The Republican culture of corruption has also infected the legislative process itself. As Rules Committee Democrats argued in a report issued at the beginning of the 109th Congress,¹² Republican

“Duke Cunningham, Jack Abramoff, and the ongoing and disgusting saga of abuse of power and public trust are not just made up by the Democrats.”

- Rep. Mark Edward Souder (R-IN)

House leaders have broken the promise they once made to conduct the people’s business in an open, democratic manner. Instead, they have routinely twisted and broken the House rules to jam their lobbyist-written bills through the House without giving elected

¹⁰ Jonathan Weisman, “Boehner Suggests New Tack on Lobbying; Emphasis Would Be on Disclosure,” Washington Post, 2/4/06.

¹¹ Jim Drinkard, “In Congress, ‘We simply have too much power,’” USA Today, 1/10/06.

¹² Rules Committee Democrats, “Profoundly Un-Democratic. A Congressional Report on the Unprecedented Erosion of the Democratic Process in the House of Representatives and the Rise of the ‘Imperial Congress’ During the 108th Congress,” March 2005.

representatives an opportunity to debate, amend or, in some cases, even read those bills. And, as Appendix 3 to this report demonstrates, it's getting worse. In the first session of the 109th Congress, the percentage of bills debated under open rules hit a record low. This report will cite case after case where GOP leaders denied both Democratic and Republican members the opportunity to improve major legislation that Republicans have moved through the House.

Scholars Norman Ornstein and Thomas Mann recently wrote a column reviewing the many procedural abuses that have proliferated in the Republican House. Among the items they list are: extending roll call votes well beyond 15 minutes, rushing huge conference reports to the floor for votes, secretly slipping controversial items into conference reports that have already been signed and filed in the House, and employing closed rules that shut out all amendments. More importantly, Ornstein and Mann explain why Americans should care that their House is no longer a deliberative legislative body:

What has all this got to do with corruption? If you can play fast and loose with the rules of the game in lawmaking, it becomes easier to consider playing fast and loose with everything else, including relations with lobbyists, acceptance of favors, the use of official resources and the discharge of governmental power.¹³

WHY SHOULD AMERICAN FAMILIES CARE THAT THEIR GOVERNMENT IS FOR SALE?

This report will show that the culture of corruption that has developed in Washington under the Republican Congress and the Bush White House is not just an “Inside the Beltway” problem. It is more than a few corrupt politicians putting a few dollars in their pockets. It is a national problem, because Americans must live with the bad policies that corrupt Republican legislators have been making for them for the past five years. A Congress that makes its important decisions in back rooms where only lobbyists have access

¹³ Norman Ornstein and Thomas Mann, “If You Give a Congressman a Cookie,” *New York Times*, 1/19/06.

is not promoting the general welfare of the American people. When pieces of their government are sold off to the highest bidder, our children, our families, and our seniors must live with the consequences. Here are few examples taken from different sections of this report showing that Republican politicians have taken care of special interests instead of the American people:

- *A Confusing and Expensive Medicare Program* Millions of American seniors have been forced into a confusing and expensive new Medicare drug program that was not created for them, but for the insurance and drug industries who were given special access to shape this legislation.
- *An Energy “Strategy” That Saves No Energy* While American consumers must live with an energy policy that the Energy Department itself has found will not reduce our high oil and gas prices, the Republican Congress and the Bush Administration have rewarded the oil companies with billions of dollars in new tax breaks and subsidies.
- *Polluters Re-Writing Environmental Laws* The quality of the air we breathe and the water we drink has been degraded because energy lobbyists temporarily working in the Bush Administration have undermined some of our country’s most important environmental standards.
- *A Nation Still Vulnerable to Terrorist Attacks* No American citizen can be sure that the billions of dollars the federal government is spending on homeland security projects are making us safer, rather than just making politically-connected defense contractors richer.
- *A Government Run by Political Hacks* Americans have no confidence that their government will be able to adequately respond if a disaster (natural or man-made) strikes their community, because its agencies are staffed not by professionals, but by political cronies and lobbyists like Michael Brown, who botched the federal government’s response to Hurricane Katrina.
- *Fat Cats Get Their Defense Contracts, but Soldiers Don’t Get Their Body Armor* American soldiers and their families don’t know if they are going to have the body armor and other supplies they need to fight in Iraq, because Members of Congress are instead steering hundreds of millions of dollars to defense contracts for products and services the military often says it does not need and, at the same time, unscrupulous contractors like Halliburton are defrauding the government of millions of dollars.
- *Drug Companies Get Off the Hook if Their Products Injure Americans* While American citizens, public health officials, and first responders worry about how our country would handle the outbreak of a flu pandemic, the Republican Congress recently relieved the pharmaceutical industry of any responsibility for the harm their vaccines

or other products might cause during such a crisis.

- *Corporate Profits Up, American Family Income Down* While record numbers of American workers are losing their good-paying jobs as well as their health and pension benefits, large corporations are enjoying new tax breaks and record profits, and are still free to move their corporate organizations overseas to avoid taxes.
- *Student Loan Debt, Student Loan Industry Profits Both at Record Highs* Thanks to the efforts of newly-elected Majority Leader John Boehner, private student loan companies are some of the most profitable companies in America and American students are graduating with record student loan debt.

These examples, along with the many others documented in this report, should deeply concern all Americans. A true culture of corruption has developed under today's Republican Congress and Republican White House, and the real-life costs it has for everyday Americans are staggering. America - *all* of America - is literally for sale. Our government is working on behalf of the special interests, not the public interest, and the time for a change is long overdue.



THE HEALTH OF AMERICA'S 42 MILLION SENIORS

THE MEDICARE PART D PROGRAM: AN "UNMITIGATED DISASTER"

At the beginning of 2006, millions of American seniors began participating in a Medicare prescription drug program that the Republican Congress and the Bush Administration jammed through the legislative process in late 2003. Under this Medicare "Part D" program, as the Republicans explain it, seniors can enroll in private insurance plans that will help them pay their prescription drug costs. Millions of American seniors, however, have discovered that the Republican Medicare drug program does not work as advertised. In fact, the consensus among public health officials and editorial boards was that the prescription drug rollout was what the Miami Herald called an "unmitigated disaster."¹⁴ Seniors who successfully navigated the complicated enrollment process and signed up for the program have shown up at pharmacies across America with their drug cards, only to be told they must pay the full price of their drugs themselves. Even after they are properly enrolled, seniors and their doctors cannot get prescriptions filled because the insurers often require "prior authorizations" for many drugs they list on their formularies.¹⁵ After President Bush assured seniors they could trust private insurance companies to provide their

¹⁴ Miami Herald editorial, "Medicare's botched drug benefit roll-out," 1/17/06.

¹⁵ Robert Pear, "Rules of Medicare Drug Plans Slow Access to Benefits," New York Times, 2/14/06.

drugs, in mid-January he was forced to order the insurance companies to fill seniors' prescriptions.¹⁶

The "disaster" has been even more dire for the 6.2 million sick and low-income seniors who were buying their prescription drugs through state Medicaid programs. Since the new law automatically transferred them into the Part D program on January 1st, these seniors have been overcharged for their drugs and even turned away from pharmacies because their names are not in the new federal system. An especially vulnerable subgroup is low-income patients with persistent mental illnesses. Mental health centers and hospital emergency rooms are reporting increased admissions of patients who cannot acquire their essential medications for schizophrenia and other mental illnesses.¹⁷

The crisis among low-income seniors has gotten so bad that many state governments have declared public health emergencies and stepped in to fill hundreds of thousands of prescriptions that private companies contracting with Medicare were supposed to fill. In California, Governor Arnold Schwarzenegger declared that "right now, the new Medicare Part D prescription drug program is not working as intended" and committed to spending up to \$150 million of state funds for the hundreds of thousands of at-risk California seniors who were not getting their prescription drugs.¹⁸ The California Medical Association praised Schwarzenegger's action and noted that it "will save probably thousands of lives and prevent thousands of unnecessary hospital admissions."¹⁹ The Sacramento Bee editorial board

¹⁶ Robert Pear, "President Tells Insurers to Aid New Drug Plan," New York Times, 1/16/06.

¹⁷ Robert Pear, "Medicare Woes Take High Toll on Mentally Ill," New York Times, 1/21/06; Susan Levine, "Stability of Mentally Ill Shaken by Medicare Drug Plan Problems. Some Prescription Denials Have Heightened Distress," Washington Post, 2/6/06.

¹⁸ Ceci Connelly, "HHS Works to Fix Drug Plan Woes; Widespread Difficulties With New Medicare Benefit Reported," Washington Post, 1/18/06.

¹⁹ Sacramento Bee editorial, "A disaster unfolds; States are saddled with Medicare mess; will those who made it clean it up?," 1/15/06.

placed the blame for this disaster squarely on the shoulders of Republican Congress and the Bush Administration. They wrote:

How did this mess come to be? The Republicans who run things in Washington refused to let government administer this drug program. Instead, they delegated the job to hundreds of private companies, many of them with no Medicare experience. Most Medicare recipients can choose whether to buy this new drug benefit and pick among the long list of plans and different coverages. But the frailest and the poorest, those on the government's Medicaid (known as Medi-Cal in California), were forced into this privatized quagmire. This mangled drug benefit is truly a disaster; it demands an appropriate response.²⁰

A BAD PROGRAM PRODUCED BY A BAD PROCESS

For observers familiar with the process behind the passage of the Medicare prescription drug law, it will come as no surprise that the new Medicare prescription drug program is not what Republicans claimed it would be. The Medicare “Part D” program was developed not through a deliberative legislative process, where Members had an opportunity to improve the bill, but behind closed doors by a small group of Republican leaders and insurance and drug industry lobbyists, whose stated goal was that the new program would, in Ways and Means Chairman Bill Thomas’ (R-CA) words, “end Medicare as we know it.”²¹ The reason America’s seniors are having such difficulties understanding the new drug benefit is that it was not written for them; it was written for the insurance and drug companies that will reap billions of dollars of new profits from the legislation. As the Fort Wayne (IN) Journal Gazette recently observed, the new prescription drug program “is supposed to serve

²⁰ Id.

²¹ Robert Pear and Robin Toner, “President Leads the Roundup for Votes to Add Drug Benefits to Medicare,” New York Times, 6/26/03.

people 65 and older, but the program seems to have been designed with the interests of insurance companies foremost in mind.”²²

Although this prescription drug plan (H.R. 1 in the 108th Congress) represented the largest change to the program since Medicare was created in 1965, Republican leaders never allowed the House to meaningfully debate and amend it. When H.R. 1 first came to the House floor on June 26, 2003, the rule (H. Res. 299) made in order only one of the 59 amendments Democratic and Republican Members had brought to the Rules Committee for consideration.²³ (See Table 1 following this section for a complete list of these amendments.) While the Senate considered the bill over a period of two weeks, and debated and voted on more than 30 amendments, House Republican leaders forced lawmakers to pass the bill in a matter of hours. Even worse, the version of H.R. 1 that Republican leaders forced the House to consider on June 26th was not available until early that morning. Not surprisingly, GOP leaders had to hold the final vote on H.R. 1 open for nearly an hour while they twisted enough arms to prevail on a party-line vote of 216-215.²⁴

The conference process for H.R. 1, however, made the House’s earlier consideration of the bill seem like a model of the democratic process. After a ceremonial open meeting in July, Republican conferees met behind closed doors for months to work out a final deal. The meetings were so closed that when Democratic conferees Charlie Rangel (D-NY) and Marion Berry (D-AR) tried to participate in a conference meeting, they were physically blocked from entering the room. However, the meetings weren’t closed to industry

²² Fort Wayne (IN) Journal Gazette editorial, “Fix Medicare Now,” 1/30/06.

²³ In the all-night session the Rules Committee conducted on H.R. 1, Rules Committee Republicans rejected 20 amendments Democratic Rules Committee Members offered to make in order the many ideas Democratic and Republican Members brought to the Committee. H. Rept. 108-181.

²⁴ Roll Call Vote # 332, 6/27/2003.

lobbyists. A November 14th Wall Street Journal article entitled “Big Drug Firms Gain in Medicare Talks,” reported that U.S. drug companies had successfully killed a proposal to allow the re-importation of cheaper medicines from Canada and had inserted language granting them patent protection against generic drug makers.²⁵ A few months earlier, the Washington Post had reported

that “the real battles are behind the scenes, where squadrons of former senators, House members and Hill aides are drafting

For three hours, House leaders...roamed the floor looking for Republican “no” votes on the Medicare bill they could cajole, threaten, or bribe into switching to “yes.”

legislative language, buttonholing lawmakers and sitting knee-to-knee to fight out the fine print.”²⁶ As final passage of the conference report approached, pharmaceutical company stocks began to rise as it became clear the industry lobbyists had gotten what they wanted. Goldman Sachs projected the new benefit would increase the drug industry’s profit by 9% (\$13 billion) per year,²⁷ while another independent analysis predicted that the pharmaceutical industry would earn an additional \$139 billion over the next 8 years.²⁸

Over the objections of Democrats, as well as 41 Members of the Republican Study Committee who had asked Speaker Hastert for the three days the standing House rules give them to read the 850-page Medicare conference report, GOP leaders filed the conference report at 1:17 AM on November 21, 2003 and took it to the House floor that evening. In other words, House leaders decided they had a

²⁵ Sarah Lueck and David Rogers, “Big Drug Firms Gain in Medicare Talks,” Wall Street Journal, 11/14/03.

²⁶ Jonathan Weisman, “Prescription Bill Fuels Lobbying Blitz on Hill; Competition Fierce for \$400 Billion Pot,” Washington Post, 6/13/03.

²⁷ Ceci Connolly, “Drugmakers Protect Their Turf; Medicare Bill Represents Success for Pharmaceutical Lobby,” Washington Post, 11/21/03.

²⁸ Ceci Connolly, “Drugmakers’ Profits May Soar; Proposed Medicare Bill Could Generate \$139 Billion, Study Finds,” Washington Post, 10/31/03.

better chance of passing the bill through strong-arm tactics than through allowing Members adequate time to understand the contents of the bill. The vote on final passage of this conference report is now justifiably regarded as one of the lowest points in the history of the House of Representatives. GOP leaders held the vote open for three hours while they worked to switch enough of the 22 Republicans who had initially voted against the bill for passage. For three hours, House leaders (who were at one point joined on the floor by then-Health and Human Services Secretary Tommy Thompson) roamed the floor looking for Republican “no” votes they could cajole, threaten, or bribe into switching to “yes.” A Republican Member present at the scene commented, “It was an outrage. It was profoundly ugly and beneath the dignity of Congress.”²⁹

REPUBLICAN CORRUPTION IN THE PROCESS

Even more outrageous than the final passage vote on H.R. 1 were the behind-the-scenes stories about the Medicare bill that emerged in the following months. One of the stories involved the accusation of Representative Nick Smith (R-MI) that then-Majority Leader Tom DeLay (R-TX) had offered him a bribe to change his vote from “no” to “yes.” This accusation led to an Ethics Committee investigation that ended up admonishing DeLay and Representative Candice Miller (R-MI) for linking their support for the congressional candidacy of Smith’s son to Smith’s vote on the Medicare bill.³⁰

²⁹ Mark Wegner, “Night Of House Drama Yields A Narrow Medicare Victory,” *Congress Daily AM*, 11/24/03.

³⁰ This report is available at: http://www.house.gov/ethics/Medicare_Report_Cover.htm.

Americans also found out later that one of the most influential conferees, Commerce Committee Chairman Billy Tauzin (R-LA), had probably been negotiating a \$2 million per year job as the top lobbyist for the drug industry while he had been writing the bill.³¹ But at the beginning of the 109th Congress, when Democrats proposed reforming the House ethics rules to prohibit a Member from negotiating for future employment with any person who has a direct interest in legislation referred to a committee on which that Member serves, Republicans rejected the proposal on a party-line vote.³² Joining Tauzin as a lobbyist for the pharmaceutical industry was John McManus, the top Republican staff person on the Ways and Means Health Subcommittee, who had been deeply involved in writing the Medicare legislation.³³

In addition, Americans later learned that the top Bush Administration Medicare official, Thomas Scully, illegally concealed from Congress a much higher estimate of the program's cost. Scully left his position with the government to resume his career as a high-paid lobbyist for the health care industry shortly after the passage of the Medicare legislation. While President Bush and White House officials were publicly reassuring Congress and the public that the Medicare program would not cost more than \$400 billion, they had a report from the chief actuary of the Center for Medicare & Medicaid Services concluding that the program would have a much higher cost of \$534 billion. Scully had threatened to fire the actuary, Richard Foster, if he shared this estimate with Congress. The General Accountability Office

³¹ William M. Welch, "Tauzin switches sides from drug industry overseer to lobbyist," USA Today, 12/16/04.

³² Roll Call Vote # 5, 1/4/05.

³³ Bob Cusack, "Thomas Aide Now Lobbying for PhRMA," The Hill, 4/7/04.

(GAO) later determined that Scully violated the law by concealing this estimate from Congress.³⁴

³⁴ “GAO: Scully Should Repay Salary over Medicare Row,” Drug Industry Daily, 9/9/04. The GAO letter is available at: <http://www.gao.gov/decisions/appro/302911.pdf>

TABLE 1

H.R. 1 - THE MEDICARE PRESCRIPTION DRUG AND MODERNIZATION ACT OF 2003

The following amendments were submitted to the Rules Committee,³⁵ but not made in order by the rule, H. Res. 299 (reported June 26, 2003):

Allen (D-ME)/Brown (D-OH)/Doggett (D-TX)

Ensures that seniors using the Medicare Prescription Drug Discount Card provided under the bill would receive the lowest price for drugs. Requires that the price at which a pharmacy buys covered out-patient drugs from a participating prescription drug manufacturer is no greater than the average foreign price.

Allen (D-ME)

Requires the National Institutes of Health (NIH) to conduct research, and the Agency for Healthcare Research and Quality (AHRQ) to conduct studies, on the comparative effectiveness and cost-effectiveness of prescription drugs that account for high-levels of expenditures or use by individuals in federally funded health programs.

Andrews (D-NJ)

Provides that all portions of each metropolitan statistical area (regardless of whether a MSA is located in one or more states) shall be treated as a single Medicare+Choice payment area so that plans located in the same area will be reimbursed at the same payment rate.

Andrews (D-NJ)

Requires the Secretary of HHS to prepare and make available to the public reports stating the Secretary's analysis and conclusion about the financial audits of Medicare+Choice organizations.

Berry (D-AR)/Emerson (R-MO)

Requires any PBM or entity that offers prescription drug benefit under Medicare to offer each drug on their formulary at a price that does not exceed the average of the G-7 price for that drug.

Brown (D-OH)

Replaces drug benefits in HR 1 with drug benefits in the Blue Cross/Blue Shield Standard Option Plan under the Federal Employees Health Benefits Program.

Brown (D-OH)

Ensures that the prescription drug coverage available to the President and Members of Congress shall not exceed the value of the drug coverage available to Medicare beneficiaries under HR 1.

³⁵ Summaries taken from the list provided at the 6/25/03 11:09 PM Rules Committee meeting on the bill.

Brown (D-OH)

Revises the certification provision in the reimportation section of HR 1 to require the Secretary to provide reasons for blocking importation and to ensure the Secretary takes into account the effects of price discrimination on American consumers.

Brown (D-OH)

Requires that private plans agree, as a condition of participation in Medicare, to abide by the same cost accountability standards applied to other government contractors as defined in Part 31 of the FAR.

Burgess (R-TX)

Ensures that adequate physician supervision is available in hospice care covered by Medicare.

Burgess (R-TX)

Requires GAO to conduct a study and report within one year (and every five years thereafter) on foreign government prescription drug price controls and how they impact US consumers. Also requires GAO to determine if and when to what extent the US Trade Representative engages in negotiations with foreign governments to facilitate the elimination of price controls under the Bipartisan Trade Promotion Authority Act of 2002.

Burr (R-NC)/Shadegg (R-AZ)/Buyer (R-IN)/Norwood (R-GA)

Strikes Title I of the base bill and substitutes an alternative prescription drug benefit. The drug benefit contains three parts: 1) a choice between multiple discount drug cards, 2) individual drug accounts that can receive contributions from multiple sources, and 3) private catastrophic coverage. The drug benefit is a defined contribution product that provides beneficiaries, family members, and communities an incentive to plan and save for prescription drug expenditures.

Capps (D-CA)

Ensures that seniors have access to a guaranteed, Medicare-sponsored drug benefit. Benefit would be offered to all seniors across the country, regardless of how many private drug-only insurance plans or Medicare HMOs were available in a given area. All seniors would pay the same premium, the same deductible, the same coinsurance rate, and would receive the same benefit.

Capps (D-CA)

Substitutes actual market prices for average wholesale price (AWP) as the basis for Medicare payment.

Cardin (D-MD)

Establishes a nationwide, guaranteed prescription drug benefit within the Medicare program. The plan would be a voluntary option for every Medicare beneficiary, in addition to the private insurance prescription drug options established by the bill. (Revised)

Cardin (D-MD)

Amendment in the Nature of a Substitute. Replaces the private drug-only prescription drug benefit plan structure established by the base bill with a guaranteed benefit for all Medicare

beneficiaries. This would be a voluntary plan under a new Medicare Part D that would cover prescription medicines to treat the five chronic diseases most prevalent among seniors, and for which there is evidence that treatment of these conditions will significantly reduce other Medicare expenditures, such as inpatient hospitalization, surgery, home health, and skilled nursing facility costs. The five conditions are: hypertension, diabetes, congestive heart failure, rheumatoid arthritis, and major depression. The benefit package is as follows: \$250 annual deductible; no copay for generic drugs; a 20% copay for brand-name drugs. There is no stoploss and no annual maximum for beneficiaries. A mechanism is established to expand the benefit, as savings are achieved in Part A and Part B. Secretary would be authorized to negotiate with pharmaceutical manufacturers to lower the price of all outpatient prescription medicines for medicare beneficiaries, not just those covered by this legislation. The cost of the drug plan is limited to \$400 billion over ten years, and the Secretary is required to establish a premium, if it is necessary to ensure that the net government subsidy of the prescription drug benefit does not exceed \$400 billion. Premium rate would remain constant as a percentage of the total benefit cost for ten years. Title II, which would establish competitive models for the Medicare program, is eliminated. Section 702, which would establish a home health copay, is eliminated. Section 944, Subsection D, Modification of Requirement for Medical Screening Examinations for Patients not Requesting Emergency Department Services, is eliminated.

Collins (R-GA)

Establishes a demonstration project that would: require reimbursement for the surgical first assisting services of operating room nurses who have been certified as Certified Registered Nurse First Assistants (CRNFAs); extend over 3 years (2004-2006) and would take place in 5 states, to be chosen by the Secretary of Health and Human Services; and reimburse CRNFAs at the same rate (13.6% of the surgeon's fee) provided to other non-physician providers who currently receive Medicare reimbursement for first assisting services.

Collins (R-GA)

Establishes a demonstration project that would: require reimbursement for the surgical first assisting services of operating room nurses who have been certified as Certified Registered Nurse First Assistants (CRNFAs); extend over 3 years (2004-2006) and would take place in 5 states, to be chosen by the Secretary of Health and Human Services; and reimburse CRNFAs at the same rate (13.6% of the surgeon's fee) provided to other non-physician providers who currently receive Medicare reimbursement for first assisting services. The amendment is budget neutral.

Davis (D-IL)

Provides that the actuarial value of prescription drug benefit of Members of Congress may not exceed the actuarial value of any prescription drug benefit created in this bill.

Davis (D-IL)

Strikes section 501 regarding the "market basket" index.

Davis, Tom (R-VA)

Specifies that OPM cannot approve a plan as part of the Federal Employee Health Benefit Plan that offers a prescription drug benefit for Medicare eligible enrollees that is lesser in

value than the prescription drug benefit offered to all FEHBP enrollees in general. Maintains OPMs freedom to negotiate with health insurers.

Davis, Tom (R-VA)

Amends Section 125 of the Internal Revenue Code to allow all federal civilian and military retirees to pay their monthly Federal Employee Health Benefit Plan (FEHBP) and TRICARE premiums from pre-tax dollars and allow active duty military to apply a pre-tax rebate to TRICARE supplemental insurance.

