

Big Oil, Big Influence

Week of 8.1.08

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By **LINDSAY RENICK MAYER**

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During his first month in office, President George W. Bush appointed Vice President Dick Cheney to head a task force charged with developing the country's energy policy. The group, which conducted its meetings in secret, [relied on the recommendations](#) of Big Oil behemoths Exxon Mobil, Conoco, Shell Oil, BP America and Chevron. It would be the first of many moves to come during the Bush administration that would position oil and gas companies well ahead of other energy interests with billions of dollars in subsidies and tax cuts—payback for an industry with strong ties to the administration and plenty of money to contribute to congressional and presidential campaigns.

During the time that Bush and Cheney, both of whom are former oil executives, have been in the White House, the oil and gas industry has spent \$393.2 million on lobbying the federal government. This places the industry among the top nine in lobbying expenditures. The industry has also [contributed](#) a substantial \$82.1 million to federal candidates, parties and

political action committees, according to the [Center for Responsive Politics](#). 80 percent of the industry's contributions have gone to Republicans.



Buying Pro-Industry Policy

This support has not gone unrewarded. In 2005, Bush, who has received more from the oil and gas industry than any other politician, signed an energy bill from the Republican-controlled Congress that gave \$14.5 billion in tax breaks for oil, gas, nuclear power and coal companies. The [Energy Policy Act of 2005](#), which was based on recommendations by Cheney's energy task force, also rolled back regulations the oil industry considered burdensome, including exemptions from some clean water laws. All of this transpired only one year after Congress passed a bill that included a tax cut for domestic manufacturing that was expected to save energy companies at least \$3.6 billion over a decade.

"Political action committees, lobbyists and executives do not give money to politicians or parties out of an altruistic support of the principles of democracy," says Tyson Slocum, director of [Public Citizen's Energy Program](#). "They are savvy investors expecting a return on their investments. Politicians routinely deliver on campaign contributions that are provided to them... [by] giving goodies to the industry." And the size of those contributions matters.

In comparison, environmental groups and alternative energy production and supply companies, which didn't see similar benefits come out of the Republican Congress's legislation, have made paltry contributions. Environmental groups, such as the Sierra Club, League of Conservation Voters and the Nature Conservancy, which often push for policy that is punitive to Big Oil, have [given nearly 11 times less](#) than the oil industry since

2001. The disparity is not a strategic difference, but the financial reality for these smaller competing interests. Exxon Mobil, for example, reported the largest annual profit on record for a U.S. corporation in 2006, bringing in \$39.5 billion. Comparatively, the nonprofit Sierra Club Foundation—which funds organizations in addition to the Sierra Club—reported income in 2006 of \$29 million.

With members of Congress paying special attention to Big Oil, the policy that elected representatives have developed does not reflect the interest of the public, which wants "affordable, reliable, clean sources of energy," Slocum says. A [2006 survey](#) by the Pew Research Center found a majority of Americans across the political spectrum want an energy policy that emphasizes renewable and alternative sources of energy.

"Energy companies have a right to have a say in energy policy. Do they have a right to dictate energy policy, to be the only people at the table? Absolutely not. That was the main problem with the Cheney task force—[the industry] was the only one at the table," says Slocum.

To keep its prominent seat, the industry spends big sums of money on hiring the top lobbyists in Washington to push its agenda on a variety of issues, not just related to energy but on issues ranging from education to real estate. After a few years of declining lobbying expenditures, the industry spent \$63.3 million in 2005, most of which was probably related to the energy bill. (Lobbying reports don't require lobbyists to itemize their spending related to specific bills or amendments). In 2007, with a new energy bill in the pipeline, the industry's lobbying expenditures are on track to exceed last year's total of \$73 million. Big Oil has spent seven times more than environmental groups on lobbying since President Bush took office.

Marchant Wentworth, a lobbyist for the environmental advocacy group the [Union of Concerned Scientists](#), says money buys access. "I've been working in the public interest environmental business for 30 years and 90 percent of the time I'm talking to staff," Wentworth said. "The oil and gas industry talks to the members themselves. That is a huge difference. Access is an important thing."

