

WASHINGTON NOTEBOOK



The Bay State goes to K Street

Massachusetts companies, hospitals, and universities are spending big in Washington **BY SHAWN ZELLER**

LOBBYING IS A \$3 billion-a-year business in the nation's capital, and Massachusetts-based corporations and nonprofits are active participants. A *CommonWealth* review of lobbying records filed with the House and Senate indicates that 35 Massachusetts companies, universities, and hospitals spent at least \$250,000 each on Washington advocacy in 2007, for a total of more than \$37 million (see sidebar on next page).

The Massachusetts share of the national lobbying pie is 1.2 percent, but that number is somewhat misleading since much of the \$3 billion total is concentrated among trade and interest groups based in Washington. Of the 30 biggest spenders on Washington lobbying, 14 were trade and interest groups; together they accounted for 54 percent of the \$408 million spent by the top 30 on lobbying in 2007. The U.S. Chamber of Commerce and its legal reform division spent nearly \$53 million on lobbying.

Jeffrey Berry, a professor of political science at Tufts University, says Bay State companies invest heavily in Washington lobbying, and for good reason.

"It's entirely rational," he says. "For these companies, especially, it can be well worth their while, and more profitable, to go to Washington to fix a regulation or to get earmarked funding than to create a new product line."

For a defense contractor like Raytheon—No. 1 on *CommonWealth's* list, at \$6.2 million—lobbying can translate into multibillion-dollar contracts with the Defense Department. Pharmaceutical companies and medical device makers, such as Genzyme and Biogen Idec (No. 2 and No. 11, respectively, on *CommonWealth's* list), rely on government approval in order to sell their products, making lobbying essential to their bottom lines. Universities

and hospitals can benefit enormously if Congress directs earmarked funding toward research at their institutions. And Ocean Spray, No. 25 on the list, benefits if the government provides support for its specialty crop, cranberries.

Berry says company lobbyists aren't just "playing offense" in Washington. He says firms also spend significant time and money fighting proposals by opponents, such as labor unions or environmental groups, that can hurt their bottom lines.

Holcim (US) of Waltham, one of the largest suppliers of cement in the United States, reported spending \$530,000 last year in Washington, some of it lobbying on climate change legislation that has the industrial sector worried. The Senate bill, by Republican John Warner of Virginia and independent Joseph Lieberman of Connecticut, would set up a cap-and-trade system, limiting the amount of greenhouse gases industrial facilities can emit but allowing them to sell those pollution rights to other companies for a fee. Senate Republicans blocked an effort to bring the bill up for a vote in June. Holcim indicated on its lobbying disclosure report that it was concerned about provisions dealing with the allocation of emissions credits, compliance obligations, cost containment, and international efforts to combat global warming.

THE 35 ORGANIZATIONS on *CommonWealth's* list represent a broad swath of Massachusetts industry. Ten are in the health/science sector: Genzyme, Boston Scientific, Biogen Idec, EMD Serono, Millennium Pharmaceuticals, Sepracor, Partners HealthCare, UMass Memorial Health Care, Momenta Pharmaceuticals, and the Coalition of Boston Teaching Hospitals. Another seven are in finance: Massachusetts Mutual, Liberty Mutual,

WASHINGTON NOTEBOOK

Fidelity, John Hancock, State Street, Bain Capital, and Beacon Capital. And five are in education: Boston University, Harvard, MIT, Northeastern, and the University of Massachusetts at Dartmouth.

Filling out the list are high-tech and electronics makers (Lilliputian, EMC, Bose, Parametric Technology), government contractors (Raytheon, American Science & Engineering), a utility (National Grid), an engineering firm (Camp, Dresser & McKee), a cement supplier (Holcim), a cranberry grower (Ocean Spray), a clothing store chain (TJX), a gun maker (Smith & Wesson), and even an American Indian tribe (the Mashpee Wampanoags).

The biggest spenders were companies that do business

directly with the government or are in highly regulated industries. They were not necessarily the largest companies in the state or the most profitable. Indeed, of the top 50 Bay State companies as ranked by revenue, only nine of them spent more than \$250,000 on lobbying in the capital.

Yet some companies with big revenues also topped the

Raytheon spent \$6.2 million on lobbying efforts last year.

lobbying chart. Raytheon, the maker of missile systems and other defense-related products for the Pentagon, is No. 1 on both lists. Its D.C. lobbying office, headed by former Senate Armed Services Committee aide John Barnes,

focuses mostly on government appropriations bills. The Waltham company has also hired 26 lobbying firms to assist its lobbying efforts. Among Raytheon's outside advocates in 2007 were people well versed in government spending bills, such as former House Appropriations Committee Chairman Bob Livingston of Louisiana and James English, a former staff director of the Senate Appropriations Committee.

