

Wolves in Sheep's Clothing, Part II:

More Telecom Industry Front Groups and Astroturf



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INTRODUCTION

Telephone and cable industry giants are fiercely lobbying for a telecommunications reform bill pending in the Senate. Some of their methods are easy to spot: campaign contributions, television ads that run only inside the Beltway, and meetings with influential members of Congress. Other tactics are more insidious.

One of the underhanded tactics increasingly being used by telecom companies is “Astroturf lobbying” – creating front groups that try to mimic true grassroots, but that are all about corporate money, not citizen power. Astroturf lobbying is hardly a new approach. Senator Lloyd Bentsen is credited with coining the term in the 1980s to describe corporations’ big-money efforts to put fake grassroots pressure on Congress. Astroturf campaigns generally claim to represent huge numbers of citizens, but in reality their public support is minimal or nonexistent.

This report – the second in a series – attempts to shine a light on five of the telecom industry's devious Astroturf campaigns. These corporate-backed groups are shamelessly working to convince Congress that there is widespread public support for their policy proposals.

These sorts of campaigns are dangerous for our democracy. They deliberately mislead citizens, and they deliberately mislead our lawmakers, who are charged with the difficult task of making sense of complex telecommunications policies. Corporations that already have significant economic clout and influence are trying to co-opt the voices of everyday citizens and think tanks, and use them to their own advantage. In the end, that practice dilutes the power of true grassroots and nonprofit advocacy.

It is critical that citizens – the real grassroots, not industry Astroturf - have their voices heard on telecom issues. When Congress wrote the 1996 Telecommunications Act, only corporate stakeholders had a seat at the table. The result was a law that gave us less competition, higher prices and more concentrated media. This time around we must make sure that our lawmakers understand that the public interest is more important than telecom companies’ bottom lines.

INDEX

Hands Off the Internet	Page 5
TV4US	Page 7
NetCompetition.org	Page 9
The Future... <i>Faster</i>	Page 11
Video Access Alliance	Page 13

HANDS OFF THE INTERNET

- Who They Say They Are:* “A nationwide coalition of Internet users.”
- Who They Really Represent:* AT&T and other telecommunications companies.
- What They Say They Do:* “[Support] state and federal public policies that ensure the broadest possible range of choices for consumers and businesses using the Internet.”
- What They Really Want:* To eliminate long-standing net neutrality protections so that telephone and cable companies can maximize profit and minimize competition on the Internet.
- On the Web:* <http://www.handsoff.org/>; <http://www.dontregulate.org/>; and <http://www.internetofthefuture.org/>

If there were an award for Astroturf lobby campaigns, Hands Off the Internet (HOTI) would win hands down.

With its pithy name, viral web cartoons, high profile spokesman (former White House Press Secretary Mike McCurry) and barrage of print and television advertising, HOTI has been effectively injecting the telephone industry’s arguments on net neutrality into the public debate in recent months.

And they manage to do it while hiding their relationship with their corporate backers. K Street Confidential columnist Jeffrey Birnbaum wrote in *The Washington Post* that “no one can determine who is supporting Hands Off the Internet by looking at its ads alone. To find out, one must dig into its Web site.”¹

A little searching on the HOTI site reveals that AT&T, Cingular, BellSouth and other telephone companies are all “member organizations,” but the level of financial support offered by those corporations is never disclosed.² One can guess that it must run into the tens of thousands or hundreds of thousands of dollars, in order to support HOTI’s extensive advertising campaign. In a single month, HOTI spent \$693,658 on television advertising alone, according to independent



This print ad sponsored by Hands Off the Internet inaccurately depicts “net neutrality regulations” as a bill with thousands of pages. The “Network Neutrality Act” in the House numbers just 11 pages.

researchers at the Campaign Media Analysis Group.³ That's more than \$20,000 a day on TV commercials. The group has also been running full-page ads regularly in papers like *The Washington Post* and *Roll Call*.

