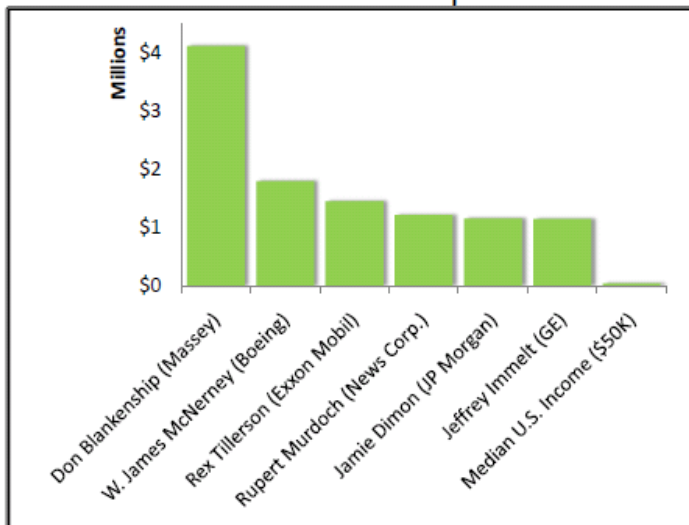


More Money, More Problems

How Chamber CEOs Benefit from Bush Tax Cuts While Their Companies Wreak Havoc

Tuesday, June 7th marks the ten-year anniversary of the Bush Tax Cuts that have allowed the wealthiest of Americans to pocket millions of extra dollars. America today looks very different from the heady days of surpluses during which then-President George W. Bush implemented the tax cuts in 2001. Two costly wars and a total economic collapse later, millions are out of work or have had their homes foreclosed on and the tax cuts themselves have contributed to exploding deficit and further stressed the economy; today, Congress is forced to raise the debt ceiling just to pay for this irresponsible economic policy.

2010 Bush Tax Cut Benefits for Top Chamber CEOs



Yet for the US Chamber of Commerce and its wealthy corporate backers who initially pushed for these policies, things have never been better: taxes are at their lowest levels in 50 years,¹ and corporate profits are at an all-time high.²

In this report, we take a look at how the CEOs of ten U.S. Chamber companies have profited from the Bush tax cuts this past year, and during the past decade, and the various ways in which their companies were wreaking havoc on the economy, the environment, their own shareholders, and the taxpayers

who ultimately foot the bill for Bush tax cuts, then and now.

As America dealt with the economic fallout from this reckless policy, the millionaire CEOs of the corporate giants that anonymously fund the lobbying of the U.S. Chamber of Commerce,³ have used the Chamber to push an agenda that threatens to dismantle critical social safety nets⁴ and leave education, worker protection and environmental safeguards by the wayside.

These U.S. Chamber CEOs head companies responsible for mining disasters, catastrophic oil spills, insurance premium hikes, and the worst economic meltdown in decades. Their contributions to the U.S. Chamber support a political agenda meant to protect those companies, and their CEOs, from reforms that would hold them accountable for their actions.

¹ Under Obama Taxes Reach Lowest Level Since Truman, [US News and World Report](#), 2/8/11.

² Corporate Profits Were the Highest on Record Last Quarter, [NY Times](#), 10/23/10

³ "State of American Business 2003: Address by Tom Donohue." [U.S. Chamber of Commerce](#). 1/15/03.

⁴ See Paul Ryan Doubles Down on his Failing Medicare Proposal. [The Ed. Show](#). 5.25.11. Rep. Price: Medicare Push Not 'Smart Thing Politically,' But 'Right Thing to Do.' [ABC News](#). 5/31/11.

Yes, these are exciting times to be a Chamber company CEO. Based on analysis of compensation by U.S. Chamber Watch, the Chamber's lobbying for its CEOs has more than paid off: the average tax cut for the ten U.S. Chamber CEOs surveyed in this report⁵ was \$1,806,000 in 2010 according to computations by Citizens for Tax Justice, more than thirty-six times the median U.S. household income of \$52,029.⁶

Don Blankenship – Massey Energy: 2010 Tax Break = \$4,115,000

By far the biggest beneficiary of the cuts surveyed here, Don Blankenship, former CEO of Massey Energy and U.S. Chamber Board Member, is emblematic of the unaccountable corporate executives the Chamber's agenda seeks to protect. Blankenship has been accused of buying a judge in his home state of West Virginia,⁷ and last year oversaw the country's worst mining disaster in forty years, which killed twenty-nine miners at Massey's Upper Big Branch Mine.⁸ Shareholder pressure in the wake of the Upper Big Branch disaster pushed Blankenship's resignation from Massey in December, amid a flurry of civil lawsuits and government inquiries.⁹ But Blankenship's resignation came with an outrageous price tag in the form of an egregious "golden parachute": He took home a staggering \$86 million last year, with the Bush tax cuts netting him a bonus \$4 million.

