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# Redacted - First Amendment

## Economic Policy

### Corporate America launches massive lobbying blitz to kill key parts of Democrats' \$3.5 trillion economic plan

Drug makers, big banks, tech giants and others are preparing to fight the party's package, including its proposals for raising taxes

By Tony Romm

A torrent of political groups representing some of the country's most influential corporations — including ExxonMobil, Pfizer and the Walt Disney Company — are laying the groundwork for a lobbying blitz to stop Congress from enacting significant swaths of President Biden's \$3.5 trillion economic agenda.

The emerging opposition appears to be vast, spanning drug manufacturers, big banks, tech titans, major retailers and oil-and-gas giants. In recent weeks, top Washington organizations representing these and other industries have started strategizing behind the scenes, seeking to scuttle key elements in Democrats' proposed overhaul to federal health care, education and safety net programs.

Among the most active is the U.S. Chamber of Commerce, which is starting to put together an economy-wide coalition to coordinate the fight against the still forming economic package, including its significant price tag, policy scope and potential for tax increases.

The effort could encompass traditional lobbying on Capitol Hill as well as advertising campaigns targeting Democratic lawmakers, according to three people familiar with the matter who spoke on the condition of anonymity to describe the discussions. The group has been in talks with potential allies such as the National Association of Manufacturers, whose board includes executives from firms such as Dow Inc., Exxon, Caterpillar and Johnson & Johnson, the people said.

Other opponents include the Business Roundtable, whose board counts the chief executives from Apple and Walmart. The group similarly is preparing to fight corporate tax increases, which Democrats hope will fund their vast new spending. And the pharmaceutical industry has embarked on its own wide-ranging campaign to combat Democrats' drug pricing proposals, another potential revenue source in the bill. Conservative outfits previously backed by the sector's top trade group, known as PhRMA, have run recent ads claiming lawmakers' plans would have worsened the coronavirus pandemic.

The flurry of well-funded political activity only adds to the challenges facing Biden and his congressional allies as they seek to move one of his signature economic initiatives swiftly through Congress using a process known as reconciliation. The maneuver allows Democrats in the Senate to bypass a likely Republican filibuster and pass legislation with a simple majority.

But Democrats' strategy can work only if the party's narrow majority stays united at a time when they have few votes to spare. The task is likely to be tough, not least because of the overwhelming corporate lobbying barrage that awaits them.

"We're doing it in every way you can imagine," said Aric Newhouse, the senior vice president for policy at the National Association of Manufacturers, when asked about the group's lobbying. He added that the tax increases Democrats have pursued would mean "manufacturing families will suffer, jobs will be lost."

Disney, Pfizer and Exxon declined to comment. Jessica Boulanger, a spokeswoman for the Business Roundtable, said in a statement it is engaged in "a significant, multifaceted campaign" to stop tax hikes and would "continue to ramp up our efforts in the coming weeks."

Brian Newell, a spokesman for PhRMA, stressed that the group supports general pricing reforms — just not the ideas Democrats are pursuing. "The industry is willing to come to the table and do its fair share to help deliver real relief to patients at the pharmacy, not empty promises that will do more harm than good," he said in a statement.

The raft of lobbying arrives as lawmakers begin to translate Biden's broader economic vision into legislation. Democratic leaders have said their reconciliation measure can expand Medicare coverage, offer universal prekindergarten, provide new help to low-income families, and invest substantial sums toward fighting climate change.

Hoping to give Biden a win, Democrats have aimed to send the package to his desk as soon as September. Their race to enact legislation has set off a mad dash on Capitol Hill, a process that is sure to test the president's political influence — and the durability of Democrats' narrow, potent and fractious majorities in both chambers of Congress.

In a sign of the obstacles Democrats face, the Chamber of Commerce last week took a firm stand against the package, promising to do "everything we can" to prevent Congress from adopting it in full. The group's president and chief executive, Suzanne Clark, issued the statement hours after the House adopted the \$3.5 trillion budget that enabled Democrats to begin crafting tax and spending provisions — an approach, she said, that would "halt America's fragile economic recovery."

The Chamber's opposition marked a major shift in tone from earlier this summer, when the business lobby locked arms with Democrats to help advance another centerpiece of Biden's economic agenda. The group threw its full weight behind a bipartisan Senate package to improve the nation's roads, bridges, pipes, ports and Internet connections, arguing that the roughly \$1 trillion in fixes were long overdue.

Once the Senate adopted the package, however, the Chamber turned up the pressure on the House. Last week, for example, it unleashed widely viewed ads on Facebook praising the nine moderate Democrats who had threatened to block the party's budget unless they could first secure a House vote on infrastructure spending. Democrats ultimately resolved their internal stalemate, paving the way for both packages to proceed this month, but not before the Chamber sought to highlight the party's internal divisions in ads that together received millions of views.

