

## The Chamber Retools

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Last June, the U.S. Chamber of Commerce got Washington's attention by announcing that it was developing a "sweeping national advocacy campaign ... to defend and advance America's free enterprise values in the face of rapid government growth and attacks by anti-business activists."

By mid-October, the business lobby had aired its first television ad, officially launching the effort. Now, however, it appears that the chamber's American Free Enterprise campaign has lagged behind its ambitions. Between press releases, the operation has proceeded without the urgency or the political buzz that chamber CEO Tom Donohue expected. With little fanfare last month, he brought back Stan Anderson, his longtime confidant and former chief legal officer, who was a consultant on the project, to run the campaign. That shift demoted Brian Gunderson, a former George W. Bush administration official and a top aide to then-House Majority Leader Dick Armey, R-Texas, who had headed the drive since July. (Gunderson is expected to stay on as a consultant for a few months.)

"We didn't come as fast and far as I wanted to in the beginning," Donohue said in an early-February interview. "It's very hard to get one of these [campaigns] going." It eventually became clear, he said, that the effort required "someone who knew the inside of the chamber intimately" and was familiar with Donohue's thinking. Having worked with Anderson for 25 years, Donohue said, he had "absolute confidence in his ability" to run the free enterprise program, and knew that "we could get it straight in a hurry." Having made the switch, he avers, "I really believe we're making progress."

The chamber does not seem to have revised its ambitions. The campaign is still designed as a vast multimedia and retail push, to rally support not only from individual business owners around the country but also from a variety of less traditional audiences, including women and minority entrepreneurs and, most strikingly, children and young adults from kindergarten to college.

In addition, the business group is using the campaign to forge stronger alliances with conservative think tanks and to form partnerships with business-friendly state and local elected leaders of both parties on projects of mutual interest.

The slow start, however, has squandered one of the campaign's original assets: its prescience. By making job creation the rhetorical centerpiece of its campaign last fall, the chamber was quicker than other business groups, and faster than the Obama administration, to try to tap the political potency of the unemployment issue. Now that the topic has become the surround-sound refrain of interest groups across

the ideological spectrum, the business group faces a tougher time differentiating its campaign from the background noise.

But in the interim, the political winds have already shifted markedly in the chamber's direction. Thanks to intense interest-group lobbying, the sharp ideological divide in Congress, and the populist anger aimed at Washington, the prospects for the Democratic Party's legislative agenda had dimmed even before Republican Scott Brown's upset win in the Massachusetts special election ended Senate Democrats' filibuster-proof majority.

The chamber can claim a significant share of the credit, or blame, for the current climate. The group is already a formidable advocate for its policy positions, spending a record \$144 million last year to lobby Congress. That's not only more than five times as much as the second-highest-spending interest group -- ExxonMobil -- it is nearly 60 percent more than the chamber spent on lobbying in 2008.

The chamber has been in the vanguard of business campaigns to weaken or kill Democratic-backed health care, climate-change, and financial regulation measures. The organization also plays hardball on the electoral field, recently plowing more than \$1 million into ads supporting Brown's election. And it may just be warming up. Because a January Supreme Court ruling now lets corporations tap their treasuries to explicitly endorse or oppose candidates in campaign ads, many experts believe that businesses will funnel millions of dollars through the chamber, dwarfing what the group spent on more-regulated issue-oriented ads in previous elections.

Although chamber officials say that the new free enterprise drive is intended to be both positive and nonpartisan, they and their allies acknowledge that the campaign should reinforce and boost the trade group's lobbying and election strategies. "They want to frame issues so that it will have an impact on elections [and want] seemingly disparate issues to be tied together by the concept of free enterprise," says Kurt Pfothner, the CEO of the American Land Title Association. The free enterprise campaign, meanwhile, originally pegged at \$25 million a year over several years, is requiring Donohue, a tireless fundraiser, to look beyond the chamber's traditional donors for money.

On the political right, the campaign has met mixed reactions. "I know half a dozen different groups that wanted to start something like this," says James Gattuso of the Heritage Foundation. Some critics grouse about the cost and value of Donohue's serial grand initiatives. "This is a fundraising device," says one Republican activist who asked not to be named because he is a chamber ally on some issues.

Liberals, not surprisingly, find the campaign's premise disingenuous. "There's nobody who disagrees that we want and will have a market-based economy," says Larry Mishel, president of the Economic Policy Institute. "The only question is, will businesses be free to do whatever they want, whenever they want?"