Rupert Murdoch – News Corporation: 2010 Tax Break = \$1,218,000

Rupert Murdoch, the CEO of News Corporation, has had a busy few years himself. In 2009, News Corp. paid millions of dollars to end lawsuits against it stemming from its publications' use of private investigators to hack into the mobile phone records of celebrities and public figures.¹⁰ News Corp. also came under fire when it donated \$1 million each to the Republican Governors Association¹¹ and the U.S. Chamber of Commerce¹² to influence last fall's elections, contributions that Murdoch admitted were not made for the strategic benefit of the company or its shareholders, but to further Murdoch's personal relationships and political agenda. As a result of Murdoch's use of corporate money to make essentially personal political contributions, the ensuing scandal generated an international backlash from News Corp. shareholders.¹³ And while all this was happening, U.S. taxpayers were rewarding Murdoch in the form of Bush tax cuts that netted him an additional \$1.2 million in 2010, based on his total take-home \$22,725,275.¹⁴

⁵ We review ten CEOs of companies that have been prominent in the news over the past several years, and who have benefitted from the U.S. Chamber lobbying on a host of issues.

⁶ U.S. Census Bureau. Figure is for 2008.

⁷ Caperton v. AT Massey Coal Co., Inc., 129 S. Ct. 2252 - Supreme Court 2009. See also, Massey in New Recusal Dispute. [Gavel Grab](#), 7/28/09.

⁸ Massey Accident, Worst Since 1970, Claims 29 Miners. [Bloomberg](#), 4/10/10.

⁹ Under Fire Since Explosion, Mining C.E.O. Quits, [New York Times](#), 12/3/10.

¹⁰ Journalism Scandal at News Corp. [The Columbia Journalism Review](#), 7/10/09.

¹¹ Fox parent gives \$1 million to RGA. [Politico](#), 8/16/10.

¹² News Corp. gave \$1 million to pro-GOP group. [Politico](#), 9/30/10.

¹³ News Corp. Shareholder Objects to G.O.P. Donations. [New York Times](#), 10/13/10; Kasich inspired News Corp.'s RGA gift, [Politico](#), 10/6/10.

¹⁴ The compensation data for the CEOs in this report, except for Massey Energy, comes from the Summary Compensation Table of the company's most recent definitive proxy statement. For Massey Energy, the compensation for Massey Energy CEO Donald Blakenship comes from a May 19, 2011 analysis by Cypress Associates LLC filed in the case *Stanley v. Massey Energy Company*.

David Cote – Honeywell: 2010 Tax Break: \$1,080,000

Honeywell International, a Fortune 100 defense contractor and board member of the Chamber's Institute for Legal Reform, has contributed plenty to the country over the past decade: in 2007, the Center for Public Integrity reported that no corporation was linked to a greater number of Superfund toxic waste sites than Honeywell.¹⁵ In March of this year, Honeywell laid off 2,000 workers that were processing hazardous by-products at an Illinois facility. Honeywell then began to simply pile up radioactive byproducts in 55-gallon metal drums.¹⁶ After those drums leaked – in a matter of months – the company pleaded guilty to the felony of knowingly storing hazardous waste without a permit and was ordered to pay an \$11.8 million fine. Honeywell was also among the leading companies that abused the Tax Repatriation holiday of 2004 – which passed expressly to incentivize job creation in the United States – by repatriating \$2.2 billion while cutting 7,000 jobs in America and increasing overseas employment by 28,000.

While Honeywell was posing serious threats to health and environment, abusing the Tax Repatriation holiday, and transferring jobs overseas, its CEO, David Cote, was taking home an average annual salary of \$22,440,002,¹⁷ with his after tax income increasing an extra \$1 million in 2010 thanks to the Bush Tax Cuts.

W. James McNerney, Jr. – Boeing: 2010 Tax Break = \$1,066,000

David Cote is in good company with the heads of other huge defense contracting firms. Defense giant Boeing has come under fire this spring for relocating a factory from Washington state to South Carolina, explicitly saying it was doing so to avoid strong unions in Washington, in an apparent clear violation of U.S. labor laws.¹⁸ While Boeing was and is taking drastic steps to avoid giving workers a say in their employment, its CEO W. James McNerney, Jr., took home \$19 million in compensation in 2010, with his take-home pay increased by about a million dollars courtesy of the extended Bush Tax Cuts.

Louis Chenenvert – United Technologies: 2010 Tax Break = \$1,800,000

United Technologies, another of the country's largest defense contractors, laid off more than 13,000 workers since 2008 because the "economic recovery previously anticipated...now appears unlikely."¹⁹ But the downturn didn't seem to affect United Technologies CEO Louis Chenenvert, who added \$1.8 million in Bush money based on his \$22 million 2010 income.

