

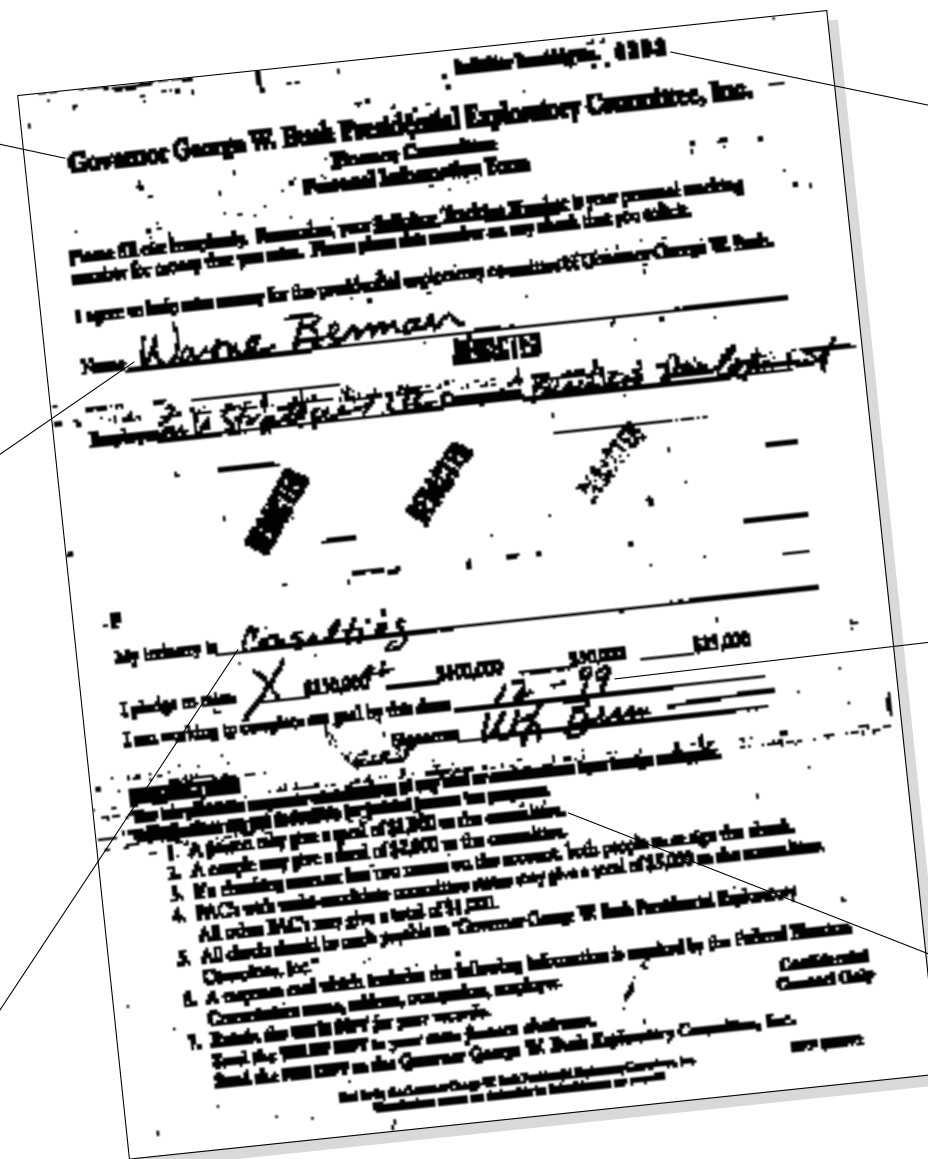
O PIONEERS!

On the frontiers of fund-raising, by Nancy Watzman and Micah L. Sifry

The fund-raising machine of George W. Bush has done for politics what Henry Ford's assembly line did for manufacturing. Bush's 2000 primary campaign took in a record \$101 million, and officials project that his 2004 campaign will raise \$170 million—more, even adjusted for inflation, than was raised by all five Republican campaigns between 1980 and 1996 combined. Central to Bush's success have been his "Pioneers," supporters who each pledged to raise at least \$100,000 in hard money for his primary bid. This form, filled out by one such Pioneer, was obtained, along with others, by Texans for Public Justice (TPJ) through a lawsuit challenging the new federal campaign-finance law. TPJ also discovered that the Pioneers were far more numerous than was previously known. Instead of 226, as the campaign first disclosed, there had been at least 538: enough, if each fulfilled their pledge, to account for more than half of Bush's war chest. The Pioneer program is aptly named, for it has tackled the old problem of influence-peddling with new efficiency, scope, and zeal.