Dooley (D-CA)/Tauscher (D-CA)/J. Davis (D-FL)/Cooper (D-TN)/Larsen (D-WA)/Emanuel (D-IL)/Kind (D-WI)

Amendment in the Nature of a Substitute. Provides a zero-premium Medicare Part B drug benefit to all seniors. Provides a universal high cost protection benefit for seniors with \$4,000 in total drug costs. Under the high-cost protection benefit seniors would pay flat, three-tiered co-payments (generic/preferred/non-preferred) actuarially equivalent to 20 percent of the drug cost. Provides a first-dollar benefit to low-income seniors. Beneficiaries below 150% federal poverty level (FPL) would pay flat, three-tiered co-payments actuarially equivalent to 10 percent of the drug cost. The amendment creates a state option to extend coverage to seniors between 150 and 200 percent of poverty. Dual eligible seniors would continue to receive their drug benefit through Medicaid. Medicare would reimburse states for 80 percent of drug spending for dual eligible beneficiaries with annual total drug costs in excess of \$4,000. Waives the assets test to determine eligibility for the low-income subsidy.

Engel (D-NY)

Prevents Medicare+Choice Plans (Renamed Medicare Advantage) from charging higher cost-sharing for a service than Medicare charges in the fee-for-service program.

Engel (D-NY)

Repeals the reduction of the Dividend and Capital Gains taxes and the highest individual income tax rate and uses that revenue for a Medicare Prescription Drug Benefit.

Gringrey (R-GA)

Adds a new title to include language passed in HR 5. Improves patient access to health care services and provide improved medical care by reducing the excessive burden the liability system places on the health care delivery system.

Gringrey (R-GA)

Strikes section 501 (Revision of acute care hospital payment updates).

Green (D-TX)

Improves beneficiaries' access to stop-loss coverage by eliminating language that counts only "true" out-of-pocket costs toward the cap. The amendment protects retiree coverage and helps high-need beneficiaries to access catastrophic coverage by allowing dollars spent by others to count toward the catastrophic cap.

Gutknecht (R-MN)/Emerson (R-MO)/Emanuel (D-IL)

Provides greater access to generic pharmaceuticals; allows Americans access to foreign countries' pharmaceutical markets; and establishes a system to provide the federal government a return on investment for investment to pharmaceutical research.

Hastings (D-FL)

Sense of Congress expressing support of federal and state funded in-home care for the elderly.

Hastings (D-FL)

Requires the Secretary of Health and Human Services to prepare and publish a consumer guide to prescription drug prices. The report is required to contain a list of prices of all prescription drugs and shall be easily accessible online and in print for all Americans.

Hefley (R-CO)

Replaces the current Medicare formula for updating physician payments by repealing the Sustainable Growth Rate (SGR) and instead requiring the Secretary to update payments based on the estimated change in input prices, less an adjustment for growth in multi-factor productivity.

Hensarling (R-TX)/Barrett

Makes the \$400 billion a ceiling and not a floor.

Inslee (D-WA)

Asks the Secretary to create a system to address the geographic inequalities in Medicare reimbursements for Part A and B of Medicare.

Inslee (D-WA)

Raises the update for physician's services to be no less than 2.5% for 2004 and 2005.

John (D-LA)

Requires the Medicare Benefits Administrator to contract with private drug plans for a minimum period of two years.

John (D-LA)

Eliminates the "35 mile" rule for critical access hospital ambulance services; establishes a permanent increase of 10% in funding for home health services in rural areas; sets work, practice expense, and malpractice adjusters at 1.0; increases the ground ambulance service payment rate.

Kaptur (D-OH)

Strikes language from HR 1 that prohibits the Secretary from negotiating prices of prescription drugs and requires the Secretary to participate in price negotiations such as the Secretary of Veterans Affairs does under the Federal Supply Schedule.

King (R-IA)

Rewards a 5% add-on to states that place in the top ten performing states for delivery of high-quality and cost-efficient health care.

Langevin (D-RI)

Removes the “noninterference” clause from the Medicare Prescription Drug and Modernization Act prohibiting the Medicare Benefits Administrator from negotiating on behalf of Medicare beneficiaries for lower drug costs.

Larson (D-CT)

Creates a consortium led by the Secretary, in consultation with the Secretaries of Defense and Veterans Affairs, to negotiate outpatient prescription drug prices with pharmaceutical companies and issue a list of the maximum prices at which the companies can sell the covered drugs to Medicare drug providers and qualified federal healthcare providers.

McGovern (D-MA)

Strikes section 702 which relates to the co-payment for home health service of care for certain beneficiaries.

Pallone (D-NJ)

Ensures that prescription drug coverage under any private plan nationwide must offer a defined, standard drug benefit in terms of premium, deductible, cost sharing, and catastrophic. Plans will not be able to vary the benefit based on actuarial value.

Pallone (D-NJ)

Requires the Administrator to use the collective purchasing power of 40 million Medicare beneficiaries to negotiate lower drug prices. Also requires the Administrator to take into account the goal of promoting the development of breakthrough drugs.

Paul (R-TX)

Clarifies federal law so that no otherwise eligible person shall be denied Social Security benefits because of a voluntary refusal to participate in the Medicare program.

Sanchez, Loretta (D-CA)

Directs Secretary of HHS to establish a program providing outpatient drug benefits for individuals who are enrolled under this part and entitled to benefits under Medicare Part A.

Sanders (I-VT)

Replaces Title I with a Medicare prescription drug benefit, cost-containment measures, and a sunset provision setting a cap on spending.

Sanders (I-VT)

Adds a Canada-only drug reimportation provision to allow American consumers to benefit from international price competition for prescription medicine. Allows US-licensed pharmacists and drug wholesalers to import FDA-approved medications while keeping in place the safety requirements of the reimportation law passed in 2000 but does not require

certification by the Secretary prior to allowing importation. Allows the Secretary the ability to immediately suspend the importation of drugs that violate the requirements of any law.

Sandlin (D-TX)/Gene Green (D-TX)

Strikes paragraphs (2) and (3) of section 1860D-2(b) of the Social Security Act as proposed to be amended by Section 101 of the bill and inserts a limitation of 20% on cost-sharing for costs above the annual deductible and annual out-of-pocket threshold.

Sessions (R-TX)

Amends the so-called “pass-through” arrangements between Medicare and rural hospitals, an option authorized by Congress in the 1980’s, to anesthesiologists. The “pass-through” agreement allows certain hospitals in rural areas to pay for the services of anesthesiologists on a reasonable cost pass-through basis under Part A if the hospital performed no more than 800 surgeries a year. There is an acknowledged shortage of anesthesia providers. If the statute is broadened, some anesthesiologists will embrace the opportunity to pursue the profession in a rural setting.

Strickland (D-OH)

Ensures that all seniors are charged a \$35 per month premium for the Medicare drug benefit, regardless of what drug plan they enroll in or where they live.

Thompson (D-CA)

Substitute. Incorporates the provisions of S. 1. Establishes a prescription drug benefit in Medicare delivered through private plans which will bear a portion of the financial risk for costs with the government sharing risk for costs outside specified risk corridors; guarantees government fallback option would be available in areas where there are not at least two plans available, contracted for a two year period. Improves access to generic pharmaceuticals and permits importation of prescription drugs from Canada subject to certification that implementing this policy change will pose no additional risk to the public. Establishes a new Medicare Advantage plan relying on preferred provider organization and other plans to offer integrated benefits to Medicare beneficiaries, but does not contain the premium support provisions. Improves payments to rural health care providers under Medicare, modified by accelerating the implementation of these providers to 2003 and reducing the labor share of wage index to 62%. Modifies S.1 giving the Secretary authority to negotiate best prices for drugs and requiring plans to disclose how savings are passed on to beneficiaries and phases in a percentage of employer contributions that can be applied towards the out-of-pocket limit for catastrophic coverage. Makes Medicare the primary payer for low income seniors eligible for both Medicaid and Medicare.

Tierney (D-MA)

Prohibits companies from terminating drug insurance benefits for Medicare-eligible retirees for the lifetime of the retiree, with the exception of small businesses or those who would risk business failure. Prevents plan sponsors from terminating prescription drug plans by including plans that existed within 270 days preceding the Act’s date of enactment, unless terminated for reasons of business necessity. Allows contributions toward drug costs made by a private retiree plan to count as out-of-pocket expenses for purposes of the Medicare beneficiary meeting the catastrophic drug benefit threshold.

Weldon (R-FL)

Strikes section 942(d) of the bill relating to the adoption of ICD codes as a data standard.

Weldon (R-FL)

Exempts providers of portable electrocardiograms, portable X-rays, and portable mammograms from the Prospective Payment System (PPS).

Weldon (R-PA)/Gene Green (D-TX)

Sense of Congress that Certified Diabetes Educators should be recognized as providers under the Medicare Program.

Wexler (D-FL)

Substitute. Freezes the tax cut in the Economic Growth and Tax Relief Reconciliation Act of 2001 at the 2003 level, repeals Title I and II of the Jobs and Growth Tax Reconciliation Act of 2003 and uses the savings to fund a Medicare prescription drug benefit. Drug portion of the amendment is identical to HR 1199. The plan has a \$25 premium, \$100 deductible and Medicare Part B type benefit, with Medicare paying 80% of the costs and the beneficiary paying 20%. Provides 100% coverage of any out-of-pocket expenses over \$2000.



AMERICA'S ENERGY SECURITY

AN ENERGY PLAN THAT DOESN'T ADDRESS AMERICA'S ENERGY CHALLENGES

With the price of gasoline and home heating fuels higher than ever, Americans must find it hard to believe that the Republican Congress and the Bush White House have spent the past few years developing a national energy policy. According to a recent report by the Energy Information Administration of the Department of Energy, the average price of gas per gallon will rise to \$2.45 in 2006, households heating with home heating oil will likely spend 16% more (\$195) for fuel this winter than they did last winter, and homes using natural gas will spend 24% (\$178) more than last winter.³⁶ It should be obvious now to American consumers that the “national energy plan” was not written for them; it was written to enrich the oil and energy interests that have financed the Republican agenda.

If they looked at our country's energy policy from a broader perspective, American consumers would also see that the United States continues to grow more dependent on foreign sources of energy. As a group of concerned national security experts and environmentalists led by prominent conservative Frank Gaffney recently wrote in an open letter to the American people:

America consumes a quarter of the world's oil supply while holding a mere 3% of global oil reserves. It is therefore forced to import over 60% of its oil, and this dependency is growing. Since most of the world's oil is controlled by countries that are unstable or at odds with the United States this dependency is a matter of national security. At the strategic level, it is dangerous to be buying billions of dollars worth

³⁶ EIA Short-Term Energy Outlook, 2/7/06, available at: <http://www.eia.doe.gov/emeu/steo/pub/contents.html>

of oil from nations that are sponsors of or allied with radical Islamists who foment hatred against the United States.³⁷

While the recently-passed “national energy plan” provides a dizzying array of tax breaks and special subsidies for various parts of the energy industry, it will not significantly lower the cost of energy for American consumers and businesses, and it will not reduce our country’s dependence on foreign oil. In fact, the push to develop a “national energy plan” has mostly been an effort by the Republican Congress and the Bush Administration (whose top leaders are former oil executives) to repay the energy industry for its strong political support. There is no doubt, for example, that Exxon Mobil is doing well under the new national energy plan. That company recently announced that while its 2005 profits had increased by 40% (to a record-breaking \$36 billion), its tax bill had only risen by 14%.³⁸ Energy companies that drill on federal government lands are also profiting under the current “national energy plan.” A recent investigation found that lax oversight by the Bush Administration has allowed energy companies to cheat the United States taxpayers out of hundreds of millions of dollars in royalties the companies owe the American people by claiming they were selling the gas at below-market prices.³⁹ Under the current “royalty relief” loopholes, the government will not receive \$7 billion in royalty payments the oil companies should owe taxpayers over the next five years for drilling on federal lands.⁴⁰

³⁷ Set America Free Coalition, “Open Letter to the American People,” available at: <http://www.setamericafree.org/openletter.htm>.

³⁸ Simon Romero and Edmund Andrews, “At Exxon Mobil, a Record Profit but No Fanfare,” *New York Times*, 1/31/06.

³⁹ Edmund L. Andrews, “As Profits Soar, Companies Pay U.S. Less for Gas Rights,” *New York Times*, 1/23/06.

⁴⁰ Edmund L. Andrews, “U.S. Royalty Plan to Give Windfall to Oil Companies: \$7 Billion Over Five Years,” *New York Times*, 2/14/06.

KEN LAY AND BIG OIL WRITE THE CHENEY ENERGY PLAN

One of the first actions of the new Bush Administration was to form an “energy task force” (officially known as the National Energy Policy Development Group) headed by former Halliburton executive Dick Cheney. Vice President Cheney’s task force met secretly for several months and then issued a report in May 2001 making a number of industry-friendly recommendations, such as opening protected lands to oil and gas drillers, building hundreds of power plants, and easing environmental regulations.⁴¹ Although the White

Early in the Bush Administration, Ken Lay was not only helping write America’s energy policy, he was also interviewing candidates for the Federal Energy Regulatory Commission (FERC) and recommending the ones who would be most friendly to Enron’s agenda.

House refused to release the names of the industry executives the Cheney task force met with (and even went to court to block a Congressional inquiry), later

investigations determined that 18 of the 2000 Bush-Cheney campaign’s top 25 energy industry campaign contributors attended Cheney energy task force meetings.⁴² Recently disclosed documents show that in February, March, and April of 2001, executives from Exxon Mobil, Conoco, Shell, and BP met with Cheney’s task force. Just a week before the documents confirming these meetings came to light, chief executives of most of those companies denied, while testifying before Congress, that they had met with the Cheney task force.⁴³

⁴¹ Joseph Kahn, “Bush Advisers On Energy Report Ties To Industry,” New York Times, 6/3/01.

⁴² Don Van Natta Jr. and Neela Banerjee, “Top GOP Donors in Energy Industry Met Cheney Panel,” New York Times, 3/1/02.

⁴³ Dana Milbank and Justin Blum, “Document Says Oil Chiefs Met with Cheney Task Force,” Washington Post, 11/16/2005.

One of the energy executives who had a personal meeting with the Vice President was Ken Lay, the now-indicted former head of Enron. Not surprisingly, the Cheney energy plan included many of Lay's suggestions, such as giving the federal government more power over electricity transmission networks. Early in the Bush Administration, Ken Lay was not only helping write America's energy policy, he was also interviewing candidates for the Federal Energy Regulatory Commission (FERC) and recommending those who would be most friendly to Enron's agenda. Lay even offered to put in a good word for a FERC Commissioner with the White House if the commissioner changed his policy on electricity competition.⁴⁴ Undoubtedly, Lay was looking for federal regulators who would look the other way when Enron launched schemes (with cynical names like "Fat Boy" and "Death Star") to game the California wholesale electricity market and overcharge California electricity customers by billions of dollars.⁴⁵

THE ENERGY INDUSTRY CONTINUES TO DOMINATE BUSH ENERGY POLICY

The Bush Administration's coddling of the energy industry did not end with the Cheney energy plan. President Bush, Vice President Cheney, and the many political appointments they have made from the energy industry have loyally protected their old business from any proposal to conserve energy or hold the industry accountable for the environmental harm it causes. The recent Sago mining tragedy in West Virginia highlighted the Bush Administration's industry-friendly mining safety policy, which has resulted in fewer safety inspections and fewer major fines for safety violations.⁴⁶ As former Republican

⁴⁴ Lowell Bergman and Jeff Gerth, "Power Trader Tied to Bush Finds Washington All Ears," New York Times, 5/25/01.

⁴⁵ Marc Lifsher, "Trader's Effect Felt Powerfully in the West," Los Angeles Times, 1/30/06.

⁴⁶ Seth Borenstein, and Linda J. Johnson, "Under Bush, Mine-Safety Enforcement Eased," Philadelphia Inquirer, 1/8/06.

Congressman Joe Scarborough (R-FL) recently commented, the Bush Administration's hiring energy executives and lobbyists to fill government positions is like "foxes guarding the henhouse."⁴⁷ Below are several more egregious examples:

- J. Steven Griles, the former Deputy Secretary at the Interior Department, received payments from his former lobbying firm totaling more than \$1 million while acting as the number-two official in that agency. In spite of promising to avoid conflicts with his old firm and clients as a condition of his Senate confirmation, Griles continued to assist the energy and mining industry clients his old firm represented. Soon after joining Interior, Griles held a dinner party for department officials at the home of his former lobbying partner. He also intervened in a case regarding the right of his old clients, Chevron and Shell, to drill for natural gas in the Gulf of Mexico and off the coast of California.⁴⁸ He helped another old client, Advanced Power Technologies, Inc., win more than \$2 million worth of sole-source, no-bid contracts from the Bureau of Land Management (BLM) for aerial mapping work the BLM never requested.⁴⁹
- In 2002 and 2003, Philip A. Cooney, former oil industry lobbyist and then-Chief of Staff for the White House Council on Environmental Quality, made dozens of changes to government climate reports that greatly weakened the reports' stances on global warming. Contrary to the findings of the

⁴⁷ Joe Scarborough, "Scarborough Country," MSNBC Transcript, 1/10/06, 10:00 PM EST.

⁴⁸ Rick Weiss, "Report Critical of Interior Official; Inspector General Calls Deputy Secretary's Dealings With Companies Troubling," Washington Post, 3/17/04.

⁴⁹ John Aloysius Farrell, "A Fox in Interior's Henhouse," Denver Post, 4/4/2004.

scientists at the Environmental Protection Agency, Cooney's changes minimized the links between greenhouse gas emissions and climate change.⁵⁰

Cooney had no scientific training, but had worked as a lobbyist at the American Petroleum Institute for more than ten years. As a climate team leader there, his focus was on defeating legislation that would restrict greenhouse gas emissions.⁵¹ Two days after Cooney's revisions came to light, he resigned from the White House and took a job with Exxon Mobil, which has long lobbied against cutting emissions and has questioned the risks of global warming.⁵²

- In January 2006, the director of the NASA Goddard Institute for Space Studies, James E. Hansen, accused NASA political appointees of censoring his statements on climate change. In response to Hansen's statements about the dangers of global warming, NASA's political appointees began reviewing his publications and public statements, and vetting interview requests from journalists. As the government scientist in charge of NASA's efforts to simulate global climate change on computers, Hansen has regularly warned the public of the dangers of global warming, and recently released data showing that 2005 was probably the warmest year in at least a century.⁵³ In reaction to this story, Representative Sherwood Boehlert (R-NY), chairman of the House Science Committee, wrote a letter to NASA's Administrator

⁵⁰ Andrew C. Revkin, "Bush Aide Edited Climate Reports," *New York Times*, 6/8/05.

⁵¹ Andrew C. Revkin, "White House Calls Editing Climate Files Part of Usual Review," *New York Times*, 6/9/05.

⁵² Andrew C. Revkin, "Former Bush Aide Who Edited Reports is Hired by Exxon," *New York Times*, 6/15/05.

⁵³ Andrew C. Revkin, "Climate Expert Says NASA Tried to Silence Him," *New York Times*, 1/30/06.

criticizing the agency for censoring Hansen's public comments. "Good science cannot long persist in an atmosphere of intimidation," he wrote.⁵⁴

Another recent story described how a 24-year old NASA political appointee with no scientific training (who was later fired for falsifying his résumé) ordered a NASA web designer to insert the word "theory" after every mention of the "Big Bang," to show that the Big Bang was just a theory, not a scientific fact.⁵⁵

- On January 30th, 2004, the Bush administration proposed new industry-friendly mercury pollution regulations for power plants. Reducing mercury emissions is an important public policy goal because mercury can cause serious neurological and developmental damage. A large portion of the proposed regulations was taken, sometimes verbatim, from suggestions drafted by industry lobbyists from Latham and Watkins, a major firm representing utility and energy companies with a vested interest in the regulations.⁵⁶ Instead of requiring coal-burning utilities to use the best possible technology to reduce their mercury pollution (as was discussed earlier in the rulemaking process), the final Bush rules imposed only a lower standard endorsed by the energy companies. The architect of the new rules and head of the EPA's air policy office was a former partner at Latham and Watkins.⁵⁷

⁵⁴ Andrew C. Revkin, "Lawmaker Condemns NASA Over Scientist's Accusations of Censorship," *New York Times*, 1/31/06.

⁵⁵ Andrew C. Revkin, "NASA Chief Backs Agency Openness," *New York Times*, 2/4/06.

⁵⁶ Eric Pianin, "Proposed Mercury Rules Bear Industry Mark; EPA Language Similar to That in Memos From Law Firm Representing Utilities," *Washington Post*, 1/31/04.

⁵⁷ Eric Pianin, "EPA Led Mercury Policy Shift; Agency Scuttled Task Force That Advised Tough Approach," *Washington Post*, 12/30/03.

THE CHENEY ENERGY PLAN COMES TO CONGRESS

Republicans failed to pass the Cheney energy plan in the first four years of the Bush Administration, but finally passed it in the first session of the 109th Congress. While the final version of the bill did not contain many of the most controversial provisions Republicans had pushed during the course of the debate, it still contained billions of dollars of subsidies for the energy sector at a time when oil companies were recording historic profits. In fact, according to a 2004 analysis by the Energy Information Administration of the Department of Energy, the Republican energy plan will not reduce the overall amount of energy consumption in the United States, and will cause the average gas prices in the year 2015 to be 3-8 cents higher than they would be under current law.⁵⁸

Over the course of three Congresses, the House considered about 80 of the more than 300 amendments Republicans and Democrats brought to the Rules Committee. In the 109th Congress, for example, the rule (H. Res. 219) made in order 30 amendments, but excluded another 60 amendments Republicans and Democrats brought to the Rules Committee. (See Table 2 following this section for a complete list of these amendments.) A number of episodes from the Congressional energy debate illuminate how the bill was really written.

- Vice President Cheney's old company Halliburton makes \$1.5 billion a year using a controversial drilling technique called "hydraulic fracturing." This technique involves forcing toxic chemicals into the ground in order to increase oil production.

Environmentalists are concerned that these chemicals might leach into drinking

⁵⁸ This analysis is available at: <http://www.eia.doe.gov/oiaf/servicerpt/pceb/index.html>

water. Starting with Cheney's secret energy task force in 2001, the Bush Administration has repeatedly overruled the concerns of professional Environmental Protection Agency (EPA) staff and opposed regulating the controversial technique under the Safe Drinking Water Act. An EPA study concluded that hydraulic fracturing was safe, but a senior EPA official claims that the study was "hijacked" by a seven-person review panel packed with oil industry representatives—one of whom even worked for Halliburton at the time. Since taking office in 2001, Vice President Cheney has received almost \$400,000 in deferred compensation from Halliburton.⁵⁹ When the Cheney energy plan came to Congress, it included language stripping the EPA of its authority to regulate hydraulic fracturing under the Safe Drinking Water Act. The plan passed into law last year.⁶⁰

- A major controversy during consideration of the bill in the 108th Congress involved language inserted into the conference report involving a Kansas energy company called Westar. In 2002, two Westar executives launched a plan to insert a provision into the Energy Bill conference report that would allow them to spin off part of their company and personally enrich themselves. In order to get "a seat at the table" and the attention of important conferees Billy Tauzin (R-LA) and Joe Barton (R-TX), the Westar executives distributed more than \$56,000 in campaign contributions to a political action committee controlled by Representative Tom DeLay (R-TX) and other Republican candidates. When the Energy Bill conferees met in

⁵⁹ Tom Hamburger and Alan C. Miller, "A Changing Landscape; Halliburton's Interests Assisted by White House," Los Angeles Times, 10/14/04.

⁶⁰ This provision can be found in section 302 of the bill that became law (P.L. 109-58).

September, the Westar provision had appeared in the conference report and Representatives Barton, Tauzin, and DeLay voted against stripping it from the bill.⁶¹

- In connection to the Westar incident, the House Ethics Committee admonished then-Majority Leader Tom DeLay (R-TX) for holding an energy company golf fundraiser on June 2-3, 2002 at the Homestead Resort, the same period the energy conference committee in the 107th Congress was beginning to meet. As not only the Majority Leader, but also as a House energy bill conferee, the Ethics Committee found that the Homestead event too closely linked DeLay's fundraising activities with a specific piece of legislation in which the companies attending the fundraiser had a great interest.⁶² DeLay also led the effort to protect manufacturers of the fuel additive methyl tertiary butyl ether (MTBE) from liability when their products polluted the drinking water of communities around the country.⁶³ Taking advantage of an unfunded mandates rule, Democrats forced the House to vote against this liability protection, but Republicans stuck with the MTBE producers and defeated the motion.⁶⁴
- The 1,100-page Energy Bill conference report in the 108th Congress that was jammed through the House but blocked in the Senate included the now-infamous

⁶¹ Thomas B. Edsall and Juliet Eilperin, "Democrats, Group Seek Probe of GOP, Westar," Washington Post, 6/7/03.