Donohue defends the effort and its cost, arguing that public sentiment is fickle and that his organization can't afford to ignore threats to its philosophy or agenda. "This is an ongoing challenge, and you'd better be in the game," he said in the early-February interview. In short, the show will go on as planned.

### **Sunday Firing Squad**

The free enterprise campaign is both a salvo in the war of ideas and a convenient hook for mass marketing the chamber's agenda.

Chamber brass take pains to explain that the effort predates President Obama's election and shouldn't be construed as an attack on him or his policies. Donohue says he has contemplated such a campaign since at least the early 1980s, when -- during an earlier stint at the business group -- he ran an idea-focused mass-market operation called Citizens Choice.

The chamber's musing got more serious after the near-collapse of the financial industry and the economy in 2008. And the threat became especially urgent on March 29 last year, chamber insiders say, when the Obama administration gave General Motors CEO Richard Wagoner the pink slip. His firing sent shock waves through corporate America, prompting some worried executives to call Donohue at home. Although "everyone was concerned about who caused that to happen, and [about] where were we going from here," Donahue recalls, CEOs also grudgingly acknowledged "that the guy who pays the piper calls the tune, and there were huge amounts of federal money going in there."

The sacking highlighted an uncomfortable predicament. Facing the meltdown of the financial system and the broader economy, many business executives and the chamber had supported, with some even clamoring for, Uncle Sam's rescue of Wall Street and GM, and the infusion of billions of government dollars to restore a pulse to the marketplace. Yet key business segments and vocal chamber constituents oppose most of the market reforms and major policy initiatives proposed by the Democrats in control at both ends of Pennsylvania Avenue.

So the chamber decided that now was the moment to wage a charm offensive -- not merely on its own behalf but also to promote the broader ideals of creativity, enterprise, and hard work.

Even though, at bottom, the campaign hopes to fan opposition to activist government policies, chamber officials have taken great pains to portray their message as positive and constructive. " 'Ideological' could be a fair description" of the campaign, said Thomas Collamore, the chamber's senior vice president of communications and strategy, and counselor to Donohue. But he added, "It is designed to be an inclusive movement, not a divisive movement,"

While the business lobby group was devising its campaign, a recession-battered public was shifting gears. As the months passed, the anti-Washington sentiment that helped to elect Obama turned, at least in part, against his administration.

The anger motivating the populist "tea party" movement is also palpable in some parts of the business community. "Have you seen the movie **Network**, and the Peter Finch character [who says], 'I'm as mad as hell and I'm not going to take this anymore'?" asks Dave Kilby, president and CEO of the Western Association of Chamber Executives, who works closely with business leaders on the West Coast. "That's what I'm sensing."

"There's a perception of a political class against the business class," said Ruben Barrales, head of the San Diego Regional Chamber of Commerce, "and that we need to better organize and work together on priorities to improve the business climate."

The chamber's challenge has now become to race to the head of the parade, channel the dissident energy, and make good on its promise of uplift.

**Pep Talk Tour**

Thus far, efforts have consisted largely of pep talks by top chamber brass to business folks at meetings of affiliates around the country -- 70 sessions last year, with more than double that number promised this year. An accompanying series of television and print advertisements has celebrated entrepreneurship and diligence, ending with the tagline "Dream Big."

Chamber officials come to the meetings armed with talking points and some eye-popping statistics on the size of the job deficit: The nation, according to a chamber-commissioned study, needs 20 million-plus new jobs over the next decade to return to prerecession employment levels (including 7 million to recoup jobs lost to the recession, and 12 million needed to accommodate growth in the working-age population). The chamber's traveling leaders also present state-specific breakdowns of the jobs numbers, supplying a surefire conversation starter.

Of the 20 million new jobs needed, Donohue told a crowd at an early-December event in Birmingham, Ala., "Alabama will need to create 286,000 of them. The \$64,000 question is, how do we do it and who will do it?"

The local participants then typically get a breezy distillation of the chamber's long-standing agenda: expanded trade, lower taxes, less regulation, and curbs on lawsuits. In Birmingham, Donohue issued a call to rebuild America's infrastructure and, in the next breath, complained about excessive government spending and borrowing. He took some potshots at Congress's health care and climate-change proposals, then moved to an upbeat conclusion that invoked the virtues of the American spirit and the free enterprise system.