Barnes did not respond to requests for comment. But the firm's \$6.2 million in 2007 lobbying spending isn't out of line with other big defense contractors. Northrop Grumman of Los Angeles, for example, spent nearly \$11 million on lobbying, and Lockheed Martin of Bethesda, Maryland, spent \$9.8 million.

The reticence of Barnes to speak about his company's work isn't unusual either. Lobbying has never been a subject that corporations have been eager to discuss, but it's an especially touchy subject now given that influence-peddling scandals have led to the indictment of four members of Congress over the last few years—including the longest-serving Republican senator in US history, Ted Stevens of Alaska.

In each of the cases, the officials were charged with taking gifts from a lobbyist and either not reporting them on required financial disclosure forms or providing official acts in return for them. Two of those charged have been convicted and are already serving jail time: former Republican Reps. Randy "Duke" Cunningham of California and Bob Ney of Ohio. The other is Democratic Rep. William Jefferson of Louisiana,

TOP LOBBYING COMPANIES FROM MASSACHUSETTS, 2007

COMPANY	HEADQUARTERS	LOBBYING EXPENDITURES
1. Raytheon Co.	Waltham	\$6,152,139
2. Genzyme Corp.	Cambridge	\$2,720,000
3. Massachusetts Mutual Life Insurance Co.	Springfield	\$2,700,000
4. Liberty Mutual Holding Co.	Boston	\$1,980,000
5. Boston Scientific Corp.	Natick	\$1,960,000
6. Fidelity Management and Research LLC	Boston	\$1,820,000
7. EMD Serono	Rockland	\$1,780,000
8. National Grid USA	Westborough	\$1,689,213
9. EMC Corp.	Hopkinton	\$1,400,000
10. Millennium Pharmaceuticals	Cambridge	\$1,280,000
11. Biogen Idec	Cambridge	\$1,240,000
12. Sepracor	Marlborough	\$1,214,336
13. John Hancock Financial Services	Boston	\$1,010,000
14. Boston University	Boston	\$960,000
15. Harvard University	Cambridge	\$730,000
16. Bain Capital Partners LLC	Boston	\$720,000
17. Parametric Technology Corp.	Needham	\$630,000
18. State Street Corp.	Boston	\$620,340
19. American Science and Engineering	Billerica	\$616,000
20. Partners HealthCare System	Boston	\$600,000
21. Northeastern University	Boston	\$560,000
21. UMass Memorial Health Care	Worcester	\$560,000
23. Holcim (US)	Waltham	\$530,000
24. Bose Corp.	Framingham	\$365,000
25. Ocean Spray Cranberries	Lakeville	\$360,000
26. Coalition of Boston Teaching Hospitals	Boston	\$340,000
27. Camp Dresser & McKee	Cambridge	\$325,000
28. Smith & Wesson Holding Corp.	Springfield	\$320,000
29. Momenta Pharmaceuticals	Cambridge	\$310,000
30. The TJX Cos.	Framingham	\$300,000
Beacon Capital Partners	Boston	\$300,000
32. Lilliputian Systems	Wilmington	\$280,000
University of Massachusetts	Dartmouth	\$280,000
34. Massachusetts Institute of Technology	Cambridge	\$271,456
35. Mashpee Wampanoag Indian Tribal Council	Mashpee	\$250,000
Total		\$37,173,484

NOTE: TO CREATE THIS LIST, COMMONWEALTH REVIEWED DATA FOR ALL COMPANIES AND NONPROFIT ORGANIZATIONS THAT SPENT MORE THAN \$250,000 LOBBYING LAST YEAR, AS REPORTED BY CONGRESSIONAL QUARTERLY.

WASHINGTON NOTEBOOK

whom the Justice Department accuses of stowing \$90,000 in bribe money in a freezer.

There is no indication any Massachusetts companies were involved in these cases.

Major companies on *CommonWealth's* list, such as State Street, Boston Scientific, and EMC, either declined to comment on their lobbying activities in Washington or did not respond to requests for comment. One company that did comment, Massachusetts Mutual Life Insurance, e-mailed a statement on its advocacy activities. "We fully disclose the issues we lobby, as well as the candidates we contribute to, in reports that we file periodically that are matters of public record," said spokesman Mark Cybulski.

What's required in the reports isn't very informative. Companies are asked to spell out "specific lobbying issues" but usually only list bills or provide generic descriptions. Rarely do they explain precisely what they lobbied for, or against.

Massachusetts Mutual, for example, reported hiring three outside firms to represent it in Washington—including former Capitol Hill staffers such as Lendell Porterfield, a one-time aide to the top Republican on the Senate Banking Committee, Richard Shelby of Alabama. The firm's disclosures said that it lobbied on data privacy legislation, a variety of bills affecting retirement investments, and estate tax repeal. The disclosures don't reveal precisely what Massachusetts Mutual wanted Congress to do.