⁶² The Committee's letter to Delay is available at: http://www.house.gov/ethics/DeLay_Cover.htm

⁶³ Alexei Barrienuovo, "A Dirty Little Footnote to the Energy Bill," New York Times, 4/15/05.

⁶⁴ Roll call vote # 129, 4/21/05.

“greenbonds initiative,” which turned out to be a subsidy to build a Hooters restaurant in Chairman Billy Tauzin’s (R-LA) home state of Louisiana. This hidden subsidy caused some critics to dub the bill “Hooters for Polluters.”⁶⁵ A number of conservative groups, including the National Taxpayers Union and the American Conservative Union, opposed this conference report because it was “chock full of subsidies, pork barrel projects, and unnecessary spending that have little, if anything to do with our nation’s energy needs.”⁶⁶

⁶⁵ Susan Milligan, “Senators See Corporate Favors in Contentious Energy Bill,” Boston Globe, 11/21/03.

⁶⁶ Letter available at: <http://www.taxpayer.net/energy/pdf/energybillletter.pdf>.

TABLE 2

H.R. 6 - ENERGY POLICY ACT OF 2005

The following amendments were submitted to the Rules Committee,⁶⁷ but not made in order by the rule, H. Res. 219 (reported on 4/19/05):

Bartlett (R-MD)

Extends the tax deduction for buying a new “clean-fuel” vehicle (i.e. hybrid). As it stands, this tax incentive would be reduced by 50% next year and would run out completely the following year. With the adoption of this amendment, it would extend the time frame for 100% of the tax credit through December 31, 2008, and would incrementally reduce by 25% until entirely phased out by January 1, 2012. Within this amendment’s span of 6 years, manufacturers should be able to increase production of hybrid vehicles to 80,000 domestically, at which point it would then be viable to eliminate the tax credit.

Berkley (D-NV)

Includes the proposed Yucca Mountain repository in the Nuclear Security study outlined in Title VI, Subtitle D, Sec. 661.

Calvert (R-CA)

Provides that the Department of Defense must have a role in the authorization process and provide concurrence before the Federal Energy Regulatory Commission (FERC) provides final authorization for siting our nation’s LNG facilities.

Capps (D-CA)

Strikes the safe harbor provision for MTBE; strikes the transition assistance for MTBE manufacturers; and speeds up the national phaseout of MTBE to 4 years from date of enactment.

Carnahan (D-MO)

The amendment is a multi-year tax credit for hybrid vehicles. The credit covers cars and light trucks, and applies to both manufacturers and consumers.

Davis, Jim (D-FL)

Strikes section 330, “Appeals Relating to Pipeline Construction or Offshore Mineral Development Projects.”

Davis, Tom (R-VA)

Requires that a small percentage of the energy used to power federal facilities comes from renewable energy and fuel cells. Permits federal agencies to count acquisitions of future technology vehicles, such as fuel efficient hybrid-electric or fuel cell vehicles, against alternative fuel vehicle acquisition targets.

⁶⁷ Summaries taken from the Rules Committee website, http://www.rules.house.gov/109/amendsumm/109amnd_hr6.htm

DeFazio (D-OR)

Adds “Sense of Congress” language to the bill that “strongly urges” the President to instruct the U.S. Trade Representative to file a complaint with the World Trade Organization against OPEC for violating the rules of the WTO by colluding to set production quotas.

DeFazio (D-OR)

Strikes the section of the bill directing FERC to establish “incentive-based” rates for building transmission.

DeFazio (D-OR)

Current law provides that the Strategic Petroleum Reserve may be drawn down in the event of a “severe energy supply disruption,” which results in “a major adverse impact on the national economy.” The amendment would add “or on a State or regional economy,” after “national economy.”

DeFazio (D-OR)

Adds “anticompetitive conduct” by foreign countries, or producers, refiners, or marketers of petroleum products, to the list of circumstances under which the Strategic Petroleum Reserve may be drawn down.

DeFazio (D-OR)

Strikes language in the underlying bill that would allow private property to be seized under eminent domain authority for the siting and construction of interstate electric transmission facilities.

Dingell (D-MI)

Authorizes the Federal Energy Regulatory Commission (FERC) to deter and punish fraud and manipulation in electricity and gas markets, increases penalties for Federal Power Act violations, authorizes FERC to refund all electricity overcharges, does not repeal the Public Utility Holding Company Act of 1935 (PUHCA), and directs the Securities and Exchange Commission to review utility holding companies’ status under PUHCA to prevent them from wrongly claiming exemptions. The amendment retains a number of valuable provisions from Title XII, such as “open access” for public power entities, and does not modify the “native load” provision adopted in the Energy and Commerce Committee. The amendment retains Title XII’s electric transmission provision, but strikes the caps on spending to implement this reform.

Dingell (D-MI)/Boehlert (R-NY)/Udall (D-NM)

Restores fairness to the hydroelectric relicensing provisions of the bill by insuring that all parties to a licensing proceeding are entitled to a trial-type hearing for any issues of disputed material fact and that all parties may offer alternative conditions and prescriptions that must be accepted under certain conditions. Allows the resource Secretaries to consolidate multiple requests for trial-type hearings. Directs the resource Secretaries in the case of multiple alternatives to choose the alternative that is best suited to the relevant standards in the Federal Power Act.

E.B. Johnson (D-TX)

Requires the owner or operator of any facility engaged in manufacturing cement, petroleum-based products, or other chemical products and that is classified under the Clean Air Act as a major or minor source of any criteria air pollutant, or as a source of any hazardous air pollutant, shall conduct a survey of each such facility's progress over the preceding twelve months in permanently reducing its emissions of criteria and hazardous air pollutants such to aid surrounding and downwind areas in: (1) Attaining and maintaining the national ambient air quality standards; (2) Implementing and complying with provisions of the applicable state implementation plan or federal implementation plan; and (3) Complying with the Clean Air Act provisions relating to the reduction of hazardous air pollution.

E.B. Johnson (D-TX)/Allen (D-ME)

Strikes section 1443 of H.R. 6. Under the existing Act, areas that have unhealthy air are required to reduce ozone-forming smog pollution by set statutory deadlines. Section 1443 would delay the set statutory deadlines.

Engel (D-NY)

Strikes the dual-fuel program in its current form and instead instructs the DOT/NHTSA to issue CAFE credits to dual-fuel automakers' fleets proportionally to the percentage of total fuel used by cars each year that is from alternative sources. These credits would be determined by the DOT/NHTSA at the beginning of each year based on fuel data from the preceding 12 months.

Filner (D-CA)

Prohibits the issuance of permits for the transmission of electricity into the United States from power plants within 25 miles of the U.S. border that do not comply with all requirements that would be applicable if the plant were located in the nearest U.S. air quality region.

Filner (D-CA)

Extends for three years the tax credit for electricity produced from geothermal energy.

Flake (R-AZ)

Strikes all of the subsidies and grants in the bill.

Ford (D-TN)

Extends the federal production tax credit for various technologies such as wind, refined coal, geothermal and biomass, for another four years. Extends the length of the tax credit for alternative sources of energy like geothermal technology for 10 years from the date on which the facility was originally placed in service (rather than the current 5 years).

Gilchrest (R-MD)

Strikes section 328. Section 328 gives a permanent exemption from Clean Water Act stormwater runoff rules for the construction of exploration and production facilities by oil and gas companies and the roads to service those sites.

Gilchrest (R-MD)

Requires the development of a National Climate Change Strategy, with the goal of stabilizing greenhouse gas concentrations in our atmosphere.

Hastings (D-FL)

Provides a \$250 non-refundable tax credit (\$500 for joint filers) to individuals with an adjusted gross income of \$25,000 or less and families with an adjusted gross income of \$50,000 or less if the cost of a gallon of gasoline over a taxable year has increased from the previous year by more than twice the rate of inflation. Credit will increase annually at an amount equal to the rate of inflation.

Hastings (D-FL)

Requires the Secretaries of Energy, Transportation, and Interior and the Administrator of the EPA to consider and take necessary steps to ensure that the effects of any provision(s) or any subsequent regulation(s) under H.R. 6 do not have an adversely negative effect on the health and well-being of minority, low-income, and all underserved communities.

Holt (D-NJ)/Blumenauer (D-OR)

Requires the Secretary of Energy, within 1 year of enactment, to report to Congress on best practices in energy savings through land use and development planning, including evaluation of land use and development codes and ordinances that aim to reduce vehicle miles traveled and save energy, evaluation of software and design tools, and evaluation of best practices in incorporation of renewable and distributed energy generation in community development plans.

Inglis (R-SC)

Enacts a clear vision for achieving a hydrogen economy in ten years. Invests over ten years with clearly defined goals and a strong emphasis on letting the market pull the technology through use of practical demonstrations.

Inslee (D-WA)

Amends section 1286 to add an alternative test in the case of market manipulation.

Inslee (D-WA)

Amendment in the nature of a substitute. Uses new and innovative tax incentives and market based assistance, coupled with performance standards, to develop and commercialize new technologies to ensure that the country decreases its reliance on foreign oil, reduces greenhouse gas emissions, and cultivates a domestic clean energy manufacturing base.

Israel (D-NY)/Crowley (D-NY)

Offers a tax credit of up to \$2500 per year (no sunset) for energy conservation expenditures in residences. The amendment lists specific items that can be claimed for the deduction and grants authority to the Secretary of Energy to approve unlisted conservation expenditures.

Jackson-Lee (D-TX)

Directs the Secretary of Energy to study and evaluate the availability of natural gas and oil deposits located off the coast of Louisiana and Texas at existing drilling sites. The

assessment would allow an inventory of existing oil and gas supplies and an evaluation of techniques or processes that may exist in keeping those wells protected.

Jackson-Lee (D-TX)

Proposes to give Historically Black Colleges and Universities (HBCU's), Hispanic Serving Institutions (HSI's), and Community Colleges an opportunity to develop their existing programs in the area of alternative energy technologies on the basis of and in accordance with Executive Order 13256.

Jackson-Lee (D-TX)

Establishes price controls for certain fuels and includes a Sense of Congress about the need for an investigation on the causes of high gasoline prices.

Kirk (R-IL)

Adds a "Sense of Congress" that the Department of Energy and the Environmental Protection Agency should reform regulations to move the Nation to one form of clean-burning gasoline that meets all Federal air quality standards.

Kucinich (D-OH)

Implements a windfall profit tax on gasoline and diesel fuels. Any revenue generated goes to a \$6000 tax credit for purchases of an ultra efficient vehicle made in America and federal grants for reduced mass transit fares to subsidize these fares during times of gas price spikes.

Langevin (D-RI)

Permits the Secretary of Energy to use any supplies in the Strategic Petroleum Reserve in excess of 700 million barrels to address sustained price increases in gasoline or oil that could have an adverse impact on the nation's economy. Expands that authority for cases when price increases were not attributable to a shortage, such as international volatility, a major shift in demand, or a decline in refining capacity.

Millender-McDonald (D-CA)

Establishes an Automotive Technician Workers Training Program that will provide funding to train automotive technicians to work on hybrids, hydrogen, and alternative fuel technologies in the new automobile fleets sold in the US.

Oberstar (D-MN)

Strikes section 328, which permanently exempts certain oil and gas construction activities from the requirements of the Clean Water Act.

Peterson (R-PA)

Provides that the Secretary of the Interior shall conduct an inventory and analysis of the natural gas resources under the Federal Outer Continental Shelf. Requires the Secretary to identify and explain how legislative, regulatory, and administrative programs restrict or impede resource development. Provides that the Secretary will make recommendations for achieving a more balanced and environmentally sound energy policy for the OCS.

Pryce (R-OH)/Bachus (R-AL)

Addresses the disclosure of information by electric utilities. Provides the FTC with the authority to prohibit the sale of goods and services by the electric utility to the consumer.

Rahall (D-WV)

Strikes Title XXI which eliminates provisions of law which require certain federal coal resources be made available on a competitive basis.

Renzi (R-AZ)/Udall (D-NM)/Matheson (D-UT)

Extends the Navajo Electrification Demonstration program by 5 years to 2011 in order to provide electricity to every household on the Navajo Nation.

Ruppersberger (D-MD)

Repeals the phase-out of the existing hybrid motor vehicle tax credit so that 100% of the credit can be claimed through 2009.

Sanders (I-VT)

Requires the President to immediately suspend deliveries of oil to the Strategic Petroleum Reserve (SPR) and release 1 million barrels of oil per day from SPR for 30 days following the date of enactment, and if necessary, for an additional 30 days after that to reduce the price of gas.

Sanders (I-VT)

Provides a 30% tax credit for wind energy property installed in residences and businesses.

Shays (R-CT)/Markey (D-MA)

Sets governmental energy efficiency standards on retail electricity and natural gas suppliers. Also establishes a credit-exchange system. The Secretary of Energy will establish a nationwide credit and credit trading system for electricity and natural gas savings.

Simmons (R-CT)

Changes the effective date of the Fuels Safe Harbor provision (Sec. 1502) that protects renewable fuel or MTBE manufacturers from liability based on a claim of defective product from September 5, 2003 to November 8, 2003.

Slaughter (D-NY)

Prohibits the practice of zone pricing and insures a free and open retail gasoline market.

Strickland (D-OH)

Strikes two provisions in the bill limiting funding for protection of the nation's electric grid. Would allow the new Electric Reliability Organization (authorized in the bill) to collect sufficient fees annually to ensure that necessary reliability standards are developed and enforced.

Stupak (D-MI)

Prohibits any Federal or state permit or lease for new oil or gas slant, directional, or offshore drilling in or under the Great Lakes.

Stupak (D-MI)

Focuses on prevention of groundwater contamination and costly cleanups from MTBE and other petroleum leaks from underground storage tanks by requiring new and replacement underground storage tank systems to be secondarily contained when located in close proximity to drinking water wells or sensitive areas designated by the state such as sole source drinking aquifers. Also eliminates the new federal financial responsibility requirements imposed by Section 1530 on tank manufacturers and installers.

Udall (D-CO)

Would require that retail electricity suppliers (except for municipal and cooperative utilities) obtain 15% of their power production from a portfolio of renewable energy resources by 2020 and within 5 years add an additional 5% so that by 2020, 20% of retail electricity suppliers' power production would be derived from a portfolio of renewable energy resources.

Udall (D-NM) /Wamp (R-TN)

Extends the income tax credit allowed for the production of electricity from qualified facilities for 2 years, through January 1, 2008. Qualified facilities comprise wind energy, closed- and open-loop biomass, geothermal, solar energy, small irrigation power, landfill gas, and trash combustion facilities. The credit applies to property placed in service after December 31, 2005.

Udall (D-NM) /Wamp (R-TN)

Allows fleet managers to comply with Energy Policy Act alternative fuel fleet requirements using hybrid electric vehicles, medium and heavy duty trucks that use an alternative fuel, or other measures to reduce petroleum use.

Wamp (R-TN)

Increases the business solar tax credit from 10% to 15% extended for 5 years instead of 2 years and a 10% tax credit thereafter. Extends the residential solar tax credit also at 15% from 2 to 5 years.

Wamp (R-TN)

Extends the current tax credit of 10% of vehicle purchase cost up to \$4,000 for qualified electric vehicles and the current tax deduction of \$2,000 for passenger vehicles, \$5,000 for heavy-duty vehicles up to 26,000 pounds, and \$50,000 for the heaviest vehicles for clean-fuel vehicles until December 31, 2008, phasing-out on December 31, 2007.

Weiner (D-NY)

Expands eligibility of the Low Income Heating Energy Assistance Program (LIHEAP) to include households headed by seniors who live on less than the median income in their state.

Wu (D-OR)

Amends the Internal Revenue Code to: (1) repeal the phaseout of the tax credit for qualified electric vehicles; (2) repeal the phaseout of the tax deduction for qualified clean-fuel vehicle property; and (3) exempt new qualified hybrid motor vehicles from the limitations on the depreciation of luxury automobiles.

Wu (D-OR)

Amends the Energy Policy and Conservation Act to include hybrid vehicles in the Federal Fleet requirement.



AMERICA'S HOMELAND SECURITY

BILLIONS OF DOLLARS LATER, IS OUR COUNTRY ANY SAFER?

In the wake of the 9/11 attacks, the creation of the Department of Homeland Security (DHS), and the Iraq War, the Republican Congress and the Bush Administration have been spending billions and billions more dollars every year on homeland security and defense. Yet, in spite of this huge outlay of money, experts both inside and outside the government still give our country's homeland security system a failing grade. The two leaders of the 9/11

Commission, Chairman

Tom Kean and Vice

Chairman Lee

“While the terrorists are learning and adapting, our government is still moving at a crawl.”

- Tom Kean and Lee Hamilton, 9/11 Commission

Hamilton, recently issued a follow-up report roundly criticizing the Republican Congress for its inability and unwillingness to enact a number of the Commission's key homeland security recommendations.

The recent 9/11 Commission report casts significant doubt on whether the U.S. government is applying the maximum possible effort to secure our borders from terrorist attacks. They wrote, “While the terrorists are learning and adapting, our government is still moving at a crawl.”⁶⁸ The report stated that Congress has still not provided the funding for

⁶⁸ 9/11 Public Discourse Project, “Final Report on 9/11 Commission Recommendations,” Part III, www.9-11pdp.org, 12/05/05.

improved airline screening checkpoints to detect explosives.⁶⁹ It also found that neither the Republican Congress nor the Bush Administration have made improvements in prioritizing checked bag and cargo screening, citing “inadequate funding” as the “main impediment” to progress on this implementation.⁷⁰ In addition, the report was critical of the Republican Congress on the issue of international collaboration on borders and document security, stating that there “has been no systematic diplomatic effort to share terrorist watch lists, nor has Congress taken a leadership role in passport security.”⁷¹

The 9/11 Commission chairmen also suggest that the Republican Congress has failed to meet its responsibility to oversee the executive branch and ensure that the taxpayers’ money Congress has been authorizing for homeland security is being spent effectively and according to law: They wrote:

Congress now needs to be an effective check and balance on the Executive branch in carrying out the counterterrorism policies of the United States. Because so much information is classified, Congress is the only source of independent oversight on the full breadth of intelligence and homeland security issues before our country. Last year, the word we heard most often on Capitol Hill describing this oversight was “dysfunctional.”⁷²

In other words, this Republican Congress shares a significant part of the blame for the federal government’s failure to be prepared for another terrorist attack.

Even if the Republican Congress doesn’t accept the findings of the 9/11 Commission, it should acknowledge that the White House itself has concluded that large portions of the Department of Homeland Security (DHS) are not working well. According

⁶⁹ 9/11 Public Discourse Project, “Final Report on 9/11 Commission Recommendations,” Part I, www.9-11pdp.org, 12/05/05.

⁷⁰ Id. It does not reassure us that the Bush Administration is taking the issue of port and cargo security seriously when we read that it has allowed a company based in Dubai to play a major role in the operation of ports in New York City, Philadelphia, and Baltimore. Patrick McGeehan, “Despite Fears, Dubai Company Gets Role in Running U.S. Ports,” *New York Times*, 2/17/06.

⁷¹ Id.

⁷² Prepared Statement by Thomas H. Kean and Lee H. Hamilton, www.9-11pdp.org, 12/05/05.

to the “ExpectMore.gov” ratings system operated by the White House Office of Management and Budget (OMB), seventeen programs within DHS, including Border Patrol and airport screening, are “Not Performing.”⁷³ In other words, the Bush Administration itself admits it has no idea whether the department is spending taxpayers’ money wisely or is effectively performing its functions.

WHY HASN’T THERE BEEN MORE DEBATE IN THE CONGRESS ON HOMELAND SECURITY?

The irony behind the 9/11 Commission’s poor evaluation of Congress’ performance is that House Democrats have repeatedly proposed legislative ideas they either based directly on 9/11 Commission recommendations or designed to address the homeland security problems the 9/11 Commission cited. Yet, again and again, the Republican leadership prevented these ideas from being debated and voted on in the so-called “People’s House.”

For example, the 9/11 Commission gave the U.S. Government a “D” for its fight against what the Commission calls “the greatest threat to America’s security,” the proliferation of weapons of mass destruction. During debate on the most recent defense authorization bill (H.R. 1815), however, Republicans refused to make in order an important proposal by Representative John Spratt (D-SC) to increase funding for Department of Defense and Department of Energy nonproliferation programs. They also blocked an amendment offered by Representative Ellen Tauscher (D-CA) that would have created an Office for Combating the Proliferation of Weapons of Mass Destruction at the White House

⁷³ Available at: <http://www.whitehouse.gov/omb/expectmore/notperform.html>.

to better coordinate and budget for nonproliferation efforts currently resident in multiple agencies.⁷⁴

Acting through the Rules Committee, Republicans have also prevented the House from considering a number of important Democratic policy proposals addressing the vulnerabilities in America’s transportation infrastructure, including our airports and railroads. For example, in the 2005 debate over the Homeland Security Authorization bill (H.R. 1817), Republicans denied the House an opportunity to consider an amendment offered by Representative Ed Markey (D-MA) requiring the Secretary of DHS to establish a system to physically inspect 100% of the cargo carried on passenger planes within the next three years. It also blocked an amendment by Transportation Committee Ranking Member James Oberstar (D-MN), which would have authorized funds to develop a security plan for our nation’s rail system. Although the recent 9/11 Commission report declared that “it is scandalous that police and firefighters in large cities still cannot communicate reliably in a major crisis,”⁷⁵ Republicans did not allow the House to consider an amendment offered by Representative Nita Lowey (D-NY) to devote new resources to this problem.⁷⁶

In last year’s debate, Rules Committee Republicans also blocked

“[I]t is scandalous that police and firefighters in large cities *still* cannot communicate reliably in a major crisis,”

- 9/11 Commission

another important homeland security proposal, in the form of an amendment offered by Representative Ed Markey (D-MA) to increase security around chemical facilities located in the vicinity of densely-populated areas. From a recent Washington Post article on the

⁷⁴ Summaries of these amendments are available at: http://www.rules.house.gov/109/amendsumm/109amnd_hr1817.htm.

⁷⁵ Prepared Statement by Thomas H. Kean and Lee H. Hamilton, www.9-11pdp.org, 12/05/05.

⁷⁶ Summaries of these amendments are available at: http://www.rules.house.gov/109/amendsumm/109amnd_hr1815.htm.

history of the Homeland Security Department, we know that several years earlier, the then-head of the White House Office of Homeland Security (and later head of the Department of Homeland Security) Tom Ridge and then-EPA head Christine Todd Whitman had also developed a plan to require high-risk chemical plants to enhance security around their facilities. Their effort focused on the 123 factories where a toxic release might put more than a million people's lives in danger. Energy companies such as BP Amoco Chemical Co. successfully lobbied Karl Rove and other Administration officials to kill the idea. The Bush budget official who officially announced the Administration's opposition to the plan was Phillip J. Perry, who happens to be Vice President Cheney's son-in-law.⁷⁷

POLITICAL RELATIONSHIPS TAKE PRIORITY OVER GOOD HOMELAND SECURITY POLICY

While many good Democratic homeland security proposals die during the proceedings of the House Rules Committee, Republican lawmakers who work on homeland security and transportation issues have been wielding their influence in ways that raise serious ethical questions. The result of this behavior is that the American people can no longer tell whether a company wins a contract or appropriation because it will do the best job protecting our country, or because the company and its executives gave certain politicians the best gifts. As the examples below show, Republican members have helped their special interest friends win access to the homeland security department and our country's transportation infrastructure, even if it means imposing poor policies on those crucial sectors.

⁷⁷ Susan B. Glasser and Michael Grunwald, "Department's Mission was Undermined From Start," Washington Post, 12/22/05.

