

October 12, 2010

To: U.S Chamber Board of Directors and Federation Partners

From: Tom Donohue

Subject: Recent Attacks on the Chamber

In recent days, the Chamber and other groups have been accused of using money derived from foreign sources to finance activities related to the upcoming elections. This is patently untrue. I welcome this opportunity to lay out the facts, explain why this is happening, and assure you of the Chamber's response.

The charge was first made on an anti-business liberal blog called *ThinkProgress*, run by Obama transition co-chair John Podesta and funded in part by international financier George Soros. Once it appeared in the blogosphere, the report was then heavily promoted by Congressional Democrats and the White House and it received some mainstream media coverage.

By the end of last week, President Obama, Vice President Biden, and various Congressional leaders began repeating the accusation in campaign speeches, offering no facts or evidence to back up such a serious charge. The Democratic National Committee (DNC) produced a television ad on the topic. The President's campaign grassroots operation, Organizing for America (now run by the DNC), issued a call to action amplifying the charge and decrying the role of money in politics—and then asked its members for political contributions. *MoveOn.org* has done the same thing.

Let me be clear. The Chamber does not use any foreign money to fund voter education activities—period. We have strict financial controls in place to ensure this. The funds we receive from American Chambers of Commerce abroad, bilateral business councils, and non-U.S. based global companies represent a small fraction of our more than \$200 million annual revenues. Under our accounting system, these

revenues are never used to support any political activities. We are in full compliance with all laws and regulations.

Given these facts, the administration and Congressional leaders who attacked the Chamber have been challenged by journalists to produce *any* evidence to the contrary. They came up empty and, turning the American principles of fairness and justice upside down, our accusers have actually suggested that the Chamber should prove that it has *not* done anything wrong.

These tactics have been strongly criticized by many respected media organizations—including those who are not always friendly to business:

- *The New York Times* wrote: “But a closer examination shows that there is little evidence that what the chamber does in collecting overseas dues is improper or even unusual, according to both liberal and conservative election-law lawyers and campaign finance documents.” The paper goes on to note that “Organizations from both ends of the political spectrum, from liberal ones like the A.F.L.-C.I.O. and the Sierra Club to conservative groups like the National Rifle Association, have international affiliations and get money from foreign entities while at the same time pushing political causes in the United States.”
- The Annenberg Public Policy Center’s FactCheck.org called this line of attack on the Chamber “a claim with little basis in fact.”
- An *Associated Press* “Spin Meter” analysis concluded: “The Obama administration and its allies are going all out against the U.S. Chamber of Commerce and GOP-leaning groups, accusing them of using foreign money to help finance political ads. Trouble is, they’re providing no evidence.” The AP report also reminds us that political action committees (PACs), many comprised of employees of foreign-headquartered companies, also participate in elections. “Foreign-connected PACs have contributed more than \$12 million to political candidates this election cycle, with more than half going to Democrats...” explains AP.
- The White House correspondent for *MSNBC* echoed the suggestion by a *Baltimore Sun* journalist that the smear tactics directed at the Chamber and others were “McCarthyesque.”

- When White House political operative David Axlerod was asked by CBS' Bob Schieffer to back up the foreign money accusation, Axlerod offered no proof. Schieffer responded dismissively: "Is that the best you can do?"
- A *Los Angeles Times* report today suggests that the White House attacks on the Chamber are already backfiring, with moderate, pro-business Democrats expressing their disapproval of the smear campaign.

It's sad to watch the White House stoop to these depths to try to salvage an election. That's clearly what this is all about. The administration and its Congressional allies are desperately trying to change the subject away from our stalled economy and nearly double-digit unemployment. They hope that by demonizing those who oppose their failed policies, they can fire up their dispirited and disappointed base and silence our voice.

It won't work. The American people will not be fooled. For two years, they have been telling our leaders in government that creating jobs is their top priority. But the government has not listened and is now trying to change the subject *again*—away from what matters most to the American people.

Nor will the Chamber be silenced. In fact, for the next three weeks leading up to Election Day you will see us *ramp up* efforts to educate voters about the positions of candidates of both parties who are committed to free enterprise and economic growth.

In its smear campaign against the Chamber and others, the administration and its allies have conveniently forgotten that in 2008, more than \$400 million in outside money—much of it from undisclosed sources—was used to help elect President Obama and the current Congressional majority. In the current election cycle, just three unions alone have announced plans to spend in excess of \$150 million to support pro-union candidates.

You can see why it is absolutely critical that the business community remains engaged in the political process. If we succumb to threats and intimidation and become distracted or silenced, the only voices left will be those of the unions and other anti-business activists.

That's why we have worked hard and successfully to stop the so-called DISCLOSE Act on Capitol Hill—a partisan political measure that had nothing to do with disclosure and everything to do with protecting endangered incumbents. It is in

the wake of that defeat that the administration launched this new smear campaign—part of a disturbing pattern of demonizing America’s job creators and those who represent them.

I want to assure all Chamber members that we will remain totally focused on promoting policies that can fix the American economy and create jobs. The Chamber has a 100-year track record of defending business and supporting free enterprise, and there is nothing secret about who we are and what we stand for.

We will not be deterred from full and vigorous participation in the political process. And, we will continue to successfully protect the rights and privacy of our members as they exercise their Constitutionally-guaranteed freedom of association in supporting the Chamber’s programs and activities.