Lloyd Blankfein – Goldman Sachs: 2010 Tax Break = \$800,000

Wall Street firms reaped record profits in 2010,²⁰ even as the Americans who are *not* responsible for the 2008 economic disaster still await recovery. Leading up to the 2008 housing bubble collapse, Goldman Sachs achieved notoriety by betting against the very mortgage-backed securities it was advising clients

¹⁵EPA Document Lists Firms Tied to Superfund Sites. [Center for Public Integrity](#) . 4/26/07.

¹⁶ Union Blows Whistle, Honeywell Fined \$12 Million. [Labor Notes](#). 3/24/11.

¹⁷ Average salary is for the past three years, and is based on figures from public proxy statements.

¹⁸ Boeing's Labour Problems: Moving Factories to Flee Unions. [The Economist](#), 4/25/11.

¹⁹ United Technologies to Lay Off 11,600 Workers. [Epk.com](#). 3/11/09; *see also* As United Technologies Fires 1,500, As Corporate America Lays-Off Its Own Customers. [24/7 Wall Street](#). 7/27/10.

²⁰ Don't Worry About Wall Street: Profit and Pay Outlook Still Rosy. [Wall Street Journal](#). 12/15/10.

to buy;²¹ when the economy collapsed because those securities ended up being bad risks, Goldman made billions and was one of the few big banks left standing – its survival due in large part to the largesse of taxpayers through the TARP and other federal props.²² Since then, it has used the U.S. Chamber of Commerce to lobby against all manner of financial reform and regulation,²³ hoping to keep the banking world free from regulation that would make it more difficult to engage in the ethically dubious actions it took – at its clients’ expense – leading up to the financial crisis. In return for wrecking the economy, big banks got a huge bailout from the federal government, and bank chiefs got their own personal bailouts through the extension of the Bush Tax Cuts: in 2010 alone, Goldman Sachs’ Lloyd Blankfein took home an extra \$800,000 as a result of the tax cuts.

Jamie Dimon – JP Morgan: 2010 Tax Break = \$1,160,000

JP Morgan contributed its share to the market decline in 2008 as well,²⁴ and though it received a large chunk of the \$700 billion bank bailout, it still projected 14,000 layoffs in March of 2009.²⁵ While some workers were being told to head home, Jamie Dimon, JP Morgan’s CEO, was still raking in the cash. After spending \$9.3 million on bonuses for its remaining employees at the end of 2009,²⁶ Dimon was rewarded with compensation totaling almost \$22 million – with his take home pay including an extra \$1.16 million in Bush tax cut dollars.

Rex Tillerson – Exxon Mobil: 2010 Tax Break = \$1,454,000

For years, the Texas-based oil giant Exxon Mobil evoked the catastrophic 1989 oil spill bearing its name off the coast of Alaska. By 2006, Exxon was still shirking responsibility for the spill, when federal and state governments demanded Exxon pay \$92 million in reparations. When neither the Bush nor Palin’s Alaskan administration took any action to collect, Exxon simply didn’t pay.²⁷ Then, in 2008, Exxon exposed employees at its Louisiana oil refinery to life-threatening conditions by failing to implement an emergency plan when Hurricane Gustav struck the U.S. Gulf Coast.²⁸ That same year, the oil giant made a record \$45.2 billion profit.²⁹ But in 2009, incredibly, it paid no income taxes to the U.S. Instead, the company used (legal) tax shelters in the Bahamas, Bermuda and the Cayman Islands and invested tens of billions in earnings overseas.³⁰ While Exxon Mobil was avoiding its responsibility to the U.S., its CEO, Rex Tillerson, was bringing home an extra \$1,454,000 in Bush tax cut dollars based on his nearly \$29 million 2010 compensation.

Jeffrey Immelt – General Electric: 2010 Tax Break = \$1,149,000

General Electric, the mega-corporation that creates everything from Air Force jets to microwave ovens and television entertainment, paid its CEO Jeffery Immelt \$21,468,765 in 2010. American taxpayers paid

²¹ Senate Investigations Subcommittee Releases Levin-Coburn Report on the Financial Crisis, [Press Release](#), 4/13/11.

²² How Goldman Secretly Bet on the U.S. Housing Crash. [McClatchy.com](#). 11/1/09.

²³ Top Corporations Aid U.S. Chamber of Commerce Campaign. [NY Times](#). 10/21/10; A Credit Squeeze for Small-Business Owners. [New York Times](#), 6/19/2009.

²⁴ JP Morgan and Citigroup Contributed to Lehman’s Collapse, Says U.S. Examiner. [The Telegraph](#). 3/11/10.