- Reveal Imaging Technologies, a small technology company in Massachusetts, was seeking to win government homeland security contracts for its explosives-detection machines. A key politician in their effort was Representative Hal Rogers (R-KY) of Kentucky, the powerful chairman of the Transportation Subcommittee of the Appropriations Committee, who later became chairman of the new Homeland Security Subcommittee. Over the past few years, the company's executives have contributed more than \$120,000 to Rogers' campaign committees and pledged to send \$15 million worth of work to a subcontractor in Rogers' district. During the same period, Rogers was urging Transportation Security Administration (TSA) officials to certify Reveal's CT-80 explosive-detection machine, which the agency did in late 2004. Since the beginning of the Reveal-Rogers relationship, the company has received \$463 million in TSA contracts.⁷⁸
- In late 2003, film producer Joseph Medawar paid Representative Dana Rohrabacher (R-CA) \$23,000 for his 30-year-old screenplay, "Baja," about a conservative war veteran on an archaeological expedition in Mexico. Rohrabacher then introduced Medawar, who was planning a TV series on the Department of Homeland Security (DHS), to at least five Republican congressmen on the Homeland Security Committee. Rohrabacher also arranged for DHS officials to brief Medawar and his crew on the inner workings of the Department. Rohrabacher failed to disclose to the Ethics Committee the fact that if the movie were made, his contract would give him a total of \$125,000, plus 1% of the movie's gross revenue. He also forgot to

⁷⁸ Robert O'Harrow Jr. and Scott Higham, "Post-9/11 Rush Mixed Politics With Security; Congressman Benefits From Homeland Security Spending," Washington Post, 12/25/05.

mention the extensive access he was granting Medawar, who has now been arrested for defrauding investors in his company. Medawar repeatedly bragged about his VIP access in Washington to the people he was swindling.⁷⁹

- In the most recent transportation appropriations bill, Appropriations Subcommittee Chairman Joe Knollenberg (R-MI) slipped in an \$8.3 million earmark that ordered Amtrak to increase the number of carloads of perishable fruit and vegetables it hauls behind its passenger trains. Amtrak opposes this requirement because it is a money-loser and sometimes causes its passenger trains to fall behind schedule. Not coincidentally, the only company that supplies the specialized cars that can haul perishable goods is a Michigan company called ExpressTrak. The president of ExpressTrak, Anthony Soave, is one of Knollenberg's major political supporters. Since 1997, Soave and employees of his companies have contributed \$46,000 to Knollenberg's campaign.⁸⁰

IN THE BUSH ADMINISTRATION, POLITICAL LOYALTY IS MORE IMPORTANT THAN COMPETENCE

The 9/11 Commission's criticism that the Republican Congress has failed to conduct meaningful oversight of the Bush Administration's homeland security performance is a serious, but unfortunately accurate, charge. By failing to oversee the Bush Administration on homeland security or any other important policy matter, Congress has allowed an

⁷⁹ Greg Krikorian and Christine Hanley, "Producer Gets Access," by Dana Rohrabacher," Los Angeles Times, 11/4/05.

⁸⁰ Matthew L. Wald and Glen Justice, "Congressman Adds More Vegetables to Amtrak's Load," The New York Times, 12/11/05.

atmosphere of political patronage and cronyism to flourish in the executive branch. The principle guiding both the Republican Congress and the Bush Administration over the past five years has been to put personal and party loyalty above all other considerations, including professionalism and integrity.

The practical effect of this patronage system is that political loyalists control important executive branch functions, including homeland security functions, which they have few or no qualifications to run. A perfect example of this phenomenon is a former political operative, lobbyist, and failed horse association executive named Michael Brown, who was in charge of a key homeland security office, the Federal Emergency Management Agency (FEMA), when Hurricane Katrina struck the Gulf Coast in August 2005.⁸¹ The reports issued recently by the DHS Inspector General, the Government Accountability Office, and several Congressional committees document in excruciating detail how poor planning and communication hampered the Bush Administration's response to Katrina, as well as how fraud and waste continue to plague the Gulf Coast recovery effort.

Brown's painfully obvious inability to manage the disaster forced him out of the job, but has done little to change the culture of cronyism that pervades the current Republican Congress and Administration. Another recent example of this culture of patronage was President Bush's recent recess appointment of 36 year-old lawyer Julie L. Myers to head the bureau of Immigrations and Custom Enforcement, a \$4 billion, 15,000-employee agency that plays a key role in our country's homeland security system. Myers has never managed a large organization and has no expertise in immigration law. It seems that her best qualifications are that she is a niece of Gen. Richard B. Myers, the former chairman of the Joint Chiefs of

⁸¹ For more on this subject see the minority views to H.Res. 437, the resolution establishing a select committee to investigate the federal response to Hurricane Katrina, H. Rept. 109-220, Pt. 1.

Staff in the Bush Administration, and is married to the chief of staff to Homeland Security Director Michael Chertoff.⁸²

⁸² Rachel R. Swarns, "Democrats Criticize Appointment at Immigration Agency, New York Times, 1/8/06.



AMERICA'S NATIONAL DEFENSE

A \$250 BILLION BLANK CHECK

To date, Congress has appropriated more than \$250 billion for the Iraq war and reconstruction, and the Bush Administration has asked for \$70 billion more for the current fiscal year and \$50 billion for the next fiscal year. But during the almost three years it has been writing the checks for the Iraq War, Congress has never asked the Bush Administration for a real accounting of how it has spent this enormous sum of money. What we do know from press accounts and some internal investigations is that the Bush Administration has squandered billions of taxpayers' dollars on fraudulent contracts, waste, and dubious public relations projects. We also know that billions of dollars of Iraqi funds have totally disappeared. In the polite phrasing of the Government Accountability Office (GAO), for example, the Department of Defense has currently "lost visibility" on more than \$7 billion in funds appropriated for the global war on terrorism.⁸³

Congress' failure to properly oversee the Iraq war and reconstruction has been a costly error for our country and our soldiers. One example recently highlighted by the New York Times is that the production and delivery of the Cougar vehicle and upgraded Humvee armored vehicles, which provide our soldiers greater protection from roadside bombs than

⁸³ Cited in Congressional Research Service, "The Cost of Iraq, Afghanistan and Enhanced Base Security Since 9/11," 10/7/05.

conventional Humvees, have been behind schedule due to turf battles, incompetence, and bureaucratic snafus. In fact, the South Carolina company awarded the Cougar contract had never mass-produced vehicles before, and has since made a number of costly manufacturing errors.⁸⁴ Another recent report exposed how Vice President Cheney's former company Halliburton supplied contaminated water to civilians and troops working at Camp Junction City in Ramadi, Iraq. Whistleblowers at Halliburton have claimed that the water, which contained twice the levels of Coliform and other bacteria as water taken directly from the Euphrates River, caused numerous cases of stomach cramps and diarrhea in the camp.⁸⁵

An even more incredible example comes from a recent Pentagon report concluding that, for the first two years of the war, American troops were issued enough body armor to cover only part of their chests and backs.⁸⁶ This study concluded that as many as 80% of the Marines who have been killed in Iraq from wounds to the upper body could have survived if they had had extra body armor. Troops have been asking for this additional armor since the beginning of the war. As former Congressman Joe Scarborough (R-FL) vented on his MSNBC show:

Here we are, what, 15, 16 months later. We're still talking about how our troops are not getting the body armor that they need to protect their lives. And when you have Marines, an 80 percent figure thrown out there, that 80 percent of our Marines that have been killed over in Iraq with certain injuries would have been alive today if Congress had listened to parents and troops back in 2003, 2004, and 2005, my God, how long is it is it going to take for Washington to wake up and put our troops first?⁸⁷

While our soldiers have been forced to drive around the roads of Iraq in lightly armored vehicles and use dirty water, the federal officials responsible for conducting the Iraq

⁸⁴ Michael Moss, "Pentagon Study Links Fatalities to Body Armor," *New York Times*, 1/7/06.

⁸⁵ Larry Margasak, "Halliburton Cited in Iraq Contamination," *Associated Press*, 1/23/06.

⁸⁶ Michael Moss, "Pentagon Study Links Fatalities to Body Armor," *New York Times*, 1/7/06.

⁸⁷ Joe Scarborough, "Could better body armor save American troops? 'Scarborough Country' investigates the newest Pentagon report," MSNBC transcript, 1/10/06.

war and reconstruction have been squandering billions and billions of dollars. In early 2005, Stuart W. Bowen, the special inspector general for Iraq reconstruction, released a report finding that during the first year of the Iraq War, the United States-led Coalition Provisional Authority (CPA) could not properly account for \$9 billion in Iraq reconstruction funds. The report found that these funds, which came from Iraqi oil sales and seized assets, were distributed to Iraqi ministries with little planning or oversight and were therefore vulnerable to fraud, kickbacks, and misappropriation of funds. These funds may have been used to pay salaries for thousands of non-existent employees and issue unauthorized multi-million dollar contracts.⁸⁸ A more recent inspector general's report details how U.S. reconstruction officials kept unaccounted-for stacks of hundred dollar bills (called "bricks") on their desks, how a U.S. soldier assigned to the Iraqi boxing team gambled away between \$20,000 and \$60,000 in reconstruction funds during a trip to the Philippines, and how American officials paid more than \$600,000 for contracting work on an Iraqi hospital that was never accomplished. The contractor's shoddy work in the hospital resulted in an elevator crash that killed three people.⁸⁹

According to recent reports, the Department of Defense is also squandering millions of dollars to pay for fake news in Iraq. At the same time it promotes the virtues of democracy and a free and independent press, the Pentagon has been using tax dollars to secretly pay Iraqi newspapers to publish stories written by U.S. military intelligence personnel. The military has also awarded a multi-million dollar contract to a Washington-based public relations firm called the Lincoln Group to conduct a covert campaign "to plant paid propaganda in the Iraqi news media and pay friendly Iraqi journalists monthly

⁸⁸ T. Christian Miller, "Audit Slams U.S. Handling of Iraqi Funds," Los Angeles Times, 1/31/05.

⁸⁹ James Glanz, "New U.S. Audit Describes Misuse of Funds in Iraq Projects," New York Times, 1/25/06.

stipends.”⁹⁰ Many of these one-sided articles are presented in the Iraqi press as unbiased news accounts written and reported by independent journalists. The stories tout the work of U.S. and Iraqi troops, denounce insurgents and trumpet U.S.-led efforts to rebuild the country.⁹¹

- "U.S. reconstruction officials kept unaccounted-for stacks of hundred dollar bills (called "bricks") on their desks.
- "A U.S. soldier assigned to the Iraqi boxing team gambled away between \$20,000 and \$60,000 in reconstruction funds during a trip to the Philippines."
- "American officials paid more than \$600,000 for contracting work on an Iraqi hospital that was never accomplished."

- Inspector General's Report

In another case involving outright criminal fraud, Robert J. Stein, a financial officer working for the CPA in Iraq, recently agreed to plead guilty to trading Iraqi rebuilding contracts for bribes and kickbacks and stealing more than \$2 million in reconstruction funds.⁹² In hiring Stein and giving him control over \$82 million earmarked for rebuilding Iraq, the Pentagon overlooked the fact that he served time in federal prison in the 1990s for fraud. Stein and his wife took more than \$1 million in bribes and kickbacks, including almost \$400,000 for real estate, cars, home improvements, and jewelry.⁹³ The bribes were paid by expatriate American businessman Philip H. Bloom, who conspired with Stein and other CPA officials to rig bids for more than \$8.6 million in rebuilding contracts. Bloom

⁹⁰ Jeff Gerth and Scott Shane, "U.S. Is Said to Pay to Plant Articles in Iraq Papers," New York Times, 12/1/05.

⁹¹ Mark Mazzetti and Borzou Daragahi, "U.S. Military Covertly Pays to Run Stories in Iraqi Press," Los Angeles Times, 11/30/05.

⁹² Mark Sherman, "Official to Plead Guilty in Iraq Scheme," Associated Press, 2/1/06.

⁹³ James Glanz, "Issuing Contracts, Ex-Convict Took Bribes in Iraq, U.S. Says," New York Times, 11/18/05.

also bribed Stein and others with sexual favors from women at his Baghdad villa and money-laundering services for stolen reconstruction funds.⁹⁴ Bloom performed no work on some of these contracts, which included building a police academy and renovating a library in southern Iraq.⁹⁵

While in some cases money was wasted due to a combination of fraud and incompetence, in other cases, it appears contracts were directed to companies with White House connections. In August 2005, Bunnatine Greenhouse, the Army Corps of Engineers' top contracting officer, was demoted after she testified before Congress about no-bid contracts the Corps awarded to Halliburton in Iraq and Europe. Greenhouse, who had worked in government procurement for more than 20 years, accused the Corps of sidestepping normal contracting procedures on multiple occasions to award contracts to Halliburton, the Houston-based company formerly run by Vice President Cheney.⁹⁶ She told lawmakers that Halliburton improperly received lucrative no-bid Iraqi oil contracts with the direct assistance of the office of Defense Secretary Donald Rumsfeld, despite the fact that in some cases, Halliburton should not have been offered the contracts at all because it had inside information about the projects.⁹⁷ One of the contracts Greenhouse was referring to was a multibillion dollar no-bid "Restore Iraqi Oil" contract Halliburton won in March 2003. Despite Vice President Cheney's denial of any involvement in the awarding of

⁹⁴ Mark Sherman, "Official to Plead Guilty in Iraq Scheme," Associated Press, 2/1/06.

⁹⁵ Mark Sherman, "Expatriate U.S. businessman charged in kickback scheme for Iraq rebuilding contracts," Associated Press, 11/16/05.

⁹⁶ T. Christian Miller, "Democrats Demand Probe of Demotion; A Corps of Engineers official had called Halliburton's no-bid contract 'blatant and improper' during congressional testimony," Los Angeles Times, 8/30/05.

⁹⁷ Steven Bodzin, "Pentagon Aided Halliburton, Official Charges; The company's no-bid contracts in Iraq are cited as examples of favorable treatment," Los Angeles Times, 6/28/05.

this contract, internal e-mails show that the Department of Defense coordinated this contract award with the Vice President's office.⁹⁸

FRIENDS DON'T INVESTIGATE THEIR FRIENDS

As a recent report released by the Democratic staff of the House Government Reform Committee illustrated, no Republican leader in Congress has been willing to stand up and investigate the serious charges that have been leveled against the Bush Administration's conduct of the war.⁹⁹ In the wake of the publication of the horrifying Abu Ghraib prison photos, for example, Republican committee chairmen promised tough investigations, but then backed off "under pressure from the White House and Republicans' own ranks."¹⁰⁰ Nor did GOP leaders ask questions after they learned the Bush Administration had spent \$178 million preparing for the Iraq War months before the Congress had authorized such spending.¹⁰¹ Under normal circumstances, one would expect Congressional appropriators to be outraged if they discovered that an Administration (controlled by their own or another party) had spent millions of dollars for an unauthorized purpose, but in 2004 this was not the case.

House Republicans have not made any secret about why they will not seriously investigate any of the numerous cases of fraud, abuse, and incompetence that have plagued the Bush Administration's Iraq War effort. Quite simply, they don't want to cause any trouble or embarrassment for their friends. House Republicans are more concerned about protecting an executive branch controlled by their party than about making sure that the \$6

⁹⁸ Timothy J. Burger and Adam Zagorin, "Did Cheney Okay a Deal?" *Time*, 6/7/04.

⁹⁹ House Committee on Government Reform Minority Staff, "Congressional Oversight of the Bush Administration," 1/17/06, available at: <http://www.democrats.reform.house.gov/story.asp?ID=990>

¹⁰⁰ David Nather, "Congress as Watchdog: Asleep on the Job?," *CQ Weekly*, 5/22/04, pp. 1192-3.

¹⁰¹ *Id.*

billion the United States sends to Iraq every month are being spent effectively on behalf of our troops and in compliance with the law. The White House worked very hard to help Congressional Republicans in the 2002 and 2004 elections because they wanted to maintain a legislative branch that would not review or interfere with their activities. As Representative Ray LaHood (R-IL) commented in a moment of unusual candor, “Our party controls the levers of government. We’re not about to go out and look beneath a bunch of rocks to try to cause heartburn.”¹⁰²

The most recent evidence that Congress has abdicated its constitutional role in the conduct of the Iraq war is the revelation that the Bush Administration is operating a domestic spying program entirely outside of the Foreign Intelligence Surveillance Act (FISA) and any meaningful Congressional oversight. GOP Congressional leaders have acquiesced to Vice President Cheney’s assertion of “strong, robust executive authority” and allowed the executive branch to flout a carefully-crafted statute intended to provide Congressional oversight and judicial review over surveillance tactics that threaten Americans’ civil liberties. According to recent reports, White House operative Karl Rove has personally threatened to “blacklist” any Republican leader who questioned the domestic spying program¹⁰³ and the White House has been heavily lobbying to restrict the scope of any Congressional investigation into the program and its relationship to the FISA statute.¹⁰⁴ James A. Thurber, director of the Center for Congressional and Presidential Studies at American University, recently commented: “When you have unified party government, the oversight tends to be

¹⁰² Id.

¹⁰³ “Rove Counting Heads on the Senate Judiciary Committee,” *Insight on the News*, 2/6/06.

¹⁰⁴ Eric Lichtblau and Sheryl Gay Stolberg, “Accord in House to Hold Inquiry on Surveillance. Rifts Remain Over Scope. Republicans at Odds---Senate Puts Off Vote on Investigation,” *New York Times*, 2/17/06.

very timid...It's not just the president pushing for more power....The Congress has not done its job of careful evaluation of giving the president more power post-9/11.”¹⁰⁵

As we have noted in other sections of this report, the Republican Congress’ failure to conduct oversight into the executive branch has allowed a culture of cronyism and corruption to take root in the Bush Administration. While loyal political operatives like Michael Brown get rewarded with top positions in the Bush Administration, appointees who believe in following the law are passed over. An example of an administration official who did not reach the top position in his agency is Deputy Attorney General James Comey, who occupied the number-two position in the Department of Justice under John Ashcroft. Although Comey was a highly respected former prosecutor and a “straight arrow,” he was passed over for the Attorney General job because he was “insensitive to political concerns.” Comey aroused suspicion in the White House when he tried to hire staff people who did not pass the Republican loyalty litmus test, and he further angered the Administration by arguing for the disclosure of Department of Justice memos on the legality of torture. As an anonymous former Bush Administration official explained it to the Legal Times:

The White House always wants to make sure the administration is staffed with people who have the president's best interests at heart. Anyone who resists that political loyalty check is regarded with some suspicion...The objective in staffing is never to assemble the best possible team. It is to assemble the best possible team that supports the president.¹⁰⁶

Comey also proved an irritation to the Bush White House when he refused to sign off on the Administration’s plan to allow the National Security Agency to conduct a warrantless

¹⁰⁵ Peter Baker and Jim VandeHei, “Clash Is Latest Chapter in Bush Effort to Widen Executive Power,” Washington Post, 12/21/05.

¹⁰⁶ Vanessa Blum, “For Next AG, Don’t Look to Deputy,” Legal Times, 10/18/04.

domestic spying program.¹⁰⁷ Comey's most unforgivable political sin, however, was probably his decision to appoint U.S. Attorney Patrick Fitzgerald as the special prosecutor to investigate the White House leaking of the name of CIA operative Valerie Plame. The result of this appointment has been a vigorous, independent investigation that has so far led to the indictment of a senior White House official.¹⁰⁸

DEMOCRATIC EFFORTS TO BRING SOME ACCOUNTABILITY TO THE IRAQ WAR EFFORT

One of the ways House Republicans have made it clear they are not interested in getting to the bottom of the Bush Administration's mismanagement of the Iraq War is by repeatedly blocking the Democratic proposal for an Iraq "Truman Commission." During World War II, then-Democratic Senator Harry Truman conducted a series of famous oversight investigations into the Roosevelt War Department's conduct of the war. The beneficial effects of these investigations (conducted by a Democratic Congress into a Democratic administration) were to reduce inefficiency and fraud in the defense contracting process and to strengthen our war effort. Not surprisingly, House Republicans have shown more interest in protecting the Administration from scrutiny than in ensuring that taxpayers' funds are not being wasted and that our soldiers have the equipment they need. Republicans opposed a Democratic motion to consider the proposal in May 2005,¹⁰⁹ and then blocked Representatives John Tierney (D-MA) and James Leach (R-IA) from debating the issue on

¹⁰⁷ Eric Lichtblau and James Risen, "Justice Deputy Resisted Parts Of Spy Program," New York Times, 1/1/06.

¹⁰⁸ Vanessa Blum, "For Next AG, Don't Look to Deputy," Legal Times, 10/18/04.

¹⁰⁹ Roll call vote # 159, 5/5/05.

the House floor during consideration of the Defense Authorization Act for Fiscal Year 2006 (H.R. 1815).¹¹⁰

In addition to calling for a Truman Commission, House Democrats have proposed tighter oversight on various aspects of the American missions in Iraq and in Afghanistan. For example, Representative Henry Waxman (D-CA) submitted an amendment to the 2006 defense authorization bill that would have prohibited the awarding of “monopoly contracts,” large contracts for an unspecified number of goods and services awarded to a single contractor, while Representative Janice Schakowsky (D-IL) proposed requiring DOD to report to Congress every time it awards a contract worth more than \$1 million.¹¹¹ During the first session of the 109th Congress, Republicans also rejected both a Democratic motion asking the Bush Administration to report to Congress on its Iraq strategy,¹¹² and Representative Waxman’s proposal to establish an independent commission to study the accounts of prisoner abuse at Abu Ghraib, Guantanamo, and other U.S. facilities.¹¹³

NO TIME FOR OVERSIGHT, BUT PLENTY OF TIME FOR SPECIAL FAVORS

Although House Republicans have not had the time to conduct any tough, meaningful oversight into the conduct of the War in Iraq, they have had plenty of time to direct defense contracts their friends’ way.¹¹⁴ As recent press accounts make clear, some

¹¹⁰ For a complete list of all amendments submitted to the Rules Committee, go to: http://www.rules.house.gov/109/amendsumm/109amnd_hr1815.htm

¹¹¹ Id.

¹¹² Roll call vote #269, 6/16/05.

¹¹³ Roll call vote # 288, 6/21/05.

¹¹⁴ Representative Jeff Flake (R-AZ) recently made this point in a New York Times op-ed, although he delicately chose an example that avoided implicating the egregious abuses of his Republican colleagues. “It’s hypocritical for us to criticize the Defense Department for not providing body armor when we earmark growing portions of its budget for items like a genomics research project at the American Museum of Natural History in Manhattan.” Jeff Flake, “Earmarked Men,” New York Times, 2/9/06.

Congressional lawmakers with key defense and intelligence committee assignments have parlayed their influence into large political contributions and lavish personal gifts from companies hoping to land government contracts. They have accepted gifts and contributions from defense contractors, and in return made sure those companies won contracts---whether or not the Department of Defense thought the contract was necessary. The result is that the American people can no longer tell whether a company wins a contract because it will do the best job protecting our country, or because the company and its executives gave certain politicians the best gifts. Below are a few examples of how Republican Members of Congress diverted funds to projects that benefited their friends, but not our soldiers fighting in Iraq and Afghanistan:

- Randy “Duke” Cunningham (R-CA), a key defense appropriator, resigned from Congress in disgrace after pleading guilty to charges of evading taxes and pocketing \$2.4 million in bribes from two defense contractors with whom he had cozy financial relationships. Before he pled guilty to bribery and resigned his seat, Representative Cunningham was a key defense appropriator and a close personal friend and co-conspirator of Mitchell Wade, the founder and former president of MZM, Inc. MZM is a defense contractor that has received more than \$160 million in Pentagon contracts over the past few years. Wade and Cunningham were such good friends that Wade bought Cunningham’s house in San Diego for \$1.675 million, \$700,000 more than the house’s market value. Cunningham and his wife, Nancy, used the proceeds from the sale to buy a \$2.55 million mansion. At the same time,

Cunningham was pressuring Pentagon officials to award contracts to MZM.¹¹⁵

Cunningham also lived for a time on Wade's 42-foot yacht, the "Duke-Stir."¹¹⁶

- Since 2002, Representative Virgil Goode (R-VA) has received more campaign contributions from defense contractor MZM, Inc. and its employees – almost \$90,000, or nearly 10% of all the money he raised – than from any other single source. The former president of MZM is Mitchell Wade, one of the co-conspirators in the Duke Cunningham (R-CA) bribery scandal. As a member of the Appropriations Committee, Goode inserted language creating or expanding MZM classified defense contracts in spending bills. At one point, Goode added a \$23 million dollar classified defense program for MZM that the Pentagon hadn't even requested. In 2003, MZM-connected contributors gave Goode a total of \$19,000 in the days surrounding the award of three Pentagon contracts to MZM. In June 2005, the Pentagon revoked a \$163 million MZM contract for work at the National Ground Intelligence Center in Goode's district, saying it should be open to competitive bids. Local officials referred to this questionable project as "Project Goode."¹¹⁷
- Another co-conspirator in the Duke Cunningham (R-CA) bribery case was defense contractor Brent Wilkes, the founder of ADCS Inc., a company that has won more than \$90 million in Pentagon contracts since 1995. Besides running ADCS, Wilkes is

¹¹⁵ Charles R. Babcock and Jonathan Weisman, "Congressman Admits Taking Bribes, Resigns; GOP's Cunningham Faces Jail Term," Washington Post, 11/29/2005.