HOTI ads "are the epitome of doublespeak," according to Birnbaum.⁴ For example, one print ad attempts to frame the Hands Off the Internet message in pro-consumer terms. "Net neutrality means consumers will be stuck paying more for their Internet access to cover the big online companies' share," the ad claims.⁵ But every major consumer group supports net neutrality, and opposes HOTI's plan to give telephone and cable companies gatekeeper status over the Internet.⁶

HOTI's web-based advertising campaigns look and feel like something a consumer or grassroots group might publish. Their catchy, flash animation web videos try to persuade citizens that the government and Google are trying to control the Internet through net neutrality. The benefits that would accrue to the telephone and cable industry if telecom legislation passes without net neutrality language are never discussed, of course.

TV4US

<i>Who They Say They Are:</i>	A coalition “advocating on behalf of American customers.”
<i>Who They Really Represent:</i>	AT&T and other business interests.
<i>What They Say They Do:</i>	Working to “give consumers real choices, better pricing options, and more control over what they see on their televisions.”
<i>What They Really Want:</i>	National franchising, which would make it easier for telephone companies to enter the cable television business. They also oppose net neutrality.
<i>On the Web:</i>	http://www.wewantchoice.com/

TV4US is the very definition of Astroturf: an industry-backed campaign that gives the appearance of widespread grassroots support.

The group claims to be laboring on behalf of “working Americans” who want “lower costs” and “more choices.”⁷ The name of their website also gives the impression of citizen activism – WeWantChoice.com.

But when you look behind the smoke and mirrors, you find not citizen power, but corporate money.⁸ TV4US’s coalition consists mainly of industry powerhouses like AT&T and corporate front groups like Frontiers for Freedom.⁹

The group is co-chaired by President Clinton’s former Deputy Chief of Staff Steve Ricchetti and Republican strategist Charlie Black.¹⁰ These two men are no strangers to the telecom Astroturf game. In 2001-02, they led the AT&T-backed Voices for Choices organization in opposition to the proposed Tauzin-Dingell telecom bill.¹¹

Voices for Choices relied heavily on television and print advertising,¹² and TV4US seems to be following the same model. Already this year, TV4US has spent more than \$1.5 million on television advertising in favor of video franchising reform, and another \$1 million on ads to oppose net neutrality.¹³ Early ads aimed to reinforce AT&T’s message of ‘competition,’ ‘lower costs,’ and ‘real choice.’ But as the debate over the telecom bill moved to the Senate, TV4US switched from feel-good messages about the benefits of national franchising, to a negative, anti-net neutrality campaign.

There have even been reports that TV4US engaged in “push-polling” – calling people at home and giving them misleading information in order to convince them to calling their members of Congress and urge a vote against net neutrality.¹⁴

NETCOMPETITION.ORG

<i>Who They Say They Are:</i>	An “e-forum” whose “members believe market-based competition benefits consumers more than government-managed competition.”
<i>Who They Really Represent:</i>	NetCompetition.org is a wholly-owned subsidiary of Precursor LLC, an industry research and consulting firm. “Members” of NetCompetition.org include AT&T, Comcast, Verizon and TimeWarner Cable.
<i>What They Say They Do:</i>	“Promote competitive Internet choices for consumers through an open, rigorous, and illuminating discussion and debate of net neutrality.”
<i>What They Really Want:</i>	To bolster the telecom industry’s anti-net neutrality advocacy.
<i>On the Web:</i>	http://www.netcompetition.org/

Scott Cleland, the head of NetCompetition.org, is a smart guy. He’s a respected industry analyst who has been called on to testify before Congress about telecommunications policy numerous times.

But he’s not a grassroots leader.

NetCompetition.org presents itself as a membership organization that brings people together to debate the merits of various telecom reform proposals. But the only diversity in NetCompetition.org’s list of supporters is cable industry interests versus phone industry interests. And since cable and telephone companies both support the telecom legislation currently being considered in Congress, and both oppose net neutrality, it’s not exactly a wide-ranging debate.

The American Cable Association, Cellular Telecommunications Association, National Cable and Telecommunications Association, U.S. Telecom Association, AT&T, BellSouth, Cingular, Comcast, Qