



Yale SCHOOL OF MANAGEMENT
Program on Financial Stability

EliScholar – A Digital Platform for Scholarly Publishing at Yale

YPFS Resource Library

5-7-2010

How the Car Companies Lobby the Government Millions Spent, But the Message Is Changing

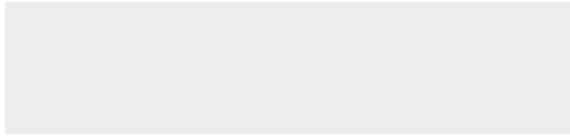
Kevin Ransom

<https://elischolar.library.yale.edu/ypfs-documents/12365>

This resource is brought to you for free and open access by the Yale Program on Financial Stability and [EliScholar](#), a digital platform for scholarly publishing provided by Yale University Library. For more information, please contact ypfs@yale.edu.



Make & Model



This page is for personal, non-commercial use. You may order presentation ready copies to distribute to your colleagues, customers, or clients, by visiting <https://www.parsintl.com/publication/autoblog/>



How The Car Companies Lobby The Government

Millions Spent, But The Message Is Changing

KEVIN RANSOM

May 7th 2010 at 12:00AM

0
comments



Toyota's recent recall woes have drawn attention, once again, to the role played by auto industry lobbyists and their relationship with lawmakers and regulators. Coming hot on the heels of a national uproar over the role lobbyists played in the deregulation that led to the Wall Street meltdown, not to mention lobbyists' attempts to scuttle health care reform, the public seems concerned about undue influence in Washington like never before.

One particularly head-turning story, reported by the Washington Post, said that as many as 33 former government regulators have recently taken jobs with auto companies or their affiliates. According to the Post, these are people who had previously been employed by the [National Highway Traffic Safety Administration](#) or appointed to the Transportation Department and are now working on behalf of carmakers as lawyers, consultants, lobbyists and in other positions that deal directly with

government safety probes, [recalls](#) and regulations. The Post also reported that several former cabinet members had gone to work for automakers. One, Rodney Slater, who was transportation secretary under President Bill Clinton, had been hired by [Toyota](#) to head its North American Quality Advisory Panel, which helps the company with safety and quality issues.

“If you’re a big company, like a carmaker, and you’re lobbying lawmakers, you’re almost like a pro sports team. You want to get the big names, the most talented, most knowledgeable people,” said David Levinthal, communications director for the Center for Responsive Politics, a non-partisan research group that tracks the money spent in the U.S. political system and its effect on elections and public policy. “So, these big companies, in the major industries, hire former Congressmen and top Congressional staffers and other high-ranking government officials to be their lobbyists, because those are the folks who know who all the other major players are and they know the ways of Washington.”

A New Strategy

One interesting lobbying strategy that has emerged as a result of Toyota’s ongoing misery is that some of its assembly plant workers have taken an active role in lobbying. The company has recalled nearly 9 million vehicles worldwide since November and was recently issued a record-setting fine by the National Highway Traffic Safety Administration for failing to disclose information about cases of unintended acceleration. Twenty-three of Toyota’s U.S. employees visited Capitol Hill in February, in advance of Congressional hearings into the unintended acceleration problems.

The message they hoped to convey was that, while Toyota is a Japanese company, it employs about 33,000 Americans in the U.S. and many of these workers are being impacted by the recalls and investigations are Americans. The Toyota workers who went to Washington were from plants in eight different states, and their travel and lodging expenses were paid for by Toyota, according to Toyota spokeswoman Barbara McDaniel.

Millions of Dollars

According to the Center for Responsive Politics, the total spending on automotive lobbying in 2009 was about \$60.2 million, down from about \$66.9 million in 2008. An all-time high of \$70.7 million was spent the year before in 2007, and prior to that the auto industry had been spending right around \$60 million a year for about a decade. In 2009, there were 576 auto industry lobbyists working for 124 clients, such as carmakers, auto suppliers, lobbying groups and trade associations.

[General Motors](#) was the lobbying leader in 2009, spending \$8.7 million, a fairly significant drop from the \$13.4 million [GM](#) spent in 2008. That’s primarily because the company was going through bankruptcy reorganization and had less money to spend.

Greg Martin, GM’s director of policy and Washington communications, painted his company’s lobbying efforts as no different from that of any other large company. “We believe we have an obligation to remain engaged at the federal and state levels and to have our voice heard in the policymaking process,” said Martin. “It’s important that we keep an open and constructive dialog on important issues like [dealer](#) franchise laws, environmental issues like cap and trade, and taxation and foreign trade, to name a few. [We want] to ensure that policies support the best interests of GM’s long term viability, but more importantly, the long-term strength of America’s manufacturing base.”