¹¹⁶ Tony Perry, "Legislator Says Home Sale Was a Poor Decision; San Diego Congressman Denies Misconduct in Transaction with a Military Contractor, who Later Took a \$700,000 Loss on the House," Los Angeles Times, 6/24/05.

¹¹⁷ Matt Kelley and Jim Drinkard, "Secret military spending gets little oversight," USA Today, 11/9/05.

- an active Republican; he was a Bush campaign “Pioneer” and has contributed more than \$800,000 to Republican candidates. Court documents in the Cunningham case indicate that Wilkes spent more than \$636,000 on the former congressman, and that Wilkes/ADCS also transported Cunningham and several other members of Congress on the company jet. In exchange, Cunningham intervened for Wilkes’s company at the Pentagon in the late 1990s, ensuring that the lucrative Pentagon contracts for ADCS continued.¹¹⁸
- Brent Wilkes and ADCS Inc. also had cozy relationships with other GOP lawmakers on Capitol Hill, including Representatives Jerry Lewis (R-CA), Duncan Hunter (R-CA), Tom DeLay (R-TX), and John Doolittle (R-CA). Over the past 20 years, Wilkes and his associates spent at least \$600,000 on political contributions and \$1.1 million on lobbying fees beyond the gifts mentioned in Cunningham plea agreement. Over the past ten years, ADCS and other companies controlled by Wilkes have received more than \$90 million in defense contracts.¹¹⁹ Despite the fact that the Department of Defense (DOD) said it did not need the technology and services Wilkes was selling, senior Representative Cunningham, Armed Services Chairman Hunter, and Appropriations Chairman Lewis kept obtaining earmarks for Wilkes and intervening on behalf of ADCS with the DOD. Wilkes and ADCS have given more than \$40,000 to Hunter and more than \$70,000 to Lewis.¹²⁰ Doolittle recently admitted he helped steer \$37 million in contracts to a Wilkes company called Perfect

¹¹⁸ Matt Kelley and Jim Drinkard, “Contractor Spends Big on Key Lawmakers; Wilkes investigated in Cunningham case,” USA Today, 11/30/05.

¹¹⁹ Dean Calbreath and Jerry Kammer, “Contractor ‘knew how to grease the wheels,’ ADCS founder spent years cultivating political contacts,” San Diego Union-Tribune, 12/4/05.

¹²⁰ Matt Kelley and Jim Drinkard, “Contractor Spends Big on Key Lawmakers; Wilkes investigated in Cunningham case,” USA Today, 11/30/05.

Wave Technologies, while at the same time Wilkes helped raise at least \$85,000 for Doolittle.¹²¹

- Wilkes also gave \$30,000 to then-Majority Leader Tom DeLay (R-TX), who flew on Wilkes' jet several times and played golf with Wilkes on multiple occasions.

Additionally, Wilkes hired the Alexander Strategy Group, a lobbying firm with close connections to DeLay, and a Wilkes company contributed \$15,000 to the DeLay-controlled committee that is under criminal investigation in Texas. Wilkes also ran a hospitality suite, with several bedrooms, in Washington – first in the Watergate Hotel and then in the Westin Grand near Capitol Hill. Although he did not disclose it in the travel reports he is supposed to file with the House, Speaker Dennis Hastert (R-IL) also flew several times on Wilkes' corporate jet.¹²²

¹²¹ Jonathan Weisman and Charles Babcock, "K Street's New Ways Spawn More Pork. As Barriers with Lawmakers Fall, 'Earmarks' Grow," Washington Post, 1/27/06; David Whitney, "Donors in bribe case also gave to Doolittle," Sacramento Bee, 12/1/05.

¹²² Dean Calbreath and Jerry Kammer, "Contractor 'knew how to grease the wheels;' ADCS founder spent years cultivating political contacts," San Diego Union-Tribune, 12/4/05.



AMERICA'S PUBLIC HEALTH

Given the Republicans' long record of using federal defense and homeland security resources to benefit their special-interest friends, it should come as no surprise that they would use the threat of a flu pandemic to reward one of their key corporate allies, the pharmaceutical industry. This section reviews a recent case where Republican leaders egregiously abused the legislative process to slip in a special exemption for the drug industry, an exemption that could have far-reaching public health implications. It also explains how this incident was not the first time Republicans have slipped in controversial previously-unseen provisions granting indefensible special protections to the drug industry.

REPUBLICANS TAKE ADVANTAGE OF THE AVIAN FLU ISSUE TO PROTECT THE DRUG INDUSTRY

For the past few months, public health experts and scientists have been nervously tracking the spread of a new avian influenza virus (A/H5N1) that has killed 80 people so far, most recently four people in Turkey who were exposed to infected birds. Although there have been no cases so far of human-to-human infection, scientists are concerned the virus could mutate into a more virulent strain that could be readily transmitted among humans. If this happens, the United States could be facing a "pandemic influenza" similar in severity to the Spanish Flu that killed millions in this country in 1918 and as much as 2% of the population worldwide. Although drugs like Tamiflu appear to effectively reduce the severity

of H5N1 in its current form, the supply of these drugs would not be sufficient to treat millions of Americans infected in a serious outbreak.¹²³

As a first step in preparing for such an outbreak, Congress recently added \$3.8 billion in emergency funds to the Defense Appropriations conference report (H.R. 2863) to give the Department of Health and Human Services more resources to improve the federal government's pandemic preparedness. During discussions on this provision in the conference, some conferees supported the addition of language that would exempt drug manufacturers involved in creating avian flu countermeasures from liability, should their drugs injure people who took them. The conference did not accept this language because some conferees thought the exemption was too broad. According to the senior Democratic conferee, Representative David Obey (D-WI), when the conference committee ended its session in the early evening on Sunday, December 18, 2005, there was an agreement "in writing and verbally as well, that there would be no legislative liability protection language inserted in this bill."¹²⁴ The 533-page conference report was signed at 6 P.M. that evening and filed in the House at 11:54 P.M. the same night. The Rules Committee met less than an hour later to report a rule for this conference report.

At some point between the time the conference report was signed and the time it was filed, however, Republicans broke their word and the rules by slipping in 40 new pages of legislative text that not only exempted the producers of vaccines related to avian flu, but also gave the Secretary of Health and Human Services (HHS) discretion to exempt other pharmaceutical products from liability when they injure consumers. The 40-page proposal gives the Bush Administration broad new powers to exempt drug manufacturers from

¹²³ Marc Lipsitch and Barry R. Bloom, "Avian Flu: Preparing for a Pandemic," *Harvard Public Health Review*, Winter 2006.

¹²⁴ *Congressional Record*, December 22, 2005, p. H13181.

liability for a wide array of drugs that have nothing to do with an avian flu epidemic. It would exempt these companies even if they acted with gross negligence. While the legislation promises an alternative compensation program, it provides no funding for such a program, which means that nurses, first responders and all other American citizens would be out of luck if they were harmed by an exempted drug.

According to Representative Obey, here's how this massive Christmas gift to the drug industry got stuck into the bill:

But after the conference was finished at 6 p.m., Senator Frist marched over to the House side of the Capitol about 4 hours later and insisted that over 40 pages of legislation, which I have in my hand, 40 pages of legislation that had never been seen by conferees, be attached to the bill. The Speaker joined him in that assistance so that, without a vote of the conferees, that legislation was unilaterally and arrogantly inserted into the bill after the conference was over in a blatantly abusive power play by two of the most powerful men in Congress.¹²⁵

Republican appropriators tell the same story. A top aide to Senate Appropriations Chairman Thad Cochran said of the provision:

It was added after the conference had concluded. It was added at the specific direction of the speaker of the House and the majority leader of the Senate. The conferees did not vote on it. It's a true travesty of the process.¹²⁶

In other words, in the dark of night, the two top Congressional Republican leaders snuck an extremely controversial piece of legislation that had never been considered in the House or the Senate into an already signed conference report. Republican leaders decided to override the collective decision-making process of the Congress to slip in a gift to one of their most important political allies.

¹²⁵ Congressional Record, December 22, 2005, p. H13181.

¹²⁶ Bill Theobald, "Hastert, Frist Said to Rig Bill for Drug Firms; Frist Denies Protection Was Added in Secret," Gannett News Service, 2/9/06.

For this underhanded maneuver to succeed in the House, Republican leaders needed to protect this provision from the House rules it blatantly violated. When the Rules Committee met later that night, Democrats on the Committee tried to strike the vaccine language from the conference report, but were defeated on a straight party-line vote of 4 to 9.¹²⁷ The rule protecting this provision (H. Res. 639) was reported from the Rules Committee about 1:00 a.m. and taken directly to the Floor for consideration pursuant to another rule that waived the 1-day layover requirement for consideration of the rule (H. Res. 632). The House passed this conference report shortly after 5:00 A.M. on the morning of December 19, 2005, less than 12 hours after the 40-page drug company giveaway had appeared.

Although he did not oppose the process that allowed the drug company liability exemption to be stuck in the bill at the last moment, Representative Dan Burton (R-IN), one of the House's experts on vaccine policy, spoke out in opposition to the provision because "it gives carte blanche authority to the vaccine companies, but it does not provide a mechanism for people to get compensation if they are damaged or injured." In other words, regardless of how seriously a medication injures a person, "the manufacturers are protected no matter what." Burton continued:

And I am very sorry that this was added to this legislation at the 11th hour. I think it is a tragic mistake and God help us, God help us if we have the kind of problems that could happen with people being damaged by the thousands by this vaccination. ... And you could have tens of thousands, maybe hundreds of thousands people die or hurt from the vaccination itself and they would have no recourse whatsoever.¹²⁸

Not surprisingly, newspapers around the country condemned both the substance of the drug company exemption, and the process used to get it into the defense conference report. The

¹²⁷ Rules Committee roll call vote # 144, H. Rept. 109-361.

¹²⁸ Congressional Record, December 18, 2005, p. H 12228.

opening line of an editorial in the San Jose Mercury News was “Merry Fristmas, drug manufacturers,” and the editorial board went on to comment, “If you are struggling to see the connection between liability protections for vaccine makers and military funding, join the growing line.”¹²⁹ A Houston Chronicle editorial commented:

With Congress rushing to adjourn for the holidays, Frist attached his bill to the defense spending authorization to prevent colleagues from voting against it. Manipulating such a controversial measure to avoid debate on its merits reinforces the appearance that this is a sweetheart deal for a powerful industry lobby at the expense of the American people.¹³⁰

...BUT IT WASN'T THE FIRST LATE-NIGHT GIVEAWAY TO THE DRUG COMPANIES

This late-night, eleventh-hour maneuver to sneak a billion-dollar gift to the drug industry into an unrelated piece of legislation was eerily reminiscent of an episode from the final days of the 107th Congress. In late November 2002, an extraneous, unrelated provision found its way into the final version of the legislation establishing a new Department of Homeland Security, which Congress was under pressure to approve before adjourning. This provision provided protection for Eli Lilly and a number of other pharmaceutical companies from civil liability for their production of the vaccine preservative Thimerosal, which some experts have linked to rising rates of autism.¹³¹

Outraged health-care advocates as well as editorial boards around the country questioned the addition of this influential provision and its relationship to homeland

¹²⁹ San Jose Mercury-New editorial, “A Sneaky Handout to Makers of Vaccines; Senator’s Proposed Limit on Liability Has No Place in a Defense-Spending Bill,” 12/21/05.

¹³⁰ Houston Chronicle editorial, “Wrong prescription; Vaccine bill would block media scrutiny and exempt drug companies from legal challenges,” 12/20/05.

¹³¹ Jonathan Weisman, “A Homeland Security Whodunit; In Massive Bill, Someone Buried a Clause to Benefit Drug Maker Eli Lilly,” Washington Post, 11/28/02.

security. They also demanded to know how and why it was surreptitiously slipped into the bill which shortly thereafter became public law.¹³² Initially no one accepted responsibility for its addition until an aide for the retiring House Majority Leader Richard Armev claimed it was added by Armev's staff but "with no prodding from the pharmaceutical industry or the White House."¹³³

Congressional Republicans on Senator Frist and Speaker Hastert's efforts to sneak avian flu immunity protecting drug companies into the Defense Appropriations conference report:

"It was added at the specific direction of the speaker of the House and the majority leader of the Senate...It's a true travesty of the process."

- Top Aide to Senator Thad Cochran (R-MS)

"[I]t gives carte blanche authority to the vaccine companies, but it does not provide a mechanism for people to get compensation if they are damaged or injured."

- Rep. Dan Burton (R-IN)

On that occasion also, Representative Burton (R-IN), whose Government Reform Committee had held extensive hearings on the connection between Thimerosal and autism, came to the House Floor to protest that he had not been notified that the exemption language had been added into the bill and that it was "wrong," because "we are talking about the thousands and thousands of children in this country that have autism and how their

¹³² For example, the editorial page of the St. Louis Post-Dispatch wrote: "The Eli Lilly protection clauses weren't contained in competing versions of the Homeland Security bill passed by the House and Senate. They were added in the dead of night, outside the public view and without debate. Since then, everyone involved has ducked responsibility. For a group of career politicians who demand accountability from everyone else, that stance is stunningly hypocritical." "Gilding the Lilly," 12/11/02.

¹³³ Jonathan Weisman, "A Homeland Security Whodunit; In Massive Bill, Someone Buried a Clause to Benefit Drug Maker Eli Lilly," Washington Post, 11/28/02.

families are struggling to cope with this problem without any help from those who may have caused the damage.” While Burton acknowledged in his statement that the connection between the mercury-based compound and autism was still the topic of intense debate, the provision would allow the drug companies to get off “scot-free. They do not ever have to worry about it.”¹³⁴

Much to the dismay of the Republican Leadership, the controversy surrounding this language did not go away. After public outcry and continued negative press, the Republican Leadership had no choice but to agree with Representative Burton that the provision was wrong, and allowed it to be repealed a few weeks later in Section 102 of the FY2003 omnibus conference report (H.J.Res. 2) at the beginning of the 108th Congress. As part of that repeal, the following language was added:

- (d) SENSE OF THE CONGRESS.—It is the sense of the Congress that—(1) the Nation’s ability to produce and develop new and effective vaccines faces significant challenges, and important steps are needed to revitalize our immunization efforts in order to ensure an adequate supply of vaccines and to encourage the development of new vaccines;
- (2) these steps include ensuring that patients who have suffered vaccine-related injuries have the opportunity to seek fair and timely redress, and that vaccine manufacturers, manufacturers of components or ingredients of vaccines, and physicians and other administrators of vaccines have adequate protections;

As we explained earlier in this section, the measure Republican leaders snuck into the defense appropriations bill at the last moment in December 2005 closed all avenues of redress to consumers injured by any drug the Bush Administration claims is related to the avian flu epidemic, which directly violates the commitment Congress made in this section to ensure that consumers have the right “to seek fair and timely redress.”

¹³⁴ Congressional Record, 11/22/02, p. H 9092.



AMERICAN JOBS

Business Week Online recently wrote about a conference call in which business lobbyists complained to the White House that Americans weren't excited enough about the recent economic recovery. During the call, the White House promised to go into "public-relations overdrive" to talk up the economy and convince Americans that their future is bright.¹³⁵ Republicans correctly point out that the economy has recovered from the 2001 recession and that the overall economic indicators suggest the American economy is expanding---the Dow recently hit 11,000 for the first time since 2001, economic growth is projected to be 3.3% this year, and in spite of higher gas prices, inflation remains at a manageable 2.9%.¹³⁶

These rosy macro-economic figures, however, are not cheering up the millions of American workers who have lost their job, have had to take a lower-paying job, or who have had their raises eaten up by higher health insurance premiums. While the Bush Administration boasts of the new jobs the economy is creating, it does not mention that the recent economic recovery has produced far fewer jobs than earlier economic recoveries. Nor does it mention that in December 2005, 5.2 million Americans said they wanted a job but couldn't find one, the highest figure in 10 years.¹³⁷ While corporate profits are growing

¹³⁵ Richard S. Dunham, "The Struggle To Sell The Economy's Sizzle," Business Week Online, 1/23/06. available at: http://www.businessweek.com/magazine/content/06_04/c3968053.htm.

¹³⁶ Bruce Stokes, "Micro-Confident; Macro-Worried," National Journal, 1/28/06.

¹³⁷ Id.

in the Bush economic recovery, middle-class Americans' household income is continuing to decline and their indebtedness continues to grow.¹³⁸

It is probably also hard for Americans to get excited about the economy when they read stories almost every day about large layoffs, such as Ford's plans to close 14 U.S. plants and lay off 30,000 workers, and General Motors' announcement that it will close 12 facilities and shed 30,000 workers.¹³⁹ Or when they read that auto parts manufacturer Delphi has gone into bankruptcy and has threatened to lay off as many as 24,000 workers and cut the benefits and wages of the employees they don't fire.¹⁴⁰ It is even more difficult for them to feel optimistic about the future when they read that some of the largest private employers in the United States, such as IBM, Verizon, and Sprint Nextel, are "freezing" their defined-benefit pension plans, and replacing them with less generous defined-contributions plans.¹⁴¹

Nor can American workers be encouraged by a government that is running record annual deficits exceeding \$400 billion and seems to have no economic policy other than rewarding its corporate friends. As business columnist Allan Sloan recently pointed out, at precisely the same time that Ford announced it planned to lay off 30,000 American workers, it saved \$250 million by repatriating some of its foreign earnings under a special temporary tax provision included in the 2004 Republican tax bill, cynically named the "American Jobs Creation Act." Sloan wrote:

Congress should thank its lucky stars that federal truth-in-labeling laws don't apply to names it accords to legislation, because almost every dispassionate analyst agrees that the American Jobs Creation Act didn't create jobs in the United States...It was a tax

¹³⁸ Based on Census Bureau and Federal Reserve figures reported in Economic Policy Institute, "What's Wrong with the Economy," 12/21/05. available at: <http://www.epi.org/content.cfm/pm110>.

¹³⁹ Sholnn Freeman and Amy Joyce, "Ford to Cut 14 Plants and Up to 30,000 Jobs; N. American Auto Division Lost \$1.6 Billion in 2005," Washington Post, 1/24/06.

¹⁴⁰ Jason Roberson, "24,000 Delphi Jobs at Risk; Union Leaders Say New Proposal Not Worth Vote," Detroit Free Press, 11/17/05.

¹⁴¹ Albert Crenshaw and Amy Joyce, "IBM Add Its Name to List of Firms Freezing Pensions," Washington Post, 1/6/06; J. Kyle Foster, "Sprint Nextel Freezes Pension Plans. Competition in Wireless Drives Effort to Cut Labor Costs," Bloomberg, 1/24/06.

holiday, and the biggest celebrators were pharmaceutical and tech companies that had traditionally kept tons of profits overseas. But Ford saw its chance and took it.¹⁴²

Americans found out only recently that this repatriation tax loophole appeared in the bill after a coalition of multinational corporations such as Pfizer, Hewlett-Packard, and Altria launched a \$1.6 million lobbying effort.¹⁴³

The “Jobs Creation Act” is far from the only corporate giveaway the Republican Congress has pushed over the past few years. On behalf of the credit card industry, the Congress and the Bush Administration passed bankruptcy “reform” legislation that makes it harder for American families to get a fresh start after they experience financial problems.¹⁴⁴ (Bankruptcy experts, by the way, are anticipating a slew of lawsuits over what this legislation actually means because the creditors’ lobbyists who wrote the bill lacked the technical expertise to write it clearly.)¹⁴⁵ On behalf of the financial services industry, they also waged a campaign to convert the Social Security program from a defined benefit social insurance plan for retired American workers into private accounts subject to the risks of the stock market.

In late 2005, now-Majority Leader John Boehner (R-OH) spearheaded the effort to jam the so-called “Pension Protection Act” (H.R. 2830) through the House in less than 24 hours under a closed rule. If passed into law, this legislation, “geared toward helping the business community and Wall Street,”¹⁴⁶ would encourage private companies to freeze their employees’ defined-benefit pension plans and give employers new incentives to dump their

¹⁴² Allan Sloan, “Ford Takes a Tax Holiday for ‘Job Creation,’” *Washington Post*, 1/24/06.

¹⁴³ Jeffrey H. Birnbaum, “Clients’ Rewards Keep K Street Lobbyists Thriving,” *Washington Post*, 2/14/06.

¹⁴⁴ Despite the claims by the credit card industry that millions of American families were abusing the bankruptcy laws to escape debts they were able to pay, early statistics from credit counseling agencies show that the vast majority of people filing bankruptcy do not have enough resources to enter debt-management plans. Caroline E. Mayer, “Bankruptcy Counseling Law Doesn’t Deter Filings,” *Washington Post*, 1/17/06.

¹⁴⁵ Justin Scheck, “Bankruptcy Rewrite Predicted to Bring a Flood of Appeals,” *The Recorder*, 2/8/06.

¹⁴⁶ Michael Schroeder, “Pension Measures Remain Far Apart. Even the Conference Panel that Will Reconcile House, Senate Bills Is a Matter of Dispute,” *Wall Street Journal*, 2/21/06.

employee pension obligations onto the Pension Benefit Guaranty Corporation (PBGC), the government agency Congress established in 1974 to step in when private pension plans default on their obligations. Such a move would improve corporate balance sheets, but reduce American workers' retirement income and benefits.

WHILE AMERICANS LOSE THEIR JOBS, REPUBLICANS DEFEND MARIANAS SWEATSHOPS

The Republican campaign to reward their corporate supporters and erode the financial security of America's families has many fronts. One of the more bizarre episodes in the scandal surrounding the GOP super-lobbyist Jack Abramoff is the revelation that a number of Members of Congress and Bush Administration officials have been working with Abramoff to allow foreign companies operating on American soil to flaunt our country's labor laws. While hundreds of thousands of American garment and textile workers are losing their jobs because of imports from lower-wage countries,¹⁴⁷ Republican Congressional leaders have been working to preserve the right of Chinese and Korean businessmen to operate low-wage garment sweatshops in the Commonwealth of the Northern Mariana Islands.

As an American territory, the Marianas can produce garments with a "Made in the U.S.A." label. But because of its special legal status, the Commonwealth is also exempt from U.S. labor and immigration laws. This unique position has allowed the islands to develop a thriving garment industry in which Chinese and Korean factory owners bring in poor Chinese workers, many of them young women, and pay them just \$3.05 an hour, as opposed to the \$8 an hour the average American garment worker earns. Chinese workers assemble

¹⁴⁷ Bureau of Labor Statistics, U.S. Department of Labor, *Career Guide to Industries, 2006-2007 Edition*, Textile, Textile Product, and Apparel Manufacturing, available at: <http://stats.bls.gov/oco/cg/cgs015.htm>.

clothing from Chinese fabric, buttons, and zippers, but clothing companies can then send it duty-free to the mainland United States with a “Made in the U.S.A.” label. In the Mariana Islands, foreign workers actually outnumber U.S. citizens by a sizeable amount, and they live under terrible conditions, in what the U.S. Interior Department has called “labor camps.”¹⁴⁸

DEMOCRATIC OPPOSITION TO THE MARIANAS SWEATSHOPS

Democrats have long opposed the islands’ labor and immigration laws. Representative George Miller (D-CA) has repeatedly introduced legislation that would require the Marianas to comply with the federal minimum wage and other labor laws. Miller has said, “It’s an absolute insult to American workers and American taxpayers that you would be able to make these products using harshly exploited individuals and foreign workers and then get all the benefits of using the ‘Made in the U.S.A.’ label.” In a 1997 letter, President Clinton called the islands’ sweatshop labor practices “inconsistent with our country’s values.” However, Republicans disagreed. Just one month later, Republican House leaders Dick Armey (R-TX) and Tom DeLay (R-TX) said in a letter to commonwealth officials that legislation such as Miller’s goes against the “principles of the Republican Party.”¹⁴⁹

REPUBLICANS DEFEND THE MARIANAS SWEATSHOP SYSTEM

Republican leaders became the champions of the Marianas sweatshops after the Marianas government hired GOP super-lobbyist Jack Abramoff in 1995 to lobby against the garment industry crackdown Democrats were proposing. Then-Majority Whip Tom DeLay (R-TX) and his aides took multiple trips to the Marianas with Jack Abramoff, some of which

¹⁴⁸ Jennifer Lin, “Your Pricey Clothing is Their Low-Pay Work,” Philadelphia Inquirer, 2/8/98.

