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Big Tobacco's Staunch Friend in Washington: U.S. Chamber of Commerce

By [DANNY HAKIM](#) OCT. 9, 2015

http://www.nytimes.com/2015/10/10/business/us-chamber-of-commerces-focus-on-advocacy-a-boon-to-tobacco.html?_r=0



Few allies of Big Tobacco are as enduring as Thomas J. Donohue, the chief executive of the United States Chamber of Commerce. Credit Brendan Hoffman for The New York Times

LONDON — When the Irish prime minister visited the [U.S. Chamber of Commerce](#) last year, he had a message to deliver. Ireland's economy was recovering and his country was still open for business. "Call me anytime," he told business leaders.

But Thomas J. Donohue, the chief executive of the chamber, had his own agenda. During the visit, he tried to persuade the prime minister to reject Irish antismoking legislation that would require tobacco companies to sell cigarettes in plain packages with images of diseased lungs or cancer patients.

“Such a measure would undercut well-established protections for intellectual property,” Mr. Donohue wrote to the prime minister, Enda Kenny, in a follow-up letter. The chamber head also sent a letter signed by several other business groups encouraging the same. Even the chamber’s Polish affiliate weighed in.

Since taking over in 1997, Mr. Donohue has transformed the chamber into a powerful lobbying force, an evolution most starkly epitomized by its aggressive advocacy for tobacco. While the organization represents a variety of industries, its strategy has been a boon for cigarette makers, which have relied heavily on the chamber to push their agenda at home and abroad.

Few allies of Big Tobacco are as enduring as Mr. Donohue, who has personally lobbied the speaker of the House, the United States trade representative and the Irish prime minister on the industry’s behalf. A review of industry records, which came to light during government litigation, highlights the longevity of his ties.

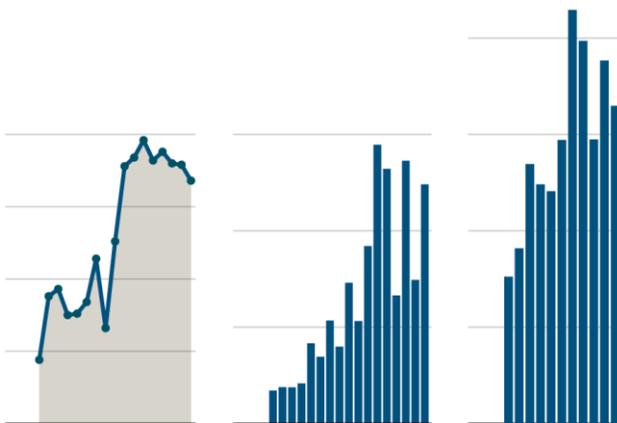
In the 1980s, when he was a trucking lobbyist, he was bankrolled by cigarette makers as he led a campaign against excise tax increases, and was described in one corporate document as “a good friend to the Tobacco Industry.”

In the 1990s, after taking over the chamber, Mr. Donohue fought the Justice Department’s tobacco litigation, personally lobbied against antismoking legislation in the Senate and promised “a unique role in determining the future direction of the [U.S. Chamber of Commerce](#)” to a big cigarette maker in a letter.

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Creating a Giant

Under the leadership of Thomas Donohue, the U.S. Chamber of Commerce has transformed into the country’s largest lobbying group.



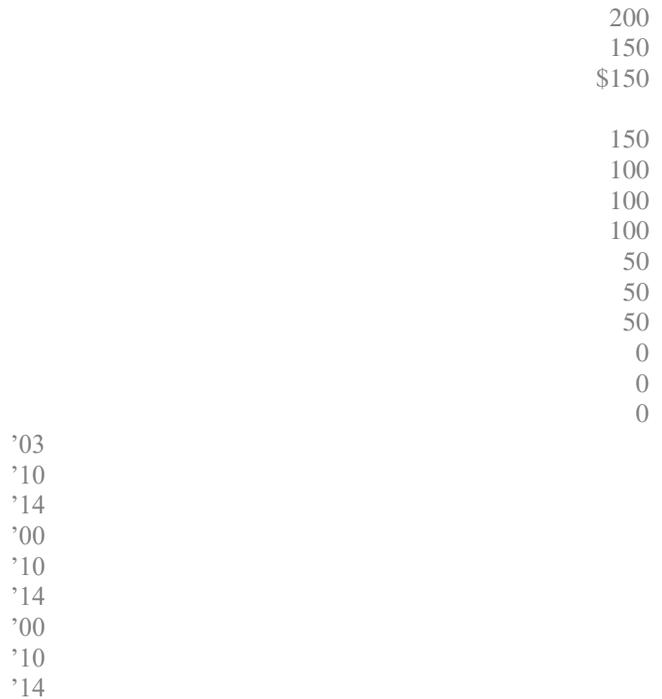
million

U.S. Chamber of Commerce:

\$200

**Number of lobbyists
Spending on lobbying
Revenue**

million



Sources: Center for Responsive Politics and U.S. Chamber of Commerce tax records

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In the early 2000s, Mr. Donohue publicly vowed to fight “outrageous tobacco settlement fees in state after state.” Chamber lawyers filed briefs on behalf of cigarette makers that challenged class-action suits, punitive damages awards and the validity of racketeering claims.

His latest effort is the boldest. The chamber and its foreign affiliates are pressuring governments around the world to turn back antismoking legislation. That pits Mr. Donohue against groups like the World Health Organization, whose officials refer to the chamber as a tobacco industry front group.

For tobacco companies doing business abroad, Mr. Donohue came to power at a pivotal moment.

The W.H.O. and many foreign governments were starting to collaborate on efforts to curb smoking. New rules had also come into effect barring State Department officials from working against foreign antismoking laws.

But the chamber has no such restrictions and has long-established connections to the American government. Diplomats at more than 40 American embassies serve as honorary board members or in other capacities at the chamber's foreign affiliates, blurring the lines between the organization's policy and American policy.

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The chamber's own letters, many of which have been [published](#) in The New York Times, show the extent of the tobacco campaign, including an attack on excise tax in the Philippines, cigarette advertising bans in Uruguay and restrictions on smoking in public places in Moldova. Many nations, including Ireland, have rejected the chamber's entreaties.

This chamber's newly assertive style at times strays from the chamber's traditional role of promoting agendas that are broadly in the interest of corporate America. By its own bylaws, issues taken up by the chamber are supposed to reflect those of "broad significance to business and industry."

Mr. Donohue's tobacco advocacy reflects a chamber more willing to take on parochial interests. And members in other industries, some of whom have benefited from the chamber's strategy, have largely tolerated revelations about the chamber's tobacco lobbying.

"Our policy was that we didn't usually get into single-industry or single-company issues," said Richard L. Leshner, Mr. Donohue's predecessor atop the chamber. "We fought issues like tax and budget and certain regulations, but we didn't carry the water for single companies or single industries. In fact, we had policies prohibiting that."

Chamber officials adamantly deny they are lobbying on behalf of tobacco.

Mr. Donohue declined to comment, but [R. Bruce Josten](#), the chamber's second-highest-ranking official, said in an interview that the organization was acting on its long-held opposition to plain packaging, viewing it as an affront to cigarette makers' intellectual property that could spread to other products, like alcohol and fast food. The chamber has also argued that such laws violate trade agreements.

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[Tobacco's Powerful Ally Inside the Chamber of Commerce](#)

[The advocacy for the industry by Thomas J. Donohue, the chief executive of the U.S. Chamber of Commerce, is part of a broader transformation of the chamber into the country's largest lobbying organization.](#)



“The chamber is not opposed to tobacco regulation. Declarative statement,” Mr. Josten said. “We don’t support smoking. Declarative statement.”

A Fresh Start

A few weeks after he took over the organization in 1997, Mr. Donohue received a letter from Roy E. Marden, a Philip Morris executive.

Mr. Marden was blunt. Although he was encouraged by Mr. Donohue’s hiring, he said the chamber “had become a somewhat moribund organization.” He admitted that dues payments from Philip Morris had diminished in recent years, adding that the company felt “there hasn’t been much bang for the buck,” according to documents made public as part of the tobacco litigation.

His frustrations were common. The origins of the chamber date to 1912, when President William Howard Taft called for a “central organization in touch with associations and chambers of commerce throughout the country.” Gradually, it evolved into a far-flung bastion of American-style capitalism, welcoming multinational companies and foreign affiliates into the fold.

But the chamber’s scale slowed decision-making, and policies required the approval of the group’s board. As Mr. Marden put it, mobilizing the chamber on a policy issue was like “pulling teeth.”

And then there was what he called “the debacle over health care.”