[Ford](#) Motor Company was second in 2009, spending \$7.3 million, followed by the Alliance of Automobile Manufacturers (representing several carmakers) at \$5.7 million. Toyota followed in fourth place at \$5.2 million, while Chrysler’s \$2.2 million was eighth on the list.

Much of this lobbying money is spent simply paying former “public servants” the sorts of huge salaries that the private sector routinely awards to those in positions of power. The concern is that this “revolving door” practice, wherein these power brokers move from government agencies to positions with companies in those industries they once helped to regulate, weakens federal oversight and enforcement.

Lobbyists use a combination of strategies to push their influence, said Levinthal, “engaging in a lot of research, and then sitting down with lawmakers one-on-one, or delivering their messages in writing, or calling up Congressmen and members of the administration on the phone. And there’s still the ‘wining and dining’ of lawmakers that has always been a part of lobbying, but that now happens on a smaller level than it used to, in the post-Abramoff era.”

Jack Abramoff, the once-powerful lobbyist who was at the center of a wide-ranging public corruption investigation, was sentenced to almost six years in prison in 2007 after pleading guilty to fraud, tax evasion and conspiracy to bribe public

officials.

Targeting the Campaign

While critics still bemoan the way campaign money can influence a lawmaker's position on an issue, that's a separate topic and a different function than lobbying, as Levinthal pointed out. "Contributing to a politician's campaign is a way to make your presence felt, but lobbying is a much more concerted and 'targeted' approach, because it focuses on specific issues and specific pieces of legislation. The lobbying effort is actively aimed at a pending bill or policy," he said.

Two of the big issues that lobbyists have historically haggled with lawmakers over, safety equipment and [fuel economy](#) and [emissions standards](#), are no longer the huge bones of contention they used to be. For the last several years, more carmakers have sought to produce cars with advanced safety technology and better fuel economy, driven, in part, by customer demand.

"We've definitely been communicating a different message on the safety and environmental side in the last few years," said Wade Newton, spokesman for the Alliance of Automobile Manufacturers, which represents the traditional "Big Three," as well as [BMW](#), [Mazda](#), [Mercedes](#), [Mitsubishi](#), Toyota and [VW](#). "The carmakers have really pushed for a lot of innovations, like [hybrids](#), battery-powered cars, [alternate fuels](#), etc. So part of our message to Congress now is emphasizing the importance of consumer support for these technologies, so they can in turn communicate that message when they're out talking to their constituents."

But with the American carmakers posting big losses for the last several years, and with GM and [Chrysler](#) both declaring bankruptcy, it's also likely that carmakers have agreed to accept stricter environmental and fuel economy mandates that lobbyists probably would have pushed back against, with gusto, back in the old days of consistent profitability.

"The political dynamic was also different in 2009, with a Democratic president and Democrats controlling Congress," said Levinthal. "For years, Democrats had been supporting more strict [emissions](#) and fuel-economy standards. So when the politics change, sometimes the lobbyists have to adjust their message, and change their tune a bit."

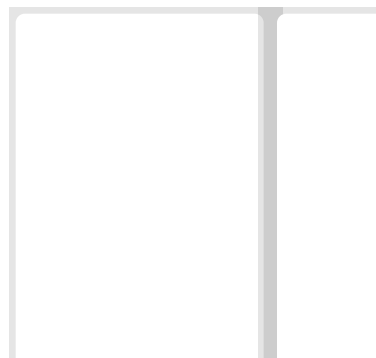
Auto News


15 Vehicles That Can Run Forever

Here's a look at the 15 vehicles most likely to last for more than 200,000, and in some cases even 300,000.

[Learn more about Forbes](#)

Popular in the Community




AdChoices 

Sponsored



Sign in to post

Conversation

 Log in Sign up

Be the first to comment...



Powered by  OpenWeb

Feedback

HELP

- Sitemap
- About Us
- Add Us To Home Screen

CONTACT

- Feedback / Tip Us
- Licensing

PODCASTS

- Audio
- On iTunes
- Archives

ADVERTISING

- About Ads
- Advertise With Us
- Privacy Dashboard

LEGAL

- Terms of Service
- Privacy Policy
- Trademarks

WE OBSESSIVELY COVER THE AUTO INDUSTRY

©2022 Yahoo Inc. All rights reserved.