²⁵ JP Morgan Chase Cuts up to 14,000 Jobs. [Layoff Tracker](#). 3/1/09.

²⁶ JP Morgan Chase allots \$9.3 billion in bonuses [MSNBC](#). 1/15/10.

²⁷ \$100 Million Still Owed from Exxon Valdez Oil Spill. [Public Employees for Environmental Responsibility](#). 3/23/09; Exxon Mobil under fire for worker safety violations, oil spill pay-out failure. [Facing South](#). 3/23/09.

²⁸ Probe Finds Exxon Exposed Workers to Hurricane Hazards. [Wall Street Journal](#). 3/20/09.

²⁹ Exxon Mobil Reports Record \$45.2 Billion Profit For 2008. [Huffington Post](#). 1/30/09.

³⁰ Exxon Mobil Paid No Federal Income Tax in 2009. [Think Progress](#). 4/6/2010.

him \$1,149,000 as a Bush tax cut bonus. Immelt's generous compensation came even after GE agreed to pay a \$50 million fine for accounting errors that made profits look better than they were in 2009.³¹ Further, Immelt's lighter tax burden corresponded with that of the company he heads; in 2009³² and 2010,³³ GE also paid no income tax to the U.S. Forbes called GE's lack of U.S. taxes the "most egregious"³⁴ out of a list of companies (including Exxon) that did not pay U.S. taxes.

Angela Braley – Wellpoint: Total Tax Break = \$763,000

The insurance mammoth Wellpoint has seen its own share of negative press over the past few years. In 2009, it joined other health insurers to funnel millions through the U.S. Chamber of Commerce to combat health care reform – even while publicly voicing support for the President's reform agenda.³⁵ Then in April 2010, Wellpoint came under heavy scrutiny when it was revealed that it systematically dropped coverage for breast cancer patients.³⁶ Not content to drop costly patients, Wellpoint raised premiums on its insureds – by almost thirty-nine percent³⁷ – even as it stood to gain record profits in 2010.³⁸ And CEO Angela Braley's salary increased from 2008 levels by fifty-one percent to more than \$13 million in 2009 and 2010³⁹ – taking home an extra \$763,000 in 2010 courtesy of the Bush tax cuts.

Conclusion: the Bush Tax Cuts – Rewarding Those Who Need, and Deserve, it Least

The CEOs that fund and direct the nation's largest lobbyist have overseen the types of disasters and double-dealing we might think would warrant a pay *cut*, if not outright termination. Instead, these CEOs are paid handsomely. And, thanks to the lobbying of the U.S. Chamber of Commerce, we taxpayers have rewarded these CEOs further with an average bonus of roughly one million dollars as a result of the Bush Tax Cuts.

Tax Computation Methodology

Using the Institute on Taxation and Economic Policy (ITEP) Tax Model, CTJ grouped taxpayers by compensation, in narrow high-income groups. The model then automatically included in adjusted gross income the average amounts of other income that taxpayers in these groups would typically have, as well as their typical deductions and tax credits. The model then calculated the income tax they would pay in 2011 if all of the Bush income tax cuts were extended compared to their tax under President Obama's plan to extend only some of the Bush tax cuts.

CTJ then expressed these model-derived tax cuts as a percentage of total compensation for each income group, and applied those percentages to the compensation of the executives in the study to yield each person's likely tax cut if all of the Bush income tax cuts were extended compared to their tax under President Obama's plan to extend only some of the Bush tax cuts.⁴⁰

³¹ Shoddy scandal at GE shocking. [Tribune-Review](#). 8/9/09.

³² What the Top U.S. Companies Pay in Taxes. [Forbes](#). 4/1/10.

³³ The Real GE Scandal. [Newsweek](#). 4/3/11.

³⁴ What the Top U.S. Companies Pay in Taxes. [Forbes](#). 4/1/10.

³⁵ Funding for Hill Healthcare Attack Ads Stirs Controversy. [News and Tribune](#). 1/22/10.

³⁶ Corrected: Wellpoint Routinely Targets Breast Cancer Patients. [Reuters](#). 4/10/10.

³⁷ Health insurers raise rates, while increasing reserves and salaries. [Seattle PI](#), 10/26/10; Wellpoint Blames Big Premium Hike on Demographics. [Washington Times](#). 2/11/10.

³⁸ Health Insurance Companies Likely to Break Profit Records for 2010. [The Hill](#), 11/16/10.

³⁹ Angela Braly: Wellpoint CEO Salary Jumps by 51%. [Huffington Post](#). 4/2/10.

⁴⁰ A description of the ITEP tax model can be found at: http://www.itepnet.org/about/ITEP_tax_model_simple.php.