The Chamber declined to comment about its plans, including the behind-the-scenes work to assemble a coalition. Neil Bradley, the group's executive vice president, blasted Democrats for pursuing a bill "that proposes to fundamentally rewrite the rules of the road across virtually every major industrial sector."

Other corporate interests are training their sights on Democrats' plans to pay for the bill through tax increases on businesses. Biden has proposed to raise the corporate rate to 28 percent from 21 percent, along with a slew of additional changes targeting profits earned overseas. The move has spawned outrage from companies that had spent significant sums four years ago to secure more favorable tax rules under President Donald Trump.

The list of opponents includes the RATE Coalition, which counts support from Capital One, Disney, FedEx, Lowe's and Lockheed Martin. Over the next few months, the group is preparing a seven-figure digital advertising campaign to oppose Democrats' plans and highlight businesses that might be hurt in the process, according to a person with knowledge of the effort, who spoke on the condition of anonymity to describe the planning.

"Any increase in the rate would position our country even further behind global competitors like China — and carry devastating consequences for American workers," said former senator Blanche Lincoln, a Democrat who serves as the group's chief adviser.

The ad blitz evinces the broader philosophical divides between corporate America and congressional Democrats over the future of the economy. Many business leaders say the policies enacted in the era

of deregulation under Trump contributed to significant economic gains until the coronavirus arrived. But Democrats sharply disagree, stressing that Trump's tax cuts primarily benefited the wealthy — all the while leaving too many workers struggling to make ends meet.

The debate framed the course of the 2020 presidential election, and it looms large over the congressional midterms next year, putting new pressure on Democrats to sell their vision to voters to prevail. Their political task could prove all the more complicated if the party's candidates have to weather a well-funded deluge of critical advertisements, particularly from angry corporate interests that hope to end Democrats' majorities in Congress.

"A lot of Americans live in districts represented by more moderate candidates, and those members don't necessarily know whether they're going to be in office in a couple years" said Sarah Bryner, director of research and strategy at the Center for Responsive Politics, which tracks lobbying spending. "By targeting people in districts of what we might say are vulnerable members, which tend to be more centrist, companies hope to exert pressure essentially."

The advertising has been especially aggressive on changes to prescription drug pricing, as the pharmaceutical industry — arguably the most well resourced in Washington — seeks to stave off Democrats' latest proposals.

Party lawmakers in the House and Senate have eyed a variety of ideas that would empower Medicare to negotiate rates on behalf of seniors, saving patients money while covering some of the costs of the reconciliation package. But the industry's leading lobbying group, PhRMA, for years has argued that Democrats' ideas would result in fewer lifesaving drugs making it to market.

To raise its voice, PhRMA has poured more than \$15 million into lobbying Washington this year, its federal disclosures show. Working on behalf of members including AbbVie, AstraZeneca and Pfizer, it also appears to have mobilized through an intricate web of outside political organizations. Many of these groups, which have taken PhRMA money in the past, have run ads sharply criticizing Democrats, including the party's most vulnerable lawmakers entering the 2022 midterms.

One such group, the right-leaning American Action Network, in August announced a \$5 million ad campaign against Democrats that blasted the reconciliation package broadly and likened its drug pricing proposals to socialism. The network has received past support from PhRMA, including a \$4.5 million donation reported on the pharmaceutical group's 2019 tax filings, which were obtained by The Washington Post from the Center for Responsive Politics. The American Action Network did not respond to a request for comment.

A separate ad blitz arrived this summer during the Olympics, when an organization billing itself as the Coalition Against Socialized Medicine took aim at Sen. Ron Wyden (D-Ore.), leader of the Finance Committee that oversees prescription drug pricing.

"Imagine a future in which a coronavirus vaccine was never discovered," began the 30-second television spot, before flashing images of emptied classrooms, shuttered storefronts and Americans sleeping on the streets. Faulting Wyden's proposals, the ad concluded, "It won't be hard to imagine at all."

The coalition credits itself to the work of the American Conservative Union, along with the public backing of other right-leaning groups, including American Commitment, FreedomWorks and Heritage Action. Each of the organizations has received thousands of dollars in past support from PhRMA, according to copies of the drug lobby's 2017, 2018 and 2019 tax filings with the IRS, the most recent available.



The coalition did not respond to a request for comment. PhRMA, meanwhile, declined to comment on the ads. Debra DeShong, the group's executive vice president of public affairs, previously said in a statement that Democrats' plans threaten to "turn Medicare into a piggy bank to fund projects that have nothing to do with lowering out-of-pocket costs for medicines."

The opposition has not sat well with lawmakers including Sen. Bernie Sanders (I-Vt.), leader of the Budget Committee, who chiefly crafted the measure that enables Democrats' reconciliation package. In an interview this summer, he rebuked the industry's efforts as a "sign of the greed that pervades corporate America."

"These guys don't lose," Sanders said when asked about the expected lobbying barrage. "They're going to lose this round."

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