¹⁴⁹ Jennifer Lin, “Your Pricey Clothing is Their Low-Pay Work,” Philadelphia Inquirer, 2/8/98.

were illegally paid for by Abramoff himself.¹⁵⁰ DeLay went on to help lead the fight in Congress against the labor reforms opposed by Abramoff and his clients, promising to block any legislation increasing regulations, and railing against such legislation in the Congressional Record. In 2000, DeLay blocked a bipartisan bill that would have prevented garment manufacturers in the Marianas from using the “Made in the U.S.A.” label from being brought up for a House vote, despite the bill’s having 234 co-sponsors, more than enough for the bill to pass.¹⁵¹

Representative Doc Hastings (R-WA), currently chairman of the House Ethics Committee, also rose up in defense of the Marianas sweatshops after he received contributions from Abramoff’s lobbying firm and Abramoff himself. As a member of the Resources subcommittee with jurisdiction over the islands, Hastings’ office and Abramoff’s lobbying firm worked closely on Marianas issues. After repeated lobbying contacts with the firm in 1996, Hastings used a subcommittee hearing to express his support for the Marianas’ government and his opposition to the minimum wage increase. He also inserted into the record an opinion article supporting the Marianas government’s labor policies. The article’s author was a paid consultant to Abramoff’s firm.¹⁵²

In an even stranger twist, it appears that then-Majority Leader Tom DeLay and his staff used DeLay’s influence to win earmarks for the islands and tilt a legislative election in favor of a candidate who was friendlier to Abramoff. In late 1999, Tom DeLay’s former chief of staff Ed Buckham and his outgoing communications director Michael Scanlon, both associates of GOP lobbyist Jack Abramoff, traveled to the Northern Mariana Islands to

¹⁵⁰ Kate Zernike and Philip Shenon, “Papers Show Lobbyist Paid for Congressional Travel,” New York Times, 5/4/05.

¹⁵¹ Walter F. Roche Jr. and Chuck Neubauer, “A Question of Influence; Two Former Aides to DeLay Paved Way for Lobbyist’s Deal,” Los Angeles Times, 5/6/05.

¹⁵² Philip Shenon, “House Ethics Chief is Tied to Lobby Figures,” New York Times, 6/8/05.

convince two local lawmakers to switch their votes in order to elect the conservative underdog candidate, Benigno Fitial, for Speaker of the legislature. Abramoff supported Fitial because he would renew Abramoff's contract to lobby for the Marianas in Washington. The legislators switched votes after Buckham and Scanlon promised money for needed projects in their districts, and Fitial became Speaker. The FY 2001 Energy and Water bill contained a \$150,000 earmark for a project in one of the two legislators' districts, and in May 2000, a runway resurfacing project for an airport located in the other legislator's district appeared on the list of airport projects that the Appropriations Committee prioritized for FAA grants. DeLay was a senior appropriator at the time. As the newly elected Speaker of the House, Fitial quickly pressured the islands' government to renew and extend Abramoff's \$100,000-per-month contract, which they did.¹⁵³

TAX BREAKS AND GOVERNMENT CONTRACTS FOR COMPANIES THAT MOVE OFFSHORE

When Jack Abramoff and his Republican allies in Congress were not protecting sweatshops in the Marianas, they were making sure that U.S. companies retained the ability to avoid paying U.S. taxes by opening up post office boxes in Bermuda. Under a still-legal practice known as "corporate inversion," an American company can move its headquarters to a foreign tax haven, while its operations and employees stay in the United States. The sole purpose of this transaction is to lower the company's U.S. tax liability. One of the corporations that took advantage of this tax-avoidance ploy was Tyco, the legally embattled corporation which moved its headquarters to Bermuda in 1997, and as a result, saves up to \$400 million a year in U.S. taxes.¹⁵⁴ Another company was Ingersoll-Rand, which started

¹⁵³ Walter F. Roche Jr. and Chuck Neubauer, "A Question of Influence; Two Former Aides to DeLay Paved Way for Lobbyist's Deal," Los Angeles Times, 5/6/05.

¹⁵⁴ Walter F. Roche Jr., "Nominee is Linked to Controversy," Los Angeles Times, 7/29/05.

renting a mailbox in Bermuda in 2001, and avoids nearly \$40 million in U.S. taxes annually.¹⁵⁵

Far from punishing these tax-avoiders, the federal government awarded Tyco \$224 million in federal contracts in 2001, while Ingersoll-Rand received \$40 million in federal contracts.¹⁵⁶ Four of the largest government contractors are incorporated in offshore tax havens, and together were awarded \$2.7 billion in government contracts in 2001.¹⁵⁷ In 2004, the Department of Homeland Security passed over two American companies (both operating and paying taxes in America) to award Accenture, which is incorporated in Bermuda, a massive \$10 billion homeland security contract to screen visitors to the U.S.¹⁵⁸ As Representative Richard Neal (D-MA) commented: “The American taxpayer is paying \$10 billion for passport protection to a company that has turned in its passport.”¹⁵⁹

DEMOCRATIC OPPOSITION TO EXPATRIATE COMPANIES

For the past few years, Democrats have argued that the government should not be doing business with corporations that move offshore to lower their U.S. tax bill. During the debate over the creation of the Department of Homeland Security (DHS) in 2002, the House overwhelmingly approved Representative Rosa DeLauro’s (D-CT) motion to add language prohibiting the awarding of DHS contracts to expatriate corporations.¹⁶⁰ In the Senate, the late Senator Paul Wellstone (D-MN), who had long fought to prevent expatriate corporations from receiving lucrative government contracts, had inserted language into the 2002 Homeland Security bill that would have prevented such homeland security contracts

¹⁵⁵ Emily Pierce, “Bermuda Triangle? Bill Targeting Tax Havens Stalled Again,” Roll Call, 2/12/03.

¹⁵⁶ *Id.*

¹⁵⁷ Lou Dobbs, “Dereliction of duty,” U.S. News & World Report, 6/14/04.

¹⁵⁸ *Id.*

¹⁵⁹ Ethan Wallison, “Accenture Bid Revives Debate,” Roll Call, 6/7/04.

¹⁶⁰ Roll call vote # 366, 7/26/02.

from being awarded. At the eleventh hour, however, then-House Majority Leader Dick Armev substituted language that effectively overturned Wellstone's provision by grandfathering in companies that had expatriated before the vote.¹⁶¹ Since that time, Representatives DeLauro,¹⁶² Neal and other Democrats have repeatedly tried to impose tax penalties on U.S. companies that move offshore and disqualify them from winning federal contracts, but they have been blocked by the Republican leadership.¹⁶³

ABRAMOFF'S LOBBYING FOR AN OFFSHORE CORPORATION: "A FULL-COURT PRESS"

Recent Congressional hearings and press stories have revealed that GOP super-lobbyist Jack Abramoff was involved in the campaign to kill legislation attempting to crack down on corporate offshoring. Timothy Flanigan, President Bush's pick for the number two spot in the Justice Department, withdrew his nomination after Senate hearings revealed that he had hired Jack Abramoff while working as general counsel to Bermuda-based Tyco. Flanigan had held the Tyco job since he left the White House in 2002, where he worked for then-White House Counsel Alberto Gonzalez. Through Flanigan, Tyco paid Abramoff more than \$1.7 million to lobby the White House and Congress to allow offshore companies to retain their special tax status.¹⁶⁴ Abramoff diverted \$1.5 million that was supposed to pay for a letter-writing campaign to organizations he controlled, a theft that Flanigan failed to notice.¹⁶⁵

Flanigan said he hired Abramoff in part because of his "good relationships with members of Congress," including then-Majority Leader Tom DeLay. Abramoff later told

¹⁶¹ Ethan Wallison, "Accenture Bid Revives Debate," Roll Call, 6/7/04.

¹⁶² See, for example, the amendment Rep. DeLauro offered during the markup of the FY 2006 Transportation, and Treasury Appropriations bill (H.R. 3058) on 6/21/05.

¹⁶³ Walter F. Roche Jr., "Nominee is Linked to Controversy," Los Angeles Times, 7/29/05.

¹⁶⁴ Id.

¹⁶⁵ R. Jeffrey Smith, "Tyco Exec: Abramoff Claimed Ties to Administration," Washington Post, 9/23/05.

Flanigan that he had spoken with Karl Rove about the tax issue. His connections with DeLay and Rove apparently paid off, and the targeted legislation never made it to the House floor for an up-and-down vote.¹⁶⁶ According to one source, Abramoff applied the “full-court press” and “called in the big guns” to kill the corporate expatriate legislation.¹⁶⁷ Abramoff’s business dealings with Tyco, whose former CEO and CFO have been sentenced to prison for corporate corruption, appeared recently in Abramoff’s guilty plea (Tyco is “Company A”).¹⁶⁸ In addition, a recent document the Justice Department filed in connection with the prosecution of Bush Administration official David Safavian shows that Safavian improperly tipped off Abramoff about the federal government’s intention to suspend Tyco from receiving government contracts. Abramoff shared this inside information with Tyco so the company would have time to prepare its response to the suspension.¹⁶⁹

USING CONGRESSIONAL INFLUENCE TO KILL AN INVESTIGATION INTO BANK FRAUD

Another special interest Republican leaders protected was a savings-and-loan owner who may have defrauded American taxpayers out of more than a billion dollars. In the late 1990s, the Federal Deposit Insurance Corporation (FDIC) was investigating Houston millionaire Charles Hurwitz for his role in the collapse of the United Savings Association of Texas, which cost taxpayers \$1.6 billion. Hurwitz and his political action committee were major contributors to Republican leaders such as President Bush and Representative Tom

¹⁶⁶ Id.

¹⁶⁷ Walter F. Roche Jr., “Nominee is Linked to Controversy,” *Los Angeles Times*, 7/29/05.

¹⁶⁸ Sharon Theimer, “Tyco Acknowledges \$1.6M to Abramoff,” *Associated Press*, 1/5/06.

¹⁶⁹ Susan Schmidt and James V. Grimaldi, “U.S. Says Abramoff Tipped Tyco to GSA Move,” *Washington Post*, 1/28/06.

DeLay (R-TX), including a \$5,000 contribution to DeLay's legal defense fund. In 1999, DeLay wrote a letter attacking the FDIC investigation. Two years later, both House Conference Secretary Rep. John Doolittle (R-CA) and now-Resources Chairman Richard Pombo (R-CA) attacked the investigation on the House floor. They also created a special Resources Committee "Headwaters Task Force" led by Doolittle that subpoenaed confidential records pertaining to the case from the FDIC, and then published them in the Congressional Record. FDIC lawyers said the publication of these documents ruined their case and forced them to drop the investigation, which could have recovered millions of dollars for American taxpayers.¹⁷⁰

¹⁷⁰ Richard A. Serrano and Stephen Braun, "A Donor Who Had Big Allies; DeLay and Two Others Put the Brakes on a Federal Probe of a Businessman," Los Angeles Times, 1/8/06.



HIGHER EDUCATION IN AMERICA

THE HIGH COST OF A COLLEGE EDUCATION

Nearly two-thirds of students attending four-year public colleges and universities take out loans, and graduate with an average debt of \$17,600. The situation is even worse at private colleges, with 73% of students taking out loans and graduating with an average debt of \$22,581.¹⁷¹ These debts make it difficult for graduates to take lower-paying jobs such as teaching, and may discourage low-income families from even sending their children to college, a problem for a country whose economy increasingly depends on a college-educated workforce able to compete. This section will show that, while American families are struggling more than ever to send their kids to college and students are leaving college with larger-than-ever debts, recently-elected Majority Leader John Boehner has (R-OH) played a leading role in protecting the sector of the financial services industry engaged in the student loan business.

REPUBLICANS NOT INTERESTED IN SAVING MONEY FOR THE GOVERNMENT, STUDENTS

In the past year, Republicans have taken a number of actions that will result in higher college costs for students and their families. One such action was the Republicans' campaign to block the expansion of the direct lending program. Experts have long agreed

¹⁷¹ Philadelphia Inquirer Editorial, "Student Loans Buried Under a Mountain of Debt," 11/30/05, quoting statistics from the Center for Economic and Policy Research.

that direct lending, in which the U.S. Department of Education loans money directly to students and cuts out the middleman private lenders, saves taxpayer dollars. Students repay the loans and interest to the government, without subsidizing private lenders to guarantee they make a profit. Not surprisingly, private lenders such as Sallie Mae, the biggest private lending company in the country, fiercely oppose the direct lending program.¹⁷²

A bipartisan group of Members who support expanding direct lending introduced the Student Aid Reward Act (STAR - H.R. 1425) early in the 109th Congress, which would save the federal government billions of dollars and reward colleges that switch to the direct lending program with extra federal financial aid for students from low-income families. But Majority Leader John Boehner, then Chairman of the Committee on Education and the Workforce, led the fight in Congress to kill the STAR bill,¹⁷³ defeating it during the Education Committee markup of the recent budget reconciliation spending legislation, H.R.4241.¹⁷⁴

The House and Senate-passed versions of the recent budget reconciliation spending bill (H.R.4241 and S. 1932) instead achieved savings by increasing fees on graduating students and on private lenders. According to the Chronicle of Higher Education, the fee increase on lenders sent loan-industry officials into an “uproar.” In a December speech to the Consumer Bankers Association, Chairman Boehner assured them he would take care of them in the conference report. “Relax. Stay calm,” he told them. “At the end of the day, I believe you’ll be at least satisfied, or even perhaps happy.” Later he added the commitment,

¹⁷² Stephen Burd, “Lenders Mislead in Battle Over Cost of Direct Lending, Budget Experts Say,” *Chronicle of Higher Education*, 7/9/05.

¹⁷³ *Id.*

¹⁷⁴ Roll Call Vote # 3. House Report 109-276.

“Know that I have all of you in my two trusted hands.” At another point in the speech, he promised, “I’ve got enough rabbits up my sleeve to be able to get where we need to.”¹⁷⁵

Sure enough, the lenders ended up happy. The conference report, on which Boehner was a conferee, not only reduced the cuts and fees to lenders, but may have dealt a fatal blow to direct lending. Boehner inserted a provision that transformed the direct lending budget in the Department of Education into a program subject to annual appropriations, forcing it to compete with other legislative priorities in each year’s budget. He also ensured that the legislation would prevent students from consolidating their direct loans in college, and would make it harder for them to extend the payment deadline without refinancing.¹⁷⁶

CHAIRMAN JOHN BOEHNER (R-SALLIE MAE)

Representative John Boehner (R-OH) financed his campaign for majority leader in part with major donations from for-profit colleges and private student lenders, both

industries whose profits saw a multi-million dollar boost

"I've got enough rabbits up my sleeve to be able to get where we need to."

- Rep. Boehner to the Consumers

during Boehner’s tenure as Chairman of the Committee on Education and the Workforce.

In the most recent election cycle, Boehner’s PAC (“The Freedom Project”) received \$292,570 from employees and lobbyists employed by private student lending companies and for-profit schools—more than half of all individual contributions to his PAC.¹⁷⁷

¹⁷⁵ Stephen Burd, “In My Trusted Hands,” *Chronicle of Higher Education*, 12/16/05.

¹⁷⁶ Stephen Burd, “Boehner’s Candidacy for Leadership Post Throws Spotlight on His Ties to Student-Loan Providers,” *Chronicle of Higher Education*, 1/13/06.

¹⁷⁷ Thomas B. Edsall, “Controversial Industries Have Backed Boehner,” *Washington Post*, 1/29/06.

In exchange, Majority Leader Boehner has repeatedly pushed for legislation that would help these types of companies. For example, he proposed to deregulate for-profit schools, allowing them to collect millions of dollars in government subsidies, despite opposition by groups such as the United States Student Association and the American Federation of Teachers. He has also sponsored legislation that would prevent the Department of Education from making government student loans less expensive, which would have made it easier for lower-income students to attend college, but might have cut into the profits of private lending companies.¹⁷⁸

One of the biggest private lending companies, Sallie Mae, was Boehner's largest single source of campaign contributions in the 2003-2004 election cycle,¹⁷⁹ a period when Boehner's committee was working on reauthorizing the Higher Education Act, with Sallie Mae executives contributing more than \$100,000.¹⁸⁰ In 2004, a Sallie Mae lobbyist hosted a fundraiser for Boehner in her home that brought in checks from 34 of the company's top executives.¹⁸¹ Sallie Mae also helped sponsor a Boehner party at the 2004 Republican National Convention, and Boehner has flown on Sallie Mae's corporate jet multiple times, usually traveling to Florida to play golf.¹⁸² Boehner's daughter works for a Sallie Mae subsidiary, a job she got after Boehner mentioned her during a round of golf with the subsidiary's then-owners.¹⁸³ Boehner has worked especially closely with Sallie Mae lobbyists in recent years to defeat the STAR bill. A top executive at an association of college

¹⁷⁸ Id.

¹⁷⁹ Id.

¹⁸⁰ Stephen Burd, "Boehner's Candidacy for Leadership Post Throws Spotlight on His Ties to Student-Loan Providers," *Chronicle of Higher Education*, 1/13/06.

¹⁸¹ David Hammer, "Boehner's special-interest past colors his bid for leader's spot," *Associated Press*, 1/14/06.

¹⁸² Stephen Burd, "Boehner's Candidacy for Leadership Post Throws Spotlight on His Ties to Student-Loan Providers," *Chronicle of Higher Education*, 1/13/06.

¹⁸³ Stephen Koff, "Boehner in line to be House majority leader," *Cleveland Plain Dealer*, 1/10/06.

administrators has said, “One can’t help but see Sallie Mae’s imprint on the substance of the legislation that Mr. Boehner’s committee has produced.”¹⁸⁴

¹⁸⁴ Stephen Burd, “Boehner’s Candidacy for Leadership Post Throws Spotlight on His Ties to Student-Loan Providers,” *Chronicle of Higher Education*, 1/13/06.

APPENDIX 1

THE K STREET PROJECT AND MAJORITY LEADER JOHN BOEHNER

When the revolution arrived, Gingrich had a system already in place for maintaining and expanding the money operation. DeLay would be his hammer. Paxon would serve as cheerleader. Majority Leader Armey would position himself as ideological arbiter, attacking corporations for funding nonprofit agencies that opposed the revolution. Conference Chairman Boehner would nourish business coalitions, bringing them in for regular Thursday sessions to plan how the corporate world could advance conservative policy.¹⁸⁵

The day before Republicans took control of Congress in January 1995, soon-to-be-elected Majority Whip Rep. Tom DeLay (R-TX) met in his Capitol Hill office with a group of corporate lobbyists who had helped him finance Republican candidates in the 1994 elections. As a reward for their support, DeLay brought these lobbyists in to write a deregulation bill that rolled back a number of environmental protections and labor laws. When their bill went to the House floor for consideration, DeLay and other Republican leaders allowed these lobbyists to operate a “war room” right off the House floor to prepare talking points and rapid response memos.¹⁸⁶ The process behind this bill was the first road test of the corrupt system now associated with the “K Street Project,” the system where Republican leaders let their lobbyist friends to write our laws.

By April that year, DeLay was confronting lobbyists about campaign contributions, using a list that examined PAC contributions and labeled heavy Republican donors “Friendly” and the rest “Unfriendly.” Former Rep. Bill Paxon (R-NY), then the NRCC Chair, claimed to have met privately with 200-300 top CEOs to convince them to stop

¹⁸⁵ David Maraniss and Michael Weisskopf, “Speaker and His Directors Make the Cash Flow Right,” *Washington Post*, 11/27/95.

¹⁸⁶ Michael Weisskopf and David Maraniss, “Forging an Alliance for Deregulation; Rep. DeLay Makes Companies Full Partners in the Movement,” *Washington Post*, 3/12/1995.

supporting “the enemy,” and start supporting the Republicans. DeLay had launched what was then called his “K Street Strategy,” pressuring lobbying firms to replace top Democrats with Republicans, and even giving recommendations to headhunters looking to fill positions with conservatives. At the time, DeLay said, “We’re just following the old adage of punish your enemies and reward your friends. We don’t like to deal with people who are trying to kill the revolution. We know who they are. The word is out.”¹⁸⁷ In 1998, the House Ethics Committee formally admonished DeLay for pressuring the Electronics Industry Association to hire Paxon instead of former Rep. Dave McCurdy, a Democrat, by holding up a vote on intellectual property legislation.¹⁸⁸

As the quote cited at the beginning of this appendix suggests, newly-elected Majority Leader John Boehner (R-OH) was an integral part of the K Street Project from the very beginning. While DeLay was the “hammer” and Paxon was the “cheerleader” for the project, then-Republican Conference Chairman Boehner was the liaison to the corporate interests seeking to buy access to the legislative process.¹⁸⁹ In June of 1995, Boehner was caught walking around the House floor handing out campaign checks from tobacco company Brown & Williamson. Boehner had suggested the names of a number of Republican Members to the company’s PAC and distributed at least six of the checks in person “so he could get credit.” That same week, the Appropriations Committee voted down anti-tobacco legislation. Seven Appropriations members, including then-Chairman

¹⁸⁷ David Maraniss and Michael Weisskopf, “Speaker and His Directors Make the Cash Flow Right,” *Washington Post*, 11/27/95.

¹⁸⁸ Jim VandeHei, “GOP Monitoring Lobbyists’ Politics; White House, Hill Access May Be Affected,” *Washington Post*, 6/10/02; Jim VandeHei and Juliet Eilperin, “Targeting Lobbyists Pays Off For GOP,” *Washington Post*, 6/26/03.

¹⁸⁹ David Maraniss and Michael Weisskopf, “Speaker and His Directors Make the Cash Flow Right,” *Washington Post*, 11/27/95.

Bob Livingston (R-LA), had received a Brown & Williamson check.¹⁹⁰ In reaction to this incident, the House of Representatives later adopted the so-called “Boehner Rule,” which is currently codified at clause 7 of House Rule IV:

A Member, Delegate, Resident Commissioner, officer, or employee of the House, or any other person entitled to admission to the Hall of the House or rooms leading thereto by this rule, may not knowingly distribute a political campaign contribution in the Hall of the House or rooms leading thereto.

In 1996, Speaker Newt Gingrich gave Boehner the lead role in organizing Republican-leaning corporate lobbyists against the AFL-CIO’s political efforts in the upcoming election.¹⁹¹ Boehner’s “Thursday Group” meetings with powerful lobbyists in the Speaker’s suite in the Capitol played an important part in the development of the K Street Project and allowed him to form a loyal group of lobbyist allies.¹⁹² This “K Street Cabinet” has helped Boehner host his well-known warehouse parties, which started in 1996 and are a regular feature at the Republican National Convention. These lobbyists are also big contributors to Boehner’s PAC.¹⁹³ In addition, Boehner can count at least 24 former members of his staff among his lobbyist allies, more than twice as many aides-turned-lobbyists as the other leading candidate for Majority Leader.¹⁹⁴

The K Street Project became more ambitious after Republicans captured the White House in 2000. In 2002, word got out that Republicans, led by Grover Norquist, had expanded DeLay’s original “K Street Strategy” into the “K Street Project,” a bulky report

¹⁹⁰ Walter Pincus, “House Sweeps Checks Off Floor; Distributing Campaign Donations Banned in Restricted Areas of Chamber,” *Washington Post*, 2/14/97.

¹⁹¹ Robert Novak, “GOP Readies for War With Big Labor,” *Chicago Sun-Times*, 5/16/96.

¹⁹² Janet Hook and Mary Curtius, “Lobbying Ties Cast Pall on Contest for GOP Post; The congressmen vying to succeed Tom DeLay as House majority leader have some similar links,” *Los Angeles Times*, 1/14/06; Sabrina Eaton, “Boehner Defends Tactics, Sets Sights on Speaker Post,” *Cleveland Plain Dealer*, 8/9/98.

¹⁹³ Jonathan E. Kaplan, “Boehner can rely on K Street Cabinet,” *The Hill*, 10/6/05.

