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## Public Goals, Private Interests in Debt Campaign

By NICHOLAS CONFESSORE

When Jim McCreery, a former Louisiana congressman, urged lawmakers last month to pursue entitlement cuts and tax reform, he was introduced on television as a leader of Fix the Debt, a group of business executives and onetime legislators who have become Washington's most visible and best-financed advocates for reining in the federal deficit.

Mr. McCreery did not mention his day job: a lobbyist with Capitol Counsel L.L.C. His clients have included the Alliance for Savings and Investment, a group of large companies pushing to maintain low tax rates on dividend income, and the Win America Campaign, a coalition of multinational corporations that lobbied for a one-time "repatriation holiday" allowing them to move offshore profits back home without paying taxes.

In Washington's running battles over taxes and spending, Mr. McCreery and his colleagues at Fix the Debt have lent a public-spirited, elder-statesman sheen to the cause of deficit reduction. Leading up to the fiscal negotiations, they set up grass-roots chapters around the country, met with President Obama and his aides, and hosted private breakfasts for lawmakers on Capitol Hill. In recent days, Fix the Debt has redoubled its efforts, starting a new national advertising campaign and calling on Mr. Obama and Congress to revise the tax code and reduce long-term spending on entitlement programs.

But in the weeks ahead, many of the campaign's members will be juggling their private interests with their public goals: they are also lobbyists, board members or executives for corporations that have worked aggressively to shape the contours of federal spending and taxes, including many of the tax breaks that would be at the heart of any broad overhaul. While Fix the Debt criticized the recent fiscal deal between Mr. Obama and lawmakers, saying it did not do enough to cut spending or close tax loopholes, companies and industries linked to the organization emerged with significant victories on taxes and other policies.

"Some of these folks who are trying to be part of the solution have also been part of the problem," said Jared Bernstein, a senior fellow at the Center on Budget and Policy Priorities, a liberal-leaning advocacy group, and a former economic adviser to Vice President Joseph R. Biden Jr. "They've often fought hard against the kind of balance that we need on the revenue side. Many of the people we're talking about are associated with policies that would make it a lot harder to fix the debt."

Sam Nunn, a former Democratic senator from Georgia who is a member of Fix the Debt's steering committee, received more than \$300,000 in compensation in 2011 as a board member of General Electric. The company is among the most aggressive in the country at minimizing its tax obligations. Mr. McCreery, the Louisiana Republican, is also among G.E.'s lobbyists, according to the most recent federal disclosures, monitoring federal budget negotiations for the company.

Other board members and steering committee members have deep ties to the financial industry, including private equity, whose executives have aggressively fought efforts to alter a tax provision, known as the carried interest exception, that significantly reduces their personal income taxes.

Erskine B. Bowles, a co-founder of Fix the Debt, was paid \$345,000 in stock and cash in 2011 as a board member at Morgan Stanley, while Judd Gregg, a former Republican senator from New Hampshire and a co-chairman of Fix the Debt, is a paid adviser to Goldman Sachs. Both companies have engaged in lobbying on international tax rules.

Mr. Gregg also sits on the boards of Honeywell and IntercontinentalExchange, a company that has warned investors that a tax on financial transactions would lower trading volume and curtail its profits. The two companies paid Mr. Gregg almost \$750,000 in cash and stock in 2011.

In all, close to half of the members of Fix the Debt's board and steering committee have ties to companies that have engaged in lobbying on taxes and spending, often to preserve tax breaks and other special treatment.

Fix the Debt does not endorse specific tax proposals. Instead, it advocates broad principles for debt reduction, including "comprehensive and pro-growth tax reform, which broadens the base, lowers rates, raises revenues and reduces the deficit." A spokesman, Jon Romano, said that the executives involved with the campaign were committed to tax reform, even if it closed loopholes that benefited their companies.

"All the people involved in this campaign have said from the beginning that everything has to be on the table," Mr. Romano said. "Our C.E.O.'s, our state chapters, our small-business leaders — they are all willing to give something up for the sake of the country."

Those involved with the campaign say they have tried to separate their advocacy for Fix the Debt and their private work for clients. Vic Fazio, a former Democratic congressman from California who is on the campaign's steering committee, is a lobbyist at Akin Gump, a firm whose clients include KKR, a leading private equity shop, and the Private Equity Growth Capital Council, an industry trade group.

Mr. Fazio said that he and other people involved with the campaign had tried to set aside their parochial interests and had assumed that any grand bargain between Mr. Obama and Congress would include some elements they did not like.

"The people who have signed up to work with Fix the Debt are people with lots of tax preferences that are important to their business model," Mr. Fazio said. "But they go along with it because they think there is an overriding benefit to their companies and to the country."

But so far, at least, the companies and industries most closely linked to Fix the Debt have been aggressive in defending their narrower legislative interests.

The fiscal deal preserved the carried interest loophole, eliminated most of a large prospective increase in dividends taxes and preserved a tax break, known as the active financing exception, that allows G.E. and other multinational companies to avoid paying United States taxes on overseas profits.

The deal also forestalled large automatic cuts in military spending, a boon to contractors like Honeywell. The company's chief executive, David M. Cote, is a co-founder of Fix the Debt; the group's "core principles," which call for retrenchment in entitlement programs like Social Security, make no mention of military spending, which constitutes about a fifth of the federal budget.

"It's easier to get face time in Washington as a deficit hawk than as a corporate hack," said Kevin Connor, the director of the Public Accountability Initiative, a watchdog group. "They are spending millions, but they are protecting billions in defense contracts and tax giveaways that would otherwise be on the chopping block."

Yet after an election in which many industries, including Wall Street, bet heavily against Mr. Obama, Fix the Debt has also had more credibility among Democrats than some traditional business groups like the United States Chamber of Commerce. The chamber, by far the largest business advocacy group in Washington, staunchly opposed proposals to raise taxes before the fiscal deal.

At a news conference in New York on Tuesday, Mr. Bowles suggested that Fix the Debt was just getting started.

"I'm not a quitter," he said at the event, which was sponsored by Nasdaq, the country's second-largest stock exchange. "We're going to stay until we get the job done."

Nelson D. Schwartz contributed reporting.