Whether that litany amounts to an actual blueprint for job growth is subject to debate. "It's sloganeering; it's not thinking hard about serious issues," said Gary Burtless, a labor economist at the Brookings Institution. "It's the usual grab bag of issues that the chamber would have supported in 1999, when there was no [jobs] hole. Job creation is just a convenient hook to hang their agenda on." He adds, "Part of the jobs hole we've dug ourselves into wouldn't have happened if it were not for the huge financial crisis," precipitated largely "by the horrendous behavior of private actors and ... on the part of government regulators."

The chamber offers scant evidence of how exactly its agenda would translate into 20 million jobs. Indeed, the study authors confess that even the relationship between growth in the gross national product and job creation is still poorly understood. Instead, for the moment, the business group is relying on symbols and exhortations to carry its argument. "The government can't create 20 million jobs; it's only going to be the private sector," Collamore said. "That's the conversation we're trying to spur and stir up."

### **Young Hearts And Minds**

The chamber is trying to include more than just the usual suspects in its free enterprise conversation.

In January, at a Palm Beach, Fla., gathering of top business trade associations that make up the chamber's Committee of 100, a panel of three trade group leaders suggested ways that others could help the chamber's campaign find new donors and audiences. The Direct Marketing Association, for example, had piped a recorded Donohue pep talk on the effort into its annual meeting in San Diego last fall.

The campaign is also approaching lower-visibility, business-friendly groups to help take its message to targeted demographic groups: African-Americans through the National Black Chamber of Commerce, and young entrepreneurs through the Junior Chamber of Commerce and the National Future Farmers of America Organization; it is also expanding its geographic reach. (Anderson says that the chamber has not yet devised a strategy for reaching out to women entrepreneurs but is looking into broader use of social-networking technology.)

"I'm interested in [the Future Farmers'] 3,000 members in South Dakota; that's who I want to communicate with," Anderson says. "And the junior chambers that are around the country that have guys [who] are up and coming and have energy and enthusiasm."

Indeed, the chamber is hoping to convert young people still in school: Besides setting up the requisite **Facebook** page, the campaign recently signed a contract to partner with the New York City-based Extreme Entrepreneurship Tour -- run by two 20-something self-made M.B.A.s with a bus -- to bring chamber officials and young business owners to college campuses to share the secrets of their success and, according to the company's website, "help spread the entrepreneurial mind-set during a half-day, high-energy conference."

The chamber hopes to cultivate not just tomorrow's grassroots but also a whole new crop of seedlings. Margaret Spellings, who was Education secretary in the George W. Bush administration, now heads the lobby group's nonprofit wing, the National Chamber Foundation, which plans a survey of what children are taught about the free enterprise system in elementary and high schools in every state, with an eye to eventually pushing for the topic to be included in curricula.

"You can go to any chamber meeting and it's basically middle-aged people," Spellings says. "One of the things we learned in [the campaign's] focus groups is that young people often don't understand the free enterprise system; they don't appreciate it, and they don't understand how they fit into it. So we have some real work [to do] in the educational aspects, both K-12 [and] university audiences."

Spellings's foundation is also charged with talking to state and local elected officials, to find and showcase policies that help job creation -- by streamlining business permits, for example -- and then encourage others to adopt them. Officials are receptive, "particularly since states are struggling with budget gaps," she says. As the head of a nonprofit barred from partisan initiatives, Spellings says she has dealt with officials of both parties, noting, "Democrats like to create jobs, too."

On another track, the foundation has been convening free-market-oriented think tanks to advance the intellectual case for free enterprise. The first meeting brought together representatives last fall from eight groups, including the American Enterprise Institute, the Heritage Foundation, the **Cato Institute**, the Kauffman Foundation, and the American Legislative Exchange Council, to swap information and consider ways to complement the others' work.

The chamber quickly discovered a meeting of the minds with the American Enterprise Institute, whose new president, Arthur Brooks, had already made defense of the free enterprise system a focal point of the think tank's new mission statement. Since his hiring last year, Brooks has continually made the case, in speeches and articles, that free enterprise is not merely an economic system but also, as he put it in a recent interview, "a moral and a cultural bedrock issue."

This belief frames the new American culture war "between the 70 percent who do [believe they're better off in a free enterprise system] and the 20 percent who don't," Brooks said, alluding to the broad results of a poll by the Pew Research Center for the People and the Press. (Ten percent of respondents weren't sure.) "People at the chamber," he added, "do see the principles involved in much the same way we do."