Who are the Pioneers? Wayne Berman, a former Commerce Department appointee under the first President Bush, has since worked as a lobbyist; at least forty-seven other Pioneers for 2000 were lobbyists as well, including Randy DeLay, brother of House leader Tom, and Haley Barbour, the former GOP chair. Three of the Pioneers were U.S. Representatives, and three were governors, including the current Homeland Security chief, Tom Ridge. A full third of the total—more than 170 Pioneers—were business owners, presidents, or CEOs, including those of Enron, Dynegy, Staples, Shell, Tenet Healthcare, and Occidental Chemical. Individuals in 2000 could not, by law, give more than \$1,000 directly to Bush. Instead, the Pioneers magnified their influence by recruiting others to give through them, an old practice called "bundling" that the Bush team has honed to a science.

Through bundling, each Pioneer is able not only to demonstrate his or her own worth to Bush but to create a constituency of smaller givers. Although the law does not require bundlers to reveal whom they tapped for donations, we might surmise that Berman, for example, found contributors among his many "consulting" clients, which include the Carlyle Group, AOL Time Warner, and the Florida sugar company Flo-Sun. Or he might have reached out to his generous neighbors: in Washington's 20008 zip code, where Berman and his wife (herself a Pioneer) own a 13,000-square-foot mansion, residents contribute 100 times more to campaigns per capita than the national average. Of course, bundled donations can also help curry favor with the bundler himself. This might help to explain why, for example, the employees of Charles Cawley—a Pioneer and the CEO of credit-card issuer MBNA—together gave Bush more than \$240,000.



Perhaps the greatest innovation of the Pioneer program is its use of tracking numbers, which donors are instructed to write on their checks. Like Amway salesmen, Pioneers for the 2000 election were credited not just for their own fund-raising efforts but for those of others whom they recruited. In a memo obtained by *Newsweek*, Edison Electric Institute chief Tom Kuhn explained the importance of the tracking system to other energy executives: "It does insure that our industry is credited, and that your progress is listed among the other business/industry sectors." Kuhn and the sixty-seven other Pioneers from the industry were no doubt gratified to see Bush develop his energy policy in close consultation with their lobbyists. Although it has yet to pass Congress, MBNA's pet project, a bill to make personal-bankruptcy laws more draconian, has also enjoyed Bush's strong support.

Berman indicates that he will raise the cash he is promising (note the casual "++" he has written next to "\$250,000") by December 1999. But he had reportedly stopped fund-raising by that October, after former Connecticut treasurer Paul Silvester was convicted of taking kickbacks from money managers. Silvester testified that he had invested \$50 million of state money in the Carlyle Group—a deal for which Berman got a \$900,000 "finder's fee"—because he was seeking a job with Berman. (He did get the job, though Berman has denied wrongdoing.) Of more than 200 Pioneers it first researched, TPJ found twenty-six who had been involved in some scandal related to campaign finance. Other Pioneers—the CEOs of Enron, Dynegy, Tenet—have resigned in disgrace due to corporate malfeasance. But unlike Clinton and Gore, whose sloppy fund-raising errors in 1996 led to intensive inquiries, Bush's disciplined team appears to mind the letter, if not the spirit, of the campaign-finance laws. Berman has been reenlisted as a fund-raiser for 2004.

Fund-raising for the president, Berman said in May, is "about the little people, because you're limited to hard-money contributions." In the most recent elections, the "little people" who gave \$1,000 or more to campaigns of either party totaled less than 0.1 percent of the U.S. population; surveys of donors show them to be, on average, far wealthier, more conservative, less racially and ethnically diverse, and more likely to be male than the rest of the population. And now that the McCain-Feingold law, which became effective last year, has doubled the cap on individual hard-money donations from \$1,000 to \$2,000, the Bush campaign is poised for even further advancement. For 2004 it has created a new category above the Pioneers, for those who raise more than \$200,000: the "Rangers." The term would suggest that the Pioneers, who in 2000 opened new frontiers in plutocracy, have decided to settle there for good.

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