The reluctance of companies to speak about their lobbying is no surprise, says Berry, considering the "horrendous image" lobbying has in the public mind. "The average person associates it with unfair practices, if not outright dishonesty. It's just wise public relations not to put it front and center."

Those companies that consented to interviews said that lobbying was essential because of the nature of their industries.

"Our business is increasingly affected by decisions in Washington," says Paul Mattera, senior vice president and chief public affairs officer for Boston-based Liberty Mutual, which came in fourth on *CommonWealth's* list. Mattera says that the firm lobbied Congress hard—and successfully—to reauthorize a post-9/11 law that provides a government-funded backstop to companies offering insurance against terrorist acts. The law makes it possible for insurance companies to offer terrorism insurance at commercially reasonable rates, Mattera says.

Among the outside advocates whom Liberty Mutual hired to help with the campaign: former GOP Rep. Bill Paxon of New York. Former GOP Rep. Bill Archer of Texas, once the chairman of the powerful House Ways and Means Committee, also aided Liberty Mutual's lobbying


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efforts on tax issues related to insurance and workers compensation.

Mattera says that Liberty Mutual has also become a leading advocate of free trade agreements with foreign countries. The agreements are not specifically targeted at the insurance sector, but they can help a company like Liberty Mutual by allowing it to expand its overseas insurance offerings.

Financial services companies like Fidelity Management and Research, No. 6 on *CommonWealth's* list, echo Mattera in explaining their advocacy efforts in Washington. "The financial services industry operates within a complex legal and regulatory environment," says Fidelity spokesman Vin Loporchio. Most of the Boston-based company's products, from 401(k)s to 529 college savings plans and IRAs, are regulated by the government, he says, "so it's very, very important for us to communicate with lawmakers."

Among those doing the communicating for Fidelity was John Green, who had been an aide to Republican Sen. Trent Lott of Mississippi when Lott was Senate majority leader. Green took a leave of absence from his lobbying work earlier this year to become GOP presidential nomi-

nee John McCain's liaison to House and Senate Republicans. In 2007, he helped Fidelity voice its concerns about a bill that would require Fidelity and other mutual fund providers to disclose more about their 401(k) retirement plan fees. The House Committee on Education and Labor approved the bill, by California Democratic Rep. George Miller, in April, but its chances of becoming law in 2008 are small.

Other highly regulated firms, such as those in Massa-

Genzyme lobbied for a major overhaul of the Food and Drug Administration.

achusetts's burgeoning medical device and pharmaceutical sector, are big lobbying spenders. Genzyme spokesman Bo Piela says his Cambridge-based firm lobbies heavily because of its need to interact with the Food and Drug Administration, the executive branch agency that approves its products.

Among the bills the company lobbied on was a major overhaul of the FDA that President Bush signed into law

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in September 2007. The bill requires that drug and medical device makers pay the FDA fees for expedited reviews of new products. It also permits the FDA to require studies of new drugs after they've been approved, as well as risk-reduction plans for drugs suspected to have potentially dangerous side effects.

Tony Podesta, one of Washington's most prominent lobbyists and a former aide to Massachusetts Sen. Ted Kennedy, was among Genzyme's advocates on the FDA overhaul bill.

"We are in one of the most highly regulated industries," says Piela. "We have very complicated products, and it takes a lot of work to explain what we do and the products that we make and how they benefit patients so that sensible, beneficial policies can be shaped to allow us to do that work," he said.

Notable, too, are the companies that aren't on *CommonWealth's* list. They include some of the biggest firms in Massachusetts, but ones that don't face significant government regulation, such as Framingham-based Staples and BJ's Wholesale Club of Natick.

Massachusetts's educational and hospital sectors make a mark lobbying, but not a huge one. Harvard and Boston Universities each spent under \$1 million in 2007 seeking

earmarked funding for special projects and funding for scientific research from the government. BU was second among universities in lobbying spending, trailing only Johns Hopkins University, which spent \$1 million. Harvard was fourth, behind Johns Hopkins, BU, and Northwestern University. Overall, BU was 14th on *CommonWealth's* list, with Harvard following at 15th place.

Well behind them were Northeastern, MIT, and the University of Massachusetts at Dartmouth. The flagship state college campus at Amherst reported spending \$190,000, while the UMass branch in Lowell spent \$140,000. UMass-Amherst, especially, is well positioned to secure the kind of earmarked funding that universities crave most in Washington since its hometown congressman, John Olver, sits on the House Appropriations Committee.

Boston's renowned medical sector got in the game as well. The parent organization of Massachusetts General Hospital and Brigham and Women's Hospital, Partners HealthCare System Inc., spent \$600,000 on the services of Kip O'Neill, the fourth child of former House Speaker Tip O'Neill, and his lobbying firm. O'Neill's disclosure reports indicate he sought federal appropriations for the hospitals. **CW**



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