The AEI and the chamber have already conducted one joint venture, a November seminar in Washington on the proper role of government in creating 20 million new jobs, and plan to hold more. Anderson says that the chamber has an agreement with the AEI to produce "intellectual content" for the campaign as the debate over job creation heats up. In turn, the chamber plans to make financial contributions to the institute.

### **Collecting Names**

The chamber may be seeking to win hearts and minds, but along the way, the group is also taking names. "We tend to have a lot of people sign our free enterprise pledge, give us their names and contact information," Gunderson said.

The names collected are valuable commodities in the era of microtargeting and grassroots mobilizing. The chamber's political shop has already amassed a database of millions of contacts that it uses for federal and state election activities. Now the campaign has set a goal of acquiring 1 million new names of its own from individuals who sign a pledge to support the concept of free enterprise. Anderson says that the project acquired more than 400,000 contacts in its first four months.

Officials insist that the campaign's name-gathering is distinct from the chamber's lobbying and political activities and that the new database is not being shared with the group's lobbying or political shop. "We will never be communicating with this group to go vote for X, Y, or Z, so it's not political in that context. It's not designed to be," Anderson said in a late-January interview.

That may be a distinction without a meaningful difference, however. "If there comes a time when there is some legislation pending in Washington where the jobs issue is at the forefront, we may communicate with these people" and express the chamber's views, he acknowledged.

A few days later, Donohue suggested that using the campaign's list of names to mobilize voters is not off the table either. "I don't see an overt direct political engagement this year, in the 2010 elections, by the free enterprise program," he said, but he added that from the outset, the chamber envisioned that the campaign would "find a way to demonstrate who supports free enterprise and who doesn't." Whether the campaign would use that litmus test to sway voters at election time, Donohue said, "quite frankly, we haven't figured that part out."

In the meantime, the campaign is intended to at least indirectly supplement the chamber's election strategy. "It's fair to say they will target their resources to priority Senate races," a GOP lobbyist close to the group adds.

As the free enterprise drive picks up speed, the chamber presumably has to pick up its fundraising pace. Although Donohue once put the goal at \$25 million a year, other officials say only that the campaign will cost "tens of millions of dollars a year." That might sound like an effort to lower expectations, but Anderson insists that he has all the money he needs.

Given Donohue's ambitious expansion of the chamber over time -- the group is expected to report \$250 million in revenues last year, a 25 percent increase from \$200 million in 2008 -- coming up with the money for yet another initiative has required some creativity.

When he launched the campaign last spring and summer, Donohue initially talked to ExxonMobil and some other longtime financial angels about committing new funds to the project, according to lobby sources. Executives at two companies that he approached let it be known that they had already made big contributions to other chamber efforts, such as the Institute for 21st Century Energy. (Chamber officials dispute that these corporations gave them the cold shoulder.)

The executives suggested that Donohue consider approaching wealthy individuals in such sectors as energy, financial services, and high tech, according to a lobbyist close to the chamber.

Donohue has done just that. For the first time in chamber officials' memory, he is seeking to finance most of the campaign through donors outside of the corporate community. He has been searching out individuals, who, as Donohue puts it, "have done exceedingly well in a free enterprise system" and asking them for contributions as high as six and seven figures. "These are people who said, 'Hey, I never could've done this anywhere else in the world, and it's probably a good idea to remind everybody how it worked.' "

Invariably, however, the campaign has reignited controversy about Donohue's near-legendary zeal for expanding the lobby group's roster of institutes, programs, and initiatives, and the relentless fundraising required to support them. Some of the chamber's donors have periodically grumbled privately about the wisdom and cost-effectiveness of some of his ventures, and some allies wax cynical about the new campaign. "This is to cover overhead," one Republican activist said. "The chamber is incredibly top-heavy, with Washington, D.C., staff, and its building, and its lobbyists."

Donohue is not shy in his own defense. "We're not putting it on the bottom line. We also happen to have some other resources, in case people hadn't noticed," he said. "The reason we can do the free enterprise program at what's going to really be a very reasonable price over time is because we already have the infrastructure" and have to hire only a few additional staff people.

As for his zealous fundraising, Donohue says that it is the sine qua non of the chamber's power. "There are all kinds of people around town who are well intended and probably smarter than us, but we have the money."

**Staff Correspondent Neil Munro contributed to this report.**