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Though the chamber usually tilted to the right politically, Mr. Donohue’s predecessor, Mr. Leshner, initially supported the Clinton administration’s 1994 [health care reform](#) effort. The decision divided the chamber’s membership and some resigned.

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Cigarette companies were particularly incensed because a tobacco tax increase was part of President Clinton’s plan. The chamber was “on the wrong side,” a Philip Morris internal memo, another made public in tobacco litigation, opined at the time. “We have been intensely lobbying them behind the scenes.”

Three years later, Mr. Donohue promised a fresh start. Now 77, he is Brooklyn born, pugnacious and irrepressible, with a puff of white hair. When he took over the chamber, Joan Claybrook, the longtime consumer advocate, said it was “like appointing Dennis Rodman chief of protocol,” a line that Mr. Donohue called “cute.”

Mr. Donohue said of John Sweeney, then president of the A.F.L.-C.I.O., “somebody’s got to go hit him in the mouth.” Before making a point at a news conference last year, Mr. Donohue instructed reporters, “If you’re resting a minute, wake up.”

Photo



The chamber and its foreign affiliates have engaged in a worldwide effort to fight antismoking laws, including labeling requirements on cigarette packaging. Credit Conor Ashleigh for The New York Times

Mr. Donohue's ambition, he wrote in a reply to the Philip Morris executive, was "to build the biggest gorilla in this town." He scrapped the chamber's in-house cable network and magazine, which were centerpieces of his predecessor.

Instead, he focused on activism. Since he took over, the chamber has spent more than \$1.1 billion on lobbying, and last year, it had 168 lobbyists working on its behalf, many on its own staff, according to the Center for Responsive Politics.

Mr. Donohue's chamber would lean more heavily on large corporations, promising in a letter that the chamber's small-business members "provide the foot soldiers, and often the political cover, for issues big companies want pursued." Splinter groups proliferated, like the Institute for Legal Reform, which took money from American automakers to attack tire safety regulations proposed after the Firestone scandal.

"Donohue was hired to revitalize and recapitalize the chamber, and refocus it on advocacy and representation for business in Washington," said Mr. Josten, the chamber official. "Our revenue was in decline."

Fund-raising letters were sent to hundreds of companies. "I bet he spent three and a half, four days a week calling C.E.O.s," Mr. Josten recalled. "At the time, Tom said, 'The hole's deeper and the ladder is shorter than I thought.' I was here; it was a true statement."

Tobacco companies were among Mr. Donohue's earliest supporters, in part because he was already well established as an ally.

During his first stint with the chamber in the early 1980s, he was called on to calm restive cigarette makers, who were angered by a chamber health booklet that said smoking increases absenteeism. Mr. Donohue invited the tobacco industry to "supply some additional data" for a revised version, according to a letter later made public. Within a few years, the industry was citing chamber research that found "smoking has no influence on an employee's likelihood of being absent."

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Mr. Donohue left the chamber in 1984 to run the American Trucking Associations. Reflecting his ambition, he set up an offshoot called the Coalition Against Regressive Taxation, raising money from tobacco and winemakers to fight excise tax increases.

He was tireless. He blanketed Congress with letters, hosted a breakfast with Dick Cheney, then a congressman, and organized a conference in Bal Harbour. He testified in front of the Senate Finance Committee in 1986, and again in 1987, when he told lawmakers that "mom-and-pop stores" were dependent "on sales of tobacco and alcohol." He decried the "unfairness" of "proposals to nickel and dime buyers of cigarettes, wine and distilled spirits" in a letter to newspaper editors.

He brought the same zeal when he took over the chamber in 1997. The next year, the chamber assailed antismoking legislation proposed by Senator John McCain. Letters were sent to the Senate, news conferences were organized, and other industries were enlisted for public meetings, while Mr. Josten was dispatched to meet with House and Senate staff members.

Mr. Donohue met privately with Newt Gingrich, then the House speaker, outlining the chamber's opposition to the legislation, and "met or spoke to" five top senators, records show. The bill died in the Senate.

Photo



Tobacco industry executives testifying before Congress in 1998. Over the years, several employees have moved between the chamber and the industry. Credit Jessica Persson/Agence France-Presse

The industry was pleased.

"The chamber has become the antithesis of its former self," a Philip Morris memo reported in 1999, while an executive said in an internal email, the "chamber is doing good work."

Deep Ties

A plaque on Mr. Donohue's desk, well known to visitors, says "Show me the Money."