The Biggest Spenders and Takers

The energy companies that spend the most on lobbying the federal government also tend to be those that give the most to politicians for their campaigns. Since 2001, Exxon Mobil, Marathon Oil, Shell Oil, Chevron and BP America—many of which provided guidance to Cheney's task force—have spent the most among energy companies on lobbying. Exxon Mobil and Chevron, in addition to El Paso Corp and Koch Industries, have been among the most generous campaign contributors within the industry during Bush's time in office. The American Petroleum Institute, which represents the oil industry in Washington, declined to comment for this story, and a spokesman from the national trade group the Independent Petroleum Association of America was unavailable for comment.

Lawmakers, who live in areas that depend on oil production for their economy, are likely to be among the largest recipients of contributions from the oil and gas industry—and to vote in favor of legislation that helps it. The top three members of Congress to receive money from Big Oil during the Bush administration are all Republicans and are, not surprisingly, all from oil-rich Texas. The big names include Sens. John Cornyn and Kay Bailey Hutchison, both of whom have supported subsidies for gas and oil exploration and drilling in the Arctic National Wildlife Refuge (ANWR). Also is Rep. Joe Barton, who sponsored the 2005 energy bill and was chair of the

House Energy & Commerce Committee at the time. Fellow Texan Tom DeLay, who was the House Majority Leader in 2005 and was instrumental in pushing the energy bill through, also ranks among the top to receive money from the industry during Bush's two terms. Of the 50 members of Congress who have received the most contributions from oil and gas companies since 2001, only six are Democrats.

Campaign contributions don't always get the oil industry desired results. Many of the oil industry chieftains, who were pushing to open ANWR for exploration, were disappointed when the 2005 energy bill came out of conference committee without that provision. Nor, do campaign contributions always get the industry's favorite candidates elected. Four of five of Big Oil's most favored candidates—all Republicans—lost their re-election races in 2006, despite hefty campaign contributions from oil and gas employees and PACs that cycle. The losers included Sens. Rick Santorum of Pennsylvania, Conrad Burns of Montana, George Allen of Virginia and James Talent of Missouri.

Battles on the Horizon

With Democrats now in control of Congress, the oil and gas industry is finding that it's getting less for its money on Capitol Hill. Other industries with competing interests and far less cash to spread around, such as environmental groups and alternative energy producers, are now finding more support for their legislative goals. For example, the Clean Energy Act of 2007 seeks to repeal the 2004 and 2005 tax breaks to Big Oil and re-direct the money to renewable energy efforts.

Because of the change in power, the oil industry faces the possibility of stricter oversight and fewer goodies from Congress. The industry "definitely

has to be worried that there will be anti-oil legislation of all types, and also possibly regulations, depending on who takes over the White House," says David Victor, a law professor at Stanford University and a senior fellow on the Council for Foreign Relations. Victor was part of the council's task force on energy security.

"I think [the new leadership] generally puts the issue on the agenda for legislative action. It puts it higher on the agenda. But it's not clear Congress will actually be able to do very much in terms of getting the votes for legislation, because energy policy in reality is very controversial and often very expensive," Victor said. "That's something that both parties have a difficult time dealing with."

So far Congress has been slow to push through comprehensive energy legislation, in part because issues related to renewable energy standards and fuel efficiency standards differ by region, rather than political party, which means not all democrats are on board, says Frank O'Donnell, president of the environmental advocacy group [Clean Air Watch](#). "Some of the southern-based coal burning power companies have killed or delayed efforts to set a renewable energy requirement for electric companies. Michigan Reps. and others influenced by the car industry have also managed to put off any kind of tougher requirements for fuel economy." O'Donnell says. "John Dingell is a democrat but doesn't see eye to eye with [Speaker of the House] Nancy Pelosi in some of these issues and so far you've seen somewhat of a stalemate."

Dingell has consistently defended the auto industry, which is fighting against stricter fuel economy standards. These standards have not been changed since the 1980s. The auto industry is a major player in Dingell's home state of Michigan, which relies heavily on the industry for jobs and is the corporate home of General Motors, Ford and the domestic division of DaimlerChrysler.