¹⁹⁴ Alexander Bolton, “Candidates and their K St. teams,” *The Hill*, 2/1/06.

listing thousands¹⁹⁵ of lobbyists' firms, party affiliations, political work history, and contribution histories. The report was intended to be distributed as a reference for Bush Administration officials and Republican lawmakers to use in determining which lobbyists deserved access to their offices. In May 2002, Senator Rick Santorum (R-PA) hosted a private meeting in the Capitol for Norquist and a couple dozen lobbyists and staffers. In the meeting, Norquist asked the attendees for help completing the project. That same year, Santorum and Rep. J. C. Watts (R-OK) publicly admonished Boeing for hiring a Democrat to run its Washington office.¹⁹⁶

As 2002 drew to a close, Rep. Michael Oxley (R-OH) pressured a mutual fund company consortium to fire their top lobbyist, a Democrat, by having his staff threaten industry officials with a congressional probe. Rather than fire their lobbyist, the consortium hired a former top Republican House staffer as its chief government affairs officer. By 2003, more than nine out of ten of top-level lobbying positions in Washington were going to Republicans, many of them Bush Administration officials, former Republican congressional aides, or former Republican members of Congress. Santorum continued to meet with Republican lobbyists every other week, and discussed job openings with them. The newly powerful Republican lobbyists went on to raise enormous amounts of money for the Republican Party, and to become big contributors themselves.¹⁹⁷

GOP super-lobbyist Jack Abramoff played an important role in the K Street Project, as an old friend of Norquist's and a major Republican lobbyist. Abramoff has said, "It was my role to push the Republicans on K Street to be more helpful to the conservative

¹⁹⁵ Michael S. Gerber, "List or Blacklist?," *The Hill*, 6/26/02.

¹⁹⁶ Jim VandeHei, "GOP Monitoring Lobbyists' Politics," *Washington Post*, 6/10/02.

¹⁹⁷ Jim VandeHei and Juliet Eilperin, "Targeting Lobbyists Pays Off For GOP," *Washington Post*, 6/23/03.

movement.” Abramoff himself hired several former senior Republican congressional staffers to his lobbying team, including DeLay aides Tony Rudy and Michael Scanlon.¹⁹⁸

The K Street Project continues to play a large, unsubtle role in politics. It has its own website, www.kstreetproject.com, which masquerades as a nonpartisan site and lists lobbying news and vacancies. Meanwhile, the Project has led to a profound shift in the relationships between lawmakers and lobbyists. Since 1998, lobbyists have served as treasurers of 79 lawmakers’ campaign committees and leadership PACs. Lobbyists held all the top positions at the 2004 Republican convention, and are routinely used by House Republican leadership to whip bills. Lobbyists and congressional ethics analysts date this change in culture to 1995 and the K Street Project.¹⁹⁹

Since he left the Republican leadership after the 1998 elections, Boehner has continued to cultivate his relationships with corporate interests and K Street lobbyists. As the Cleveland Plain Dealer put it, “If Congress is to renounce its cozy relationships with lobbyists...Boehner may not represent a sweeping change,” since he likes to spend his time golfing with corporate contributors, dining with lobbyists, and flying to resorts in the corporate jets of companies who had business before the committee he chaired until recently, the Committee on Education and the Workforce.²⁰⁰ Since 2000, Boehner has taken \$157,000 worth of “fact finding trips” paid for by special interests and nonprofits, the ninth most in Congress. Many of the trips were to resorts and European capitals,²⁰¹ and his wife accompanied him on 22 of the 31 trips. The trips cost an average of \$4,000 each.²⁰²

Boehner is so close to lobbyists that he even rents his Capitol Hill apartment from a lobbyist

¹⁹⁸ Michael Crowley, “A Lobbyist in Full,” *New York Times*, 5/1/05.

¹⁹⁹ Thomas B. Edsall, “Lobbyists’ Emergence Reflects Shift in Capital Culture,” *Washington Post*, 1/12/06.

²⁰⁰ Stephen Koff, “Boehner in line to be House majority leader,” *Cleveland Plain Dealer*, 1/10/06.

²⁰¹ USA Today Editorial, “Looking For Mr. Clean? Not in This House Race,” 1/26/06.

²⁰² David Hammer, “Boehner’s special-interest past colors his bid for leader’s spot,” *Associated Press*, 1/14/06.

friend whose clients have a vested interest in minimum-wage, tax and other legislation that came before Boehner's committee.²⁰³

²⁰³ Thomas B. Edsall and Jonathan Weisman, "Boehner Rents Apartment Owned by Lobbyist in D.C.," Washington Post, 2/8/06.

APPENDIX 2

HOW JACK ABRAMOFF'S FRIENDS IN CONGRESS AND THE BUSH ADMINISTRATION WORKED CLOSELY WITH HIM TO HELP HIS LOBBYING CLIENTS

As we pointed out in the Executive Summary of this report, House Republicans are currently scrambling to recreate themselves as “reformers” and distance themselves from the “K Street Project,” the network of loyal Republican lobbyists who helped special interests gain privileged access to the legislative process. One of the architects of the K Street Project was now-discredited GOP lobbyist Jack Abramoff, a former College Republican leader, action-movie producer, and “a loyal soldier in the GOP army” who set up his lobbying business in Washington after his Republican friends took control of Congress in 1995. At that time, conservative leader Grover Norquist called his long-time friend Abramoff a revolutionary who would help conservatives conquer K street just as they had conquered Capitol Hill. “What the Republicans need is 50 Jack Abramoffs,” Norquist said. “Then this becomes a different town.”²⁰⁴

As this section will document in great detail, one of Abramoff’s most important Capitol Hill collaborators was Majority Whip and later Majority Leader Tom DeLay (R-TX). Abramoff paid for and accompanied DeLay and his staff on lavish international trips, while DeLay and his staff (some of whom left Capitol Hill to join Abramoff on K Street) helped Abramoff deliver for his clients on Capitol Hill. In a 1995 profile of Abramoff, the National Journal reported:

He [Abramoff] is more than welcome among the new Republican leaders on Capitol Hill. “He is someone on our side,” said Ed Buckham, the chief of staff to House Majority Whip Tom D. DeLay, R-Texas. “He has access to DeLay.”²⁰⁵

²⁰⁴ W. John Moore, “Jack Abramoff: A Lobbyist with a Line to Capitol Hill,” *National Journal*, 7/29/95.

²⁰⁵ *Id.*

As one House leadership aide described the relationship: “Jack raised money for the pet projects of DeLay and took care of his top staff. In turn, they granted him tremendous access and allowed him to freely trade on DeLay's name.”²⁰⁶ During an Abramoff-sponsored trip DeLay, his wife, and three aides took to the Marianas islands in 1997, DeLay offered a toast to Abramoff, calling him “one of my closest and dearest friends.”²⁰⁷

Not surprisingly, DeLay seems to have reconsidered his friendship with Abramoff since Abramoff's criminal activities have been made public. In spite of the fact that for almost 10 years, the two men worked closely together and traveled the world together playing golf and staying in luxury hotels, DeLay “associates” are now selling the story that “the two men never became personally close.”²⁰⁸ In a letter he recently wrote to Republican voters in his district, DeLay insists that he and Abramoff were not “personal close friends” and that DeLay had never accorded Abramoff any type of “preferential treatment.”²⁰⁹

**“What the Republicans need is 50 Jack Abramoffs. Then this becomes a different town.”
- Grover Norquist, 1995**

Thanks to a Senate investigation, multiple criminal inquiries, and numerous media investigative reports, Americans now know a great deal about the network of connections, influence, and corruption that Abramoff and his associates had been operating since his Republican friends took control of the Congress in 1995. These investigations have given

²⁰⁶ Peter H. Stone, “Abramoff's and DeLay's Foreign Adventures,” National Journal, 2/26/05.

²⁰⁷ Michael Hedges, Bennett Roth, and Gebe Martinez, “Some say Jack Abramoff is just doing his job, but a probe is putting heat on him - and DeLay; GOP leader's ties to lobbyist deepen his own controversy,” Houston Chronicle, 4/13/05.

²⁰⁸ Susan Schmidt and James V. Grimaldi, “The Fast Rise and Steep Fall of Jack Abramoff; How a Well-Connected Lobbyist Became the Center of a Far-Reaching Corruption Scandal,” Washington Post, 12/29/05.

²⁰⁹ John Bresnahan, “DeLay Makes Plea to Voters,” Roll Call, 2/9/06.

the American people a glimpse of how a bill gets passed and executive decisions get made in today's Republican-controlled Washington. Up to this point, the most thoroughly investigated episode in the Abramoff story details how Abramoff and his colleagues parlayed their access to powerful Republicans in Congress and in the Bush Administration into more than \$80 million in lobbying fees from Indian tribes. The extent and ambition of this shakedown have left even the most cynical Washington operatives dumfounded. As David Brooks summed up these transactions, "The sleazemasters of old look back into the land of the mortals and they see greatness in the form of Jack Abramoff."²¹⁰

As this appendix will detail, collaborating with a number of Members of Congress and their staffs (some of whom later went to work for him), Abramoff was able to get letters written, phone calls made, contracts awarded, and even pass or kill legislation on behalf of his paying clients. In exchange, Abramoff and his clients gave Members of Congress political contributions, luxury trips, meals, and other gifts.

This appendix also shows why the White House has been so reluctant to release photos of Abramoff and President Bush. It was not just Members of Congress who worked with Abramoff. Numerous Bush Administration officials were also part of Abramoff's network of corruption. Abramoff had close political connections with the Bush Administration from the very beginning. He was a major Bush fundraiser in both the 2000 and 2004 presidential campaigns, he served on President Bush's 2001 transition team, and his former assistant, Susan Ralston, went on to work for Karl Rove in the White House.²¹¹

²¹⁰ David Brooks, "Masters of Sleaze," *New York Times*, 3/22/05.

²¹¹ Jeanne Cummings, "Abramoff Could Still Haunt White House. Questions About Contacts with Disgraced Lobbyist Pose Risks for Bush Administration," *Wall Street Journal*, 2/8/06. "For two years, the assistant who answered Rove's phone was a woman who had previously worked for lobbyist Jack Abramoff, a close friend of Norquist's and a top DeLay fundraiser. One Republican lobbyist, who asked not to be named because DeLay and Rove have the power to ruin his livelihood, said the way Rove's office worked was this: 'Susan took a message for Rove, and then called Grover to ask if she should put the caller through to Rove. If Grover didn't approve, your call didn't go through.'" Mary Jacoby, "House Divided: GOP Enforcer Tom DeLay and his

This appendix examines a number of questionable actions involving Abramoff and senior Bush Administration officials. In exchange for trips and payments, executive branch officials took actions that benefited Abramoff and his clients, rather than the public interest.

The table below lists Jack Abramoff's registered lobbying clients during the height of his power and influence. Following this table is a detailed narrative of how Abramoff and his Republican allies in Congress and the Bush Administration worked to enrich themselves and Abramoff's clients at the expense of the public interest.

*Jack Abramoff's Lobbying Clients*²¹²

<u>Client</u>	<u>Years Lobbied</u>	<u>Fee</u>
Agua Caliente Band of Cahuilla Indians	2002-2004	\$3,160,000
American International Center	2001-2004	\$1,680,000
ATOFINA Chemicals, Inc.	2001-2003	\$180,000
Brown-Forman Corp.	1996	\$160,000
Burlington Northern Santa Fe Corp.	1996	\$200,000
Business Software Alliance	1998-2000	\$180,000-\$200,000
Cash America International, Inc.	1998	\$80,000
Channel One Network	1998-2000	\$1,580,000
Chelsea Commercial Enterprises Limited	1997	\$260,000
Cherokee Nation Enterprise	2003	\$120,000
Chitimacha Tribe of Louisiana	2000-2004	\$400,000-\$410,000
Commonwealth of the Northern Mariana Islands	1996-1998, 2000-2002	\$6,660,000
Court TV	1996-1999	\$600,000
Coushatta Tribe of Louisiana	2001-2004	\$6,120,000
DH2, Inc.	2003-2004	\$220,000
Dry Prairie Rural Water	2000	\$80,000
eLottery, Inc.	2000	\$720,000
Estate of Kurt Nottebohm	2001-2002	Up to \$20,000
Flight International	2002-2003	At least \$80,000
Fluor Corporation	1996, 1998	\$180,000
Foster Wheeler Environmental Corp.	1999	Up to \$10,000
Future of Puerto Rico, Inc.	1997-2000	\$1,600,000
General Council for Islamic Banks	2002	\$180,000
George Linthicum & Noreen Sadler	1996	\$20,000
Guam International Airport Authority	2001	Up to \$20,000
Guilford Glazer & Associates	1996	\$100,000

former partner Dick Arney are locked in a nasty dispute over the future of the Republican Party," Salon, 5/25/04.

²¹² From lobbying disclosures available at the Legislative Resource Center in the House of Representatives.

Howard Hills, Esq.	2002	\$540,000
International Interactive Alliance	2003-2004	\$1,300,000
Magazine Publishers of America	2000	\$760,000
Microsoft Corporation	1997	\$380,000
Mississippi Band of Choctaw Indians	1996-2004	\$14,127,000
MWW/Strategic Communications, Inc.	1996	\$60,000
National Center for Economic Freedom, Inc.	2000	At least \$40,000
Northern Telecom, Inc.	1998	Up to \$10,000
Pitney Bowes	1998-2000	\$2,200,000
PRIMEDIA, Inc.	2001-2003	\$1,640,000
Saginaw Chippewa Indian Tribe	2000-2003	\$4,280,000
Saipan Garment Manufacturers Association	2001-2002	\$620,000
Sandia Pueblo	2002	\$500,000
Soyuzkontrakt Trade & Finance	1996-1997	\$210,000
SunCruz Casino LLC	2001	Up to \$10,000
TYCO International	2003-2004	\$1,780,000
Unisys Corporation	2003-2004	\$640,000
Voor Hulsen Project Management	2001-2004	\$2,120,000
Westerman Shapiro Draghi & Miller, LLP	2002	Up to \$10,000
Western Pacific Economic Council	1999-2000	\$2,350,000

A. eLOTTERY, INC.

In May 2000, then-Majority Whip Tom DeLay (R-TX) and his senior aide Tony Rudy went golfing in Scotland on an expensive trip arranged by GOP lobbyist Jack Abramoff. Part of the expenses for this trip were paid by eLottery, an online lottery company that was paying Abramoff \$100,000 a month to stop H.R. 3125, the “Internet Gambling Prohibition Act.” This legislation, which was supported by most Christian anti-gambling groups, was poised to pass the House by an overwhelming majority, but unexpectedly failed in a July 2000 vote after DeLay announced that he opposed it. DeLay also blocked the bill from coming up for another vote in the 106th Congress.

During this period, Rudy was sending Abramoff internal congressional communications and advice, and lobbying GOP leaders on the bill. Abramoff took Rudy to the U.S. Open in Pebble Beach soon after the Scotland trip, and, at Abramoff’s behest, eLottery donated \$25,000 to a foundation that employed Rudy’s wife as a consultant.

Secretly helping Abramoff to defeat the gambling ban was also Ralph Reed, former head of the Christian Coalition. To pay Reed hundreds of thousands of dollars without making it known that Reed was working for gambling interests, Abramoff routed money through Grover Norquist's Americans for Tax Reform group, which kept a share of the laundered money.²¹³

B. MYSTERIOUS RUSSIAN OIL INDUSTRIALISTS (CHELSEA COMMERCIAL ENTERPRISES LIMITED)

In August 1998, a London-based law firm called James & Sarch made a \$1 million contribution to former Majority Leader Tom DeLay's U.S. Family Network on behalf of two Russian oil executives. These executives, who were clients of GOP lobbyist Jack Abramoff, were seeking to establish a working relationship with a prominent American politician, and more particularly, to influence the U.S. position on the International Monetary Fund's (IMF) Russian policy. In August 1998, DeLay publicly supported Russia's position on IMF policy. DeLay and his top aides had visited these executives in Moscow in August 1997, during a trip indirectly paid for by a Bahamian company with Russian connections.

The U.S. Family Network was a purported "moral fitness" conservative non-profit advocacy group that actually used its funds to attack Democratic candidates, purchase a Capitol Hill townhouse used by DeLay and his associates, and pay hundreds of thousands of dollars in fees to the Alexander Strategy Group, a lobbying firm run by DeLay's former chief

²¹³ Susan Schmidt and James V. Grimaldi, "How a Lobbyist Stacked the Deck; Abramoff Used DeLay Aide, Attacks on Allies to Defeat Anti-Gambling Bill," Washington Post, 10/16/05.

of staff Ed Buckham, which in turn paid DeLay's wife more than \$100,000 for consulting services.²¹⁴

C. THE COMMONWEALTH OF NORTHERN MARIANAS ISLANDS (SEE THE "FOR SALE: AMERICAN JOBS" SECTION OF THIS REPORT)

D. THE GOVERNMENT OF GUAM (HOWARD HILLS, ESQ.)

In 2002, GOP lobbyist Jack Abramoff was secretly lobbying on behalf of the Guam Superior Court against a judicial reform bill pending in the U.S. Congress. Abramoff won this contract by telling Court officials he had access to then-Majority Leader Tom DeLay (R-TX) and other Republican leaders. Perhaps due to Abramoff's lobbying, the judicial reform bill died at the end of the 107th Congress in 2002. Instead of paying Abramoff directly, the Court funneled its payments through 36 separate \$9,000 checks made out to a lawyer named Howard Hills in Laguna Beach, California.²¹⁵

In November 2002, a grand jury in Guam began investigating the secret lobbying arrangement. The day after the grand jury issued subpoenas, the Bush Administration demoted the U.S. prosecutor in charge of the investigation, Frederick Black, who had been the acting U.S. attorney in Guam for 12 years. Black was replaced by Leonardo Rapadas, an attorney recommended to Karl Rove by the Guam Republican Party,²¹⁶ and barred from investigating public corruption cases.²¹⁷

²¹⁴ R. Jeffrey Smith, "The DeLay-Abramoff Money Trail; Nonprofit Group Linked to Lawmaker Was Funded Mostly by Clients of Lobbyist," Washington Post, 12/31/05.

²¹⁵ Walter F. Roche and Chuck Neubauer, "A Question of Influence; Fees Were Cloaked in Guam Lobbying Deal," Los Angeles Times, 5/6/05.

²¹⁶ Walter F. Roche Jr., "Inquiry Into Lobbyist Sputters After Demotion; The unusual financial deal between Jack Abramoff and officials in Guam drew scrutiny," Los Angeles Times, 8/7/05.

²¹⁷ Philip Shenon, "Demotion of a Prosecutor Is Investigated," New York Times, 9/27/05.

E. TIGUA TRIBE OF EL PASO, TEXAS

In March, 2002, GOP lobbyist Jack Abramoff wrote an e-mail to a colleague boasting that he had just secured the support of Representative Bob Ney (R-OH), Chairman of the Committee on House Administration, for a bill that would allow the Tigua Tribe of El Paso, Texas, to re-open their casino. Within days, Tigua tribal officials had contributed \$32,000 to campaign committees controlled by Ney. A couple months later, Abramoff asked the tribe to pay for a Scotland golfing trip for Chairman Ney, suggesting that the trip was a way to thank Ney for his support of their bill. Although Ney claimed the \$150,000 trip was paid for by the National Center for Policy Research, it was actually paid for by the Abramoff-controlled “charity,” the Capital Athletic Foundation. To help pay for the trip, Abramoff asked Tigua officials to make a \$50,000 contribution to the Capital Athletic Foundation.²¹⁸

F. FOXCOT WIRELESS

After a start-up Israeli company called Foxcom hired GOP lobbyist Jack Abramoff and contributed \$50,000 to the Capital Athletic Foundation, a bogus Abramoff charity, House Administration Committee Chairman Bob Ney (R-OH) awarded a prestigious \$3 million contract to the company to wire the Capitol and Congressional office buildings for cell phone service on November 26, 2003. This award came after House officials were already working with a U.S. company, LCG Wireless, which had a successful track record installing cell phone antennas and repeaters in large office buildings. An LCG Wireless executive has charged that the Foxcom award was a politicized “back room” deal.²¹⁹

²¹⁸ James V. Grimaldi and Susan Schmidt, “Lawmaker’s Abramoff Ties Investigated; Ohio’s Ney Has Disavowed Lobbyist,” *Washington Post*, 10/18/05.

²¹⁹ *Id.*

G. SUN CRUZ CASINOS

In March 2000, Chairman Ney (R-OH) inserted comments into the Congressional Record attacking Gus Boulis, a businessman who owned a Florida gambling boat company called SunCruz. Ney's only connection to Boulis was that one of the men attempting to purchase SunCruz was GOP lobbyist Jack Abramoff. Later that year, Ney submitted another Congressional Record statement praising Abramoff's business partner, Adam Kidan, a businessman whose record included a "string of lawsuits, judgments, liens, bankruptcies and failed businesses." A few months later, Boulis was killed by two men with connections to New York organized crime; several months after that, SunCruz held a fundraiser for Ney in Abramoff's box at the MCI Center.²²⁰

H. TYCO INTERNATIONAL (SEE THE "FOR SALE: AMERICAN JOBS" SECTION OF THIS REPORT)

I. VARIOUS INDIAN TRIBE CLIENTS AND THE GOVERNMENT OF PUERTO RICO

Representatives Steven LaTourette (R-OH) and Don Young (R-AK) both tried to intervene at the General Services Administration (GSA) on behalf of Jack Abramoff's Indian tribe clients, who were trying to gain control of a GSA-managed building in downtown Washington. The GSA chief of staff, David Safavian (who has since been indicted for perjuring himself to Abramoff investigators)²²¹ advised Abramoff that he would need help from lawmakers for his real estate scheme to succeed. In July 2000, Abramoff sent Neil Volz, a former top aide to Representative Bob Ney (R-OH), to convince LaTourette to exert

²²⁰ Id.

²²¹ R. Jeffrey Smith and Susan Schmidt, "Bush Official Arrested in Corruption Probe," Washington Post, 9/20/05.

pressure on the GSA in his capacity as a Transportation subcommittee chairman. In August 2002, Abramoff took Safavian, Ney, and Volz on a \$150,000 golf trip to Scotland. In early September of that year, LaTourette wrote the head of the GSA asking that he give preferential treatment to Indian tribes when evaluating who would develop the building in question. LaTourette re-sent the letter with Young a week later, and they received a favorable response.

Young received \$7,000 from Abramoff's clients just five weeks after the letter was sent. One of Young's former aides had gone to work at Abramoff's firm several months before Young intervened with the GSA on behalf of Abramoff's clients. In addition, Young has a long history of helping Abramoff clients. In 1997, as chair of the Resources Committee, he authored legislation to hold an election in Puerto Rico that Abramoff had lobbied for. Young also refused to hold hearings on the sweatshop-like conditions in factories on the Mariana Islands, whose government was an Abramoff client, and blocked a Democratic proposal to raise the minimum wage in the Marianas. In 2000, Abramoff's firm held a tribute to Young during the Republican Convention. Young held two fundraisers in Abramoff's skybox, and did not report them to the FEC at the time.²²²

J. THE COUSHATTA OF LOUISIANA AND MISSISSIPPI CHOCTAW TRIBES

1. Republican Congressional Leaders On June 10, 2003, the Republican leadership of the House, Speaker Dennis Hastert (R-IL), Majority Leader Tom DeLay (R-TX), Majority Whip Roy Blunt (R-MO), and Chief Deputy Whip Eric Cantor (R-VA), wrote a very unusual letter to Secretary of the Interior Gale Norton taking sides in a local gambling dispute. The letter, which appears to have been put together by DeLay's office, expressed support for the

²²² John Bresnahan, "Members Aided Abramoff Bid," Roll Call, 1/25/06.

Coushatta Tribe of Louisiana, which at the time was trying to prevent the Jena Band of Choctaw Indians from opening a new casino outside Logansport, Louisiana, near a casino operated by the Coushattas. Not coincidentally, the Coushatta Tribe was a client of GOP lobbyist Jack Abramoff, as were the Mississippi Choctaws, who also opposed the new casino. Abramoff had convinced the Coushatta Tribe to contribute \$1 million to an Abramoff “charity,” the Capitol Athletic Foundation, and worked on getting the tribe to contribute more money to a school controlled by Abramoff and to the National Center for Public Policy Research. A lobbyist familiar with tribal issues commented, “I do this for a living, and I have never seen a letter like that before. It was incredibly unusual for that group of people, who do not normally weigh in on Indian issues, to express such a strong opinion about a particular project not in any of their home states.”²²³

Another senior Member of Congress Abramoff brought into this issue was Representative Jim McCrery (R-LA). In the summer of 2003, Abramoff took McCrery’s chief of staff, Bob Brooks, on an expensive golfing trip to Scotland. In his travel disclosure, Brooks claimed that the National Center for Public Policy Research paid for the trip, a claim the center denies.²²⁴ Also on this trip were Rep. Tom Feeney (R-FL) and conservative activist Ralph Reed. At the time of Brooks’ trip, McCrery was working with Abramoff to prevent the Jenas from opening their casino. Abramoff’s and McCrery’s offices were sharing drafts of legislation to stop the Jena proposal.²²⁵ McCrery, who received \$36,000 in

²²³ R. Jeffrey Smith, “Foundation’s Funds Diverted From Mission; Records Detail Spending By GOP Lobbyist Abramoff,” *Washington Post*, 9/28/04.