There are different ways to interpret this message. It could refer to his predilection for chauffeured Lincolns and chartered flights, or his \$5.5 million paycheck in 2013, more than 10 times what his predecessor earned in his last full year, 1996.

It is also a reminder that under his watch, the chamber has become a fund-raising juggernaut.

The chamber is not required to disclose its donors, but from 2008 to 2012, the last two presidential election years, the number of donors who gave more than \$1 million doubled, to 42, tax records show. Revenue at the chamber has grown to \$164 million in 2013, from \$76 million a decade earlier. Including its various affiliates, the total rises to \$260 million.

Philip Morris increased its contributions more than sevenfold to \$180,000 in 1998, Mr. Donohue's first full year on the job, from \$25,000 annually in the mid-1990s. A chamber official said that represented just 0.2 percent of the chamber's overall revenue at the time. Philip Morris Companies, known as Altria since 2003, does not disclose its current contributions, but it does have a seat on the chamber's board.

There are other signs of deepened ties, including the revolving door between the chamber and the industry.

Tom J. Collamore, a former Philip Morris executive, became a top lieutenant of Mr. Donohue's. And several employees have moved between the chamber and the industry, including Trinh Nguyen, a former chamber employee who is now a spokeswoman for Philip Morris International, which was spun off from Altria in 2008.

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A spokesman for Altria, David Sutton, said in an email that the company's work with the chamber "focuses on issues of general interest to the American business community," including corporate tax policy and tort reform. "We will continue to work with the U.S. Chamber on issues important to Altria," he added. Philip Morris International did not comment.

Photo



Mr. Donohue, right, and Senator Richard Shelby of Alabama. Mr. Donohue was a trucking lobbyist before becoming chamber leader. Credit Erik Freeland/Matrix for The New York Times

For tobacco companies, Mr. Donohue's chamber has provided cover for those afraid of attracting headlines for fighting their own battles. Mr. Donohue once told Washington Monthly magazine that he wanted to give the chamber's members "all the deniability they need."

The year after the fight over the Senate bill, Philip Morris directed the chamber's work on a polling project surveying attitudes about government-funded litigation. The chamber took the lead in public, while "PM stays in the background," a Philip Morris memo outlined. The cigarette maker selected the polling firm and reviewed the questions, according to documents released as part of the litigation and also detailed in a recently published book about the chamber called "The Influence Machine."

"New Poll Finds Solid Public Opposition to Government Lawsuits" the chamber's news release was headlined, while leaving out the tobacco industry's role.

Cigarette makers have not been the only beneficiary of such tactics.

In 2009, health insurers contributed \$86.2 million to the chamber to fight President Obama's health care proposal. The chamber began a sprawling ad campaign criticizing the legislation, though the insurers' financial backing only came to light [the next year](#).

Complications have arisen in the chamber's new approach.

Its bylaws say the board “shall determine the eligibility and appropriateness of all proposals to be considered and acted upon.” But under Mr. Donohue, the chamber’s board swelled to more than 100 seats, meaning, in practicality, many decisions are subordinated to committees or affiliated groups.

Chamber officials said no board vote took place before the organization sought to discourage foreign governments from passing antismoking laws.

“We were not aware of these lobbying efforts, and we oppose efforts to promote tobacco use,” said Brooke Thurston, a spokeswoman for Steward Health Care of Boston, a hospital group on the chamber board.

Two insurance giants on the chamber’s board, Anthem and the Health Care Service Corporation, have said little about the chamber’s tobacco industry ties.

“In the long run, they may find it distasteful and against their quoted values for the chamber to be doing what it is doing abroad on tobacco, but they’ll hold their nose,” said Wendell Potter, an outspoken former communications executive for Cigna, another insurer. “They do it because they know the chamber can be very helpful to them at some point down the road.”

Blair Latoff Holmes, the chamber’s spokeswoman, said in an email that “the premise that the chamber has mounted a ‘campaign’ to oppose efforts to discourage smoking simply isn’t true.”

“I’m not surprised to hear that board members haven’t heard of this. That’s because it doesn’t exist,” she said.

The chamber emphasized that it discouraged its own staff from smoking. “To my knowledge,” Mr. Josten said of Mr. Donohue, “Tom has never taken a puff of a cigarette.”

Douglas Dalby contributed reporting from Dublin, and Alain Delaqu erie contributed research from New York.