Among all members of Congress, Dingell has received the second most in contributions from the auto industry at \$869,200, just behind Republican Spencer Abraham, a former Michigan senator. The industry has been one of Dingell's largest contributors during his career—second only to electric utilities.

During former President Bill Clinton's administration, Congressional Democrats who supported more rigid standards missed a chance to pass such legislation, but they had to grapple with a Republican-controlled Congress largely unsympathetic to the idea. Congress just adjourned for the Thanksgiving break without voting on an energy bill that would, among other things, boost the fuel efficiency of the nation's vehicles. Speaker Pelosi had hoped but failed to bring the measure to a vote, largely because negotiations stalled over the fuel economy standards.

The Changing Climate for Energy Policy

As Congress wrestles with the comprehensive energy legislation, the oil and gas industry is not only fighting off repeals of its tax breaks, but is pushing again for increased domestic production of energy, specifically permission to drill in certain coastal areas that have been off limits. The companies are also trying to prevent democrats from prosecuting them for jacking up prices excessively and they publicly oppose the bill's mandated use of alternative fuels. The industry joined the fight for coal-to-liquid fuel, in which oil companies have investments, but the controversial provision to encourage creating diesel fuel from domestic coal has already been eliminated from both the house and senate's versions of the bill. The legislation is also meant to correct an error by the interior department during former President Bill Clinton's time in office that allowed many companies to drill in deep waters without paying royalties. [for more on the royalty issue, see NOW reports

"The Royalty Treatment" and "Crude Awakening"]

The best Big Oil can do right now is slow down the legislation, Wentworth of the Union of Concerned Scientists says. "The [legislation] is being held up because the oil and gas industry is concerned about closing loopholes for offshore drilling," he says. "They're fighting this tooth and nail. This is slowing down the clean energy solutions that the public wants."

Environmentalists, who had very little influence in Congress when Republicans were in control, are now seeing the lawmakers seriously consider their positions. This includes environmentalists' support of fuel efficiency standards, a mandate for electric utility companies to produce 15 percent of electricity from renewable sources and their opposition to coal-to-liquid fuel development. Nowhere is this change in tides more evident than in the Senate Committee on Environment and Public Works, which is heavily involved in energy legislation. California Sen. Barbara Boxer, considered one of the environment's biggest champions, has chaired the committee since her party assumed control of the Senate in the 2006 election. Boxer replaced Oklahoma Sen. James Inhofe, a Republican who has received \$572,000 from the oil and gas industry since President Bush took office—more than all but three other members of Congress. Since 2001, Boxer has received less than \$13,000 from the industry and nearly 69 times more from environmental policy groups than Inhofe.

"The oil and gas industry, like almost every other industry, will shift some donations from Republicans to Democrats," says Eric Smith, a political scientist who researches environmental policy at the University of California-Santa Barbara. "It's clear that the industry strongly prefers to have Republicans in power, but industries generally focus on short-term advantages. In the short term—now and presumably after the 2008 elections

—Democrats hold congressional majorities. So to win the short-term battles, the industry must try to persuade Democrats in Congress to go easy on them."

Big Oil, which has always contributed heavily to Republicans, isn't likely to defensively switch its contributions to favor Democrats. But so far this year, 27 percent of the industry's contributions have gone to Democrats, up from 18 percent in the 2006 election cycle, when Republicans were still in power.

The Democratic Congress has made clean energy legislation a priority because of rising gas prices and concerns about the nation's dependence on foreign oil sources, in addition to a scientific consensus that human activity is the root cause of today's global warming. Many Republicans, too, are on board and looking for solutions. "The single most important thing that's happened in the last five years is the price of oil has shot up," Stanford's David Victor says. "That run-up has changed the politics and incentives for people to take an interest in conservation, and that's completely bipartisan. There are people in the left wing and the right wing that say we need to do something about this problem."

*Total includes all contributions greater than \$200. The Federal Election Commission does not require recipients to itemize smaller donations.

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