²²⁴ Bruce Alpert, “State’s politicians like to travel; And they like other people to pay for it,” *New Orleans Times-Picayune*, 4/30/2005.

²²⁵ Susan Schmidt, “Casino Bid Prompted High-Stakes Lobbying; Probe Scrutinizes Efforts Against Tribe,” *Washington Post*, 3/13/05.

Abamoff-connected contributions, also wrote a letter to the Department of the Interior opposing the casino and asked House Speaker Dennis Hastert to write a similar letter.²²⁶

Republican Conference Chairwoman Deborah Pryce (R-OH) also supported Abramoff's Coughatta clients. In September 2003, Pryce sent a letter to Interior Secretary Gale Norton opposing the Jena proposal. Investigators for the Senate Indian Affairs Committee believe that Abramoff was the actual author of Pryce's letter. From 2002 to 2004, Abramoff's Indian gaming clients sent Pryce's leadership PAC \$8,000,²²⁷ and her PAC and re-election committee held \$13,000 worth of fundraisers at Signatures, Abramoff's DC restaurant.²²⁸

House Republican Conference Secretary Rep. John Doolittle (R-CA) was also involved. He received \$17,000 in contributions from Abramoff and his Indian gaming clients in early 2002, within months of his signing a letter urging the Interior Department to prevent the Jenas from opening a casino. By the end of 2002, Doolittle had used Signatures, Abramoff's upscale restaurant, to cater a fundraiser, and had received another \$15,000 from tribes connected to Abramoff.²²⁹ In all, Doolittle received over \$64,000 from Abramoff, his associates, and his tribal clients between 2001 and 2004 – more than any other Member of the House save Speaker Dennis Hastert (R-IL).²³⁰ In addition, Abramoff paid Doolittle's wife, Julie, to plan events for his sham charity, the Capital Athletic Foundation. Yet another facet of the Doolittle-Abramoff relationship is Kevin Ring, a former top aide to Doolittle,

²²⁶ John Solomon and Sharon Theimer, "Lawmakers Acted on Heels of Abramoff Gifts," Associated Press, 11/17/05.

²²⁷ Sabrina Eaton, "Letter by Rep. Pryce revealed in Indian casino scandal," Cleveland Plain Dealer, 11/4/05.

²²⁸ Jonathan Riskind, "D.C. Dispatches: Tiberi Secures \$300,000 for South Side Anti-Gang Work," Columbus Dispatch, 11/13/05.

²²⁹ John Solomon and Sharon Theimer, "Lawmakers Acted on Heels of Abramoff Gifts," Associated Press, 11/17/05.

²³⁰ "Lawmakers Who Wrote Letters, Got Money," Associated Press, 11/17/05.

who went to work as a lobbyist with Abramoff.²³¹ (See the “For Sale: America’s National Defense” section of this report for Doolittle’s connections to the Duke Cunningham scandal).

Representative Pete Sessions (R-TX) also has a long history with GOP lobbyist Jack Abramoff. Sessions, along with then-Majority Leader Tom DeLay (R-TX) and Representatives John Culberson (R-TX) and Kevin Brady (R-TX), signed a letter in 2001 asking then-Attorney General John Ashcroft to shut down a casino opened by the Alabama Coushatta tribe in Livingston, Texas. Abramoff’s tribal clients opposed this Houston-area casino.²³² In February 2002, Sessions signed a letter to Interior Secretary Gale Norton opposing the Jena casino proposal in Louisiana. Just one month later, he received four contributions totaling \$5,500 from Abramoff’s clients.²³³ Sessions’ relationship with Abramoff also included a trip he took to Malaysia with lobbyists from Abramoff’s firm in January 2002. Also on this trip was former DeLay staffer and Abramoff colleague, Tony Rudy. Although Sessions claims the \$10,500 trip was paid for by the Institute of Strategic and International Studies, the money for the trip appears to have come from the Government of Malaysia.²³⁴ That nation, whose prime minister was well-known for his controversial anti-Semitic comments, had secretly hired Abramoff (through Michaels Scanlon’s American International Center) and paid him more than a million dollars to promote its image with US lawmakers.²³⁵

²³¹ Susan Schmidt and James V. Grimaldi, “Lawmakers Under Scrutiny in Probe of Lobbyist; Ney and DeLay Among the Members of Congress Said to Be a Focus of Abramoff Investigation,” *Washington Post*, 11/26/05.

²³² Suzanne Gamboa, “DeLay Tried, Failed to Aid Abramoff Client,” *Associated Press*, 1/10/06.

²³³ John Solomon and Sharon Theimer, “Lawmakers Acted on Heels of Abramoff Gifts,” *Associated Press*, 11/17/05.

²³⁴ Suzanne Gamboa, “Democrats Raise Questions About Session’s Ties to Abramoff,” *Associated Press*, 1/17/06.

²³⁵ Peter H. Stone, “Flying Under the Radar,” *National Journal*, 4/3/04; Tom Hamburger and Peter Wallsten, “Abramoff Bragged of Ties to Rove; The Disgraced Lobbyist Helped Get Bush to Meet the Leader of Malaysia, a Former Associate Says,” *Los Angeles Times*, 2/15/06.

2. *Bush Administration Officials* In December 2000, DeLay aides Tony Rudy and Thomas Pyle helped GOP lobbyist Jack Abramoff get access to newly-nominated Interior Secretary Gale Norton. Abramoff represented several Indian tribes interested in lobbying the Secretary. This assistance occurred just a few months after Abramoff and his clients donated money to DeLay, gave him use of a skybox, and took him on a lavish golfing trip to Scotland in the summer of 2000. Soon after the email exchanges offering help, Tony Rudy left DeLay's office to work for Abramoff.²³⁶

Besides using his Congressional contacts, Abramoff and his Indian tribe clients gained access to Interior Secretary Gale Norton by donating a quarter-million dollars to the Council of Republicans for Environmental Advocacy (CREA), an "environmental" group Norton co-founded in the late 1990s with conservative activist Grover Norquist.²³⁷ The group's current president, Italia Federici, who describes Norton as a mentor and worked on Norton's failed Senate run, acted as a go-between for Abramoff and the Department of the Interior, even though CREA's mission does not include Indian affairs advocacy.²³⁸ The result of the lobbying and contributions was that Abramoff and his client, the chairman of the Coushatta tribe, sat with Secretary Norton at a CREA-sponsored fundraising event in September, 2001.²³⁹

Another avenue for Abramoff to get access to the Interior Department was J. Steven Griles, Deputy Secretary at the Department of the Interior. From 2001 to 2005, Griles used his position as the number-two person in the Department to try and prevent the Jena Band of Choctaw Indians from building their casino. According to Michael Rossetti, former

²³⁶ John Solomon and Sharon Theimer, "DeLay's staff tried to help Abramoff," Associated Press, 11/3/05.

²³⁷ Id.

²³⁸ Philip Shenon, "Inquiry on Lobbyist Widens to Senior Officials; Senate Hearing is Today," New York Times, 11/2/05.

²³⁹ John Solomon and Sharon Theimer, "DeLay's staff tried to help Abramoff," Associated Press, 11/3/05.

counsel to Secretary Gale Norton, Griles repeatedly tried to get into meetings in which Norton reviewed the Jena proposal, and even tried to show Norton a binder full of materials arguing against the proposal—a binder that, when questioned, Griles admitted came from Abramoff.²⁴⁰ One of the main channels of communication between Abramoff and Griles was Griles' friend at CREA, Italia Federici. While Federici and Abramoff regularly contacted Griles about the Jena casino and other various Indian matters, Abramoff's clients contributed heavily to CREA. Abramoff even offered Griles a job lobbying at Abramoff's firm of Greenberg Traurig.²⁴¹

²⁴⁰ Susan Schmidt and James V. Grimaldi, "Norton Ex-Aides Clash on Lobbyist's Influence; Lawyer Says He Accused Griles of Aiding Abramoff," *Washington Post*, 11/3/05.

²⁴¹ John Bresnahan, "Abramoff's Ties to Interior Scrutinized," *Roll Call*, 11/3/05.

APPENDIX 3

RULES REPORTED BY THE HOUSE RULES COMMITTEE IN THE FIRST SESSION OF THE 109TH CONGRESS

105-109TH (1ST SESSION) CONGRESS STATISTICS SUMMARY FOR OPEN VS. RESTRICTIVE VS. CLOSED RULES:

109th Congress-1st Session - FINAL

77 Rules (excludes 19 conference reports & 15 general procedural bills)

22 closed – 28 %
43 restrictive – 56 %
12 open – 16 %

108th Congress - FINAL

128 Rules (excludes conference reports & general procedural bills)

36 closed - 28 %
64 restrictive - 50 %
28 open - 22 %

107th Congress - FINAL

123 Rules (includes multiple bills in one rule, excludes conference reports & general procedural bills)

37 closed - 30%
51 restrictive - 42%
35 open - 28%

106th Congress-FINAL:

201 rules (includes multiple bills in one rule, excludes conference reports & general procedural bills)

56 closed - 28 %
70 restrictive - 35 %
75 open - 37 %

105th Congress-FINAL:

163 rules (includes multiple bills in one rule, excludes conference reports & general procedural bills)

38 closed - 23 %
67 restrictive - 41 %
58 open - 36 %

104th Congress-Final:

56% restrictive
44% open

*****230 rules-49 conf. 167 bills 19 procedural**

Republican statistics on Democrats' rules pre-104th Congress:

In their minority views to the 102nd Rules' Survey of Activities, the Republicans listed the following statistical information, they did not give credit for appropriations bills considered under an open format (it should be noted that the Republicans did not file views in the 103rd Congress, after they learned they would be in the majority):

100th Congress - 123 rules – 54% open (66 rules), 46% restrictive (57 rules)

101st Congress - 104 rules – 45% open (47 rules), 55% restrictive (57 rules)

102nd Congress - 109 rules – 34% open (37 rules), 66% restrictive (72 rules)

103rd Congress (from Congressional Record) 104 rules – 30% open (31 rules), 70% restrictive (73 rules)

Republican Statistics: Only 43% restrictive rules in 1987, only 36% restrictive rules in 1985-86

"The Democrats' use of "restrictive rules," which has limited debate and amendments on 43 percent of the bills sent to the floor this year, is a continuation of a practice begun under O'Neill. During O'Neill's last two years as speaker, the leadership obtained restrictive rules on 36 percent of the bills sent to the floor, according to a study prepared by the minority staff of the House Rules Committee." [Washington Post, 12/21/87]

109TH CONGRESS-1ST SESSION- 111 RULES REPORTED

Open rules (12 – 11 of which are appropriations measures)

H.Res. 151-**O**(H.R. 1268-Emergency.Supp Iraq/ Afghan/Tsunami FY05 Approps) **PQ**
H.Res. 255-**O**(H.R. 1185-Federal Deposit Insurance Reform)
H.Res. 278-**O**(H.R. 2360-Homeland Security FY06 Approps)**PQ**
H.Res. 287-**O**(H.R. 236–Interior FY06 Approps) **PQ**
H.Res. 291-**O**(H.R. 2419-Energy & Water FY06 Approps) **PQ**
H.Res. 298-**O**(H.R. 2528-Military Quality of Life-VA FY06 Approps) **PQ**
H.Res. 303-**O**(H.R. 2744-Agriculture, Rural Development, FDA FY06 Approps)
H.Res. 314-**O**(H.R. 2862-Science, State, Justice, Commerce FY06 Approps) **PQ**
H.Res. 315-**O**(H.R. 2863-Department of Defense FY06 Approps) **PQ**
H.Res. 337-**O**(H.R. 3010-Labor/HHS/Education FY06 Approps) **PQ**
H.Res. 341-**O**(H.R. 3057-Foreign Operations FY06 Approps) **PQ**
H.Res. 342-**O**(H.R. 3058-Transpo//Treasury/HUD, Judiciary/DC FY06 Approps) **PQ**

Closed rules (22)

H.Res. 5-C (Opening Day Rule Package-non-Rules Committee-not in totals)

H.Res. 59-**C**(H.Con.Res. 36-SoC supporting for equal campus access for military recruiters)
H.Res. 162-**C**(H.R. 1334-Protection of Incapacitated Person-**Terri Schiavo**)
H.Res. 182-**C**(S. 686-For the Relief of the parents of **Terri Schiavo**)
H.Res. 211-**C**(S. 256-Bankruptcy Abuse Prevention & Consumer Protection) - **PQ**
H.Res. 235-**C**(H.Res. 22-Small Business Bill of Rights) **PQ**
H.Res. 241-**C**(H.Res. 240-Restore Ethics Rules)
H.Res. 304-**C**(H.J.Res. 27-Withdrawal of approval of US from WTO Agrmt-**fast track**)
H.Res. 351-**C**(**C**-H.R. 739, **C**-H.R. 740, **C**-H.R.741, **C**-H.R.742- 4 OSHA weakening bills
all considered separately under closed rule format in one closed rule)**PQ**
H.Res. 385-**C**(H.R.5- HEALTH Act-**medical malpractice**) **PQ**
H.Res. 386-**C**(H.R. 3045-Dominican Republic-Central America-US Free Trade Agreement
Implementation-**CAFTA-fast track**)
H.Res. 387-**C**(H.R. 3283-United States Trade Rights Enforcement-**China trade**) **PQ**
H.Res. 401-**C**(H.R. 3514-Surface Transportation short-term Extension #12)
H.Res. 439-**C**(for OJ H.Res. 437-Select “Bipartisan” Committee to Investigate the
Preparation for and Response to Hurricane Katrina) **PQ**
H.Res. 469-**C**(H.J.Res. 68-**1st FY06 CR** through November 18, 2005, Sec.2 allows a
suspension day on October 6th, Sec.3 allows only Majority Leader to offer motion
pursuant to section 2908 of BRAC)
H.Res. 493-**C**(S. 397-Protection of Lawful Commerce in Arms-**gun manuf. liability**)
H.Res. 542-**C**(**1st rule**-H.R. 4241-Deficit Reduction Act-**Reconciliation**)
H.Res. 558-**C**(H.J.Res. 72-**2nd FY06 C/R**-thru December 17, 2005-**tabled H.Res. 542**)
H.Res. 572-**C**(H.Res. 571-Hunter Resolution to immediately remove troops from Iraq &
H.Con.Res. 308 to correct enrollment of conference for H.R. 3058-TTHUD) -
added to list in H.Res. 563 waiving 2/3rds)

H.Res. 583-**C**(H.R. 4340-US-Bahrain Free Trade Agreement Implementation-**fast track**)
H.Res. 560-**C**(**2nd rule**-H.R. 4241-Deficit Reduction Act-**Reconciliation**)
H.Res. 602-**C**(H.R. 2830-Pension Protection Act)
H.Res. 619-**C**(H.Res. 612-Expressing Commitment of House to achieving victory in Iraq-**Iraqi elections**)**PQ**

Restrictive rules (43)

H.Res. 42-**R**(H.R. 54-Congressional Gold Medal Enhancement **and** Sec. 2 increasing Majority Membership on Intelligence Committee-**rule amended by u/c on House Floor to strike Sec. 2**)
H.Res. 75-**R**(**2nd rule of 2-amendment consideration**-H.R. 418-REAL ID Act)
H.Res. 95-**R**(H.R. 310-Broadcast Decency Enforcement Act)**PQ**
H.Res. 96-**R**(S.5-Class Action Fairness Act)
H.Res. 125-**R**(H.R. 841-Continuity in Representation-**special elections**)
H.Res. 126-**R**(H.R. 27-Job Training Improvement-**WIA reauthorization**)
H.Res. 140-**R**(**1st rule of 2**-H.R. 3-Transportation Equity Act-**TEA-LU highway bill**)
H.Res. 144-**R**(**2nd rule of 2**-H.R. 3-Transportation Equity Act-**TEA-LU highway bill**)
H.Res. 154-**R**(H.Con.Res. 95-FY06 Concurrent Budget Resolution) **PQ**
H.Res. 202-**R**(H.R. 8-Death Tax Repeal Act-**estate tax**) **PQ**
H.Res. 219-**R**(H.R. 6-Energy Policy Act)
H.Res. 236-**R**(H.R. 748-Child Interstate Abortion Notification CIANA)**PQ**
H.Res. 268-**R**(H.R. 1279-Gang Deterrence & Community Protection) **PQ**
H.Res. 269-**R**(H.R. 1544-Faster & Smarter Funding for First Responders)
H.Res. 254-**R**(H.R. 366-Vocational & Technical Education for the Future)
H.Res. 283-**R**(H.R. 1817-Department of Homeland Security Authorization FY06)**PQ**
H.Res. 293-**R**(H.R. 1815-DoD Authorization for FY06)**PQ**
H.Res. 319-**R**(H.R. 2745-United Nations Reform Act of 2005-Hyde bill)
H.Res. 330-**R**(H.J.Res. 10-amending the constitution regarding flag desecration)
H.Res. 331-**R**(H.R. 2475-Intelligence Authorization for FY06) **PQ**
H.Res. 334-**R**(H.R. 2985-Legislative Brancy FY06 Approps)
H.Res. 346-**R**(H.R. 2864-Water Resources Development Act WRDA)
H.Res. 365-**R**(H.R. 2601-Foreign Relations FY06&07 Auth.-**a.k.a. State Dept**) **PQ**
H.Res. 369-**R**(H.R. 3199-USA Patriot & Terrorism Prevention Reauthorization)**PQ**
H.Res. 370-**R**(H.R. 3070-National Aeronautics & Space Administration NASA)
H.Res. 379-**R**(H.R. 525-Small Business Health Fairness Act-**AHPs**)
H.Res. 380-**R**(H.R. 22-Postal Accountability & Enhancement-**postal reform**)
H.Res. 436-**R**(H.R. 3132-Children's Safety Act-**sex offender registry**)
H.Res. 440-**R**(H.R. 889-Coast Guard & Maritime Transportation & Sec.2 **provides for suspension day on 9/15/05** for H.R. 3768)
H.Res. 451-**R**(H.R. 250-Manufacturing Technology Competitiveness)
H.Res. 455-**R**(H.R. 2123-School Readiness-Head Start Reauthorization)
H.Res. 462-**R**(H.R. 3402-Justice Department Reauthorization-**includes violence against women act**)
H.Res. 470-**R**(H.R. 3824-Threatened & Endangered Species Recovery Act-**ESA**)
H.Res. 481-**R**(H.R. 3893-Gasoline for America's Security-**energy bill #2**)
H.Res. 494-**R**(H.R. 554-Personal Responsibility in Food Consumption-**burger bill**)

H.Res. 508-**R**(H.R. 420-Lawsuit Abuse Reduction Act-**LARA**)
H.Res. 509-**R**(H.R. 1461-Federal Housing Finance Reform-**GSE**)
H.Res. 527-**R**(H.R. 4128-Private Property Rights Protection-**Kelo**)
H.Res. 540-**R**(H.R. 1751-Secure Access to Justice & Court Protection)
H.Res. 553-**R**(H.R. 1065-United States Boxing Commission)
H.Res. 588-**R**(H.R. 4297-Tax Relief Extension Reconciliation Act)
H.Res. 610-**R**(**1st of 2 rules**- H.R. 4437-Border Protection, Antiterrorism, & Illegal Immigration Control)
H.Res. 621-**R**(**2nd of 2 rules**- H.R. 4437-Border Protection, Antiterrorism, & Illegal Immigration Control)

Conference Report rules (19-1 of which was never filed)

H.Res. 248-**Cf**(Conference on H.Con.Res. 95-FY06 Concurrent Budget Resolution, plus new point of order for Approps. Bills that exceed 302(b) allocations) **PQ**
H.Res. 258-**Cf**(Conference on H.R. 1268-Emergency Supplemental Iraq, Afghanistan, Tsunami Approps., Real ID & Sec.2 on Judiciary Report on H.R. 748)**PQ**
H.Res. 392-**Cf**(Conference on H.R.2361-Interior FY06 Approps)
H.Res. 394-**Cf**(Conference on H.R. 6-Energy Policy Act)
H.Res. 396-**Cf**(Conference on H.R. 2985-Legislative Branch FY06 Approps)
H.Res. ___-**CF**(Conference on H.R. 3-TEA-LU Highway Reauth-**1st rule-reported but never filed**)
H.Res. 399-**CF**(Conference on H.R. 3-TEA-LU Highway Reauth-**2nd rule**)
H.Res. 474-**Cf**(Conference on H.R. 2360-Homeland Security FY06 Approps)
H.Res. 520-**Cf**(Conference on H.R. 2744-Agriculture FY06 Approps)
H.Res. 532-**Cf**(Conference on H.R.3057-Foreign Operations FY06 Approps)
H.Res. 538-**Cf**(Conference on H.R. 2862-Science,State,Justice,Commerce FY06 Approp)
H.Res. 539-**Cf**(Conference on H.R. 2419-Energy & Water FY06 Approps)
H.Res. 559-**Cf**(**1st rule** Conference on H.R. 3010-Labor/HHS/Ed FY06 Approps) -
H.Res. 564-**CF**(Conference on H.R. 2528 MilQual FY06 Approps)
H.Res. 565-**CF**(Conference on H.R.3058 Transportation, Treasury, HUD, & DC FY06 Approps)-**H.Res. 572 self-executed resolution to correct conf.**
H.Res. 595-**Cf**(Conference on H.R. 3199-USA PATRIOT Improvement)
H.Res. 596-**Cf**(**2nd rule** Conference on H.R. 3010-Labor/HHS/Ed FY06 Approps)
H.Res. 639-**Cf**(Conference on H.R. 2368-Department of Defense FY06 Approps)
H.Res. 640-**Cf**(Conference on S. 1932-Deficit Reduction-**reconciliation spending cuts**)

Procedural rules – (15)

9 martial law rules, 5 suspension days, 1 general debate only

- H.Res. 71-**P**(1st rule of 2-general debate only rule-H.R. 418-REAL ID Act)
- H.Res. 163-**P**(waiving 2/3rds on 3/17/05-for any bill relating to the rights incapacitated person(s)-**Terri Schiavo**)
- H.Res. 181-**P**(waiving 2/3rds on or before 3/5/05-for any bill relating to the rights incapacitated person(s)-**Terri Schiavo**)
- H.Res. 242-**P**(waiving 2/3rds on April 28, 2005 for Conference report on H.Con.Res. 95 FY06 Budget)
- H.Res. 345-**P**(Providing for a suspension day on 6/30/05 & allowing July adjourn) **PQ**
- H.Res. 393-**P**(waiving 2/3rds on 7/28/05 for the conference on H.R.3-Highway reauth)
- H.Res. 395-**P**(Providing for a suspension day on 7/28/05)
- H.Res. 400-**P**(waiving 2/3rds on 7/29/05 on any transportation measure)
- H.Res. 426-**P**(Providing for a suspension day on 9/8/05) **PQ**
- H.Res. 468-**P**(waiving 2/3rds on 9/29/05 on conference for Homeland Security FY06 Approps.)
- H.Res. 563-**P**(waiving 2/3rds on 11/18/05 on any FY06 approps conference; for conference on PATRIOT Act H.R. 3199; any bill or joint resolution on flood insurance; any FY06 budget reconciliation bill-**amended on the Floor to add H.Res. 571-Hunter Iraq withdrawal**)
- H.Res. 620-**P**(waiving 2/3rds on 12/16 & 17/05 on **ANY RULE**)
- H.Res. 623-**P**(provides for suspension day on 12/17/05 for H.R.4519, H.R. 2520, H.R. 4568, H.R. 3402, H.R. 4579, H.R. 4525, S. 1281, Conference on S. 467, a joint resolution providing for an FY06 C/R)
- H.Res. 631-**P**(provides for suspension day on 12/17/05 for H.R. 1185, bill to reauthorize TANF, H.Res. 545, H.Con.Res. 284, H.R. 4501, S. 1988, J/R/ 2329. Resolution for Helen Sewell)
- H.Res. 632-**P**(waiving 2/3rds on 12/18/05 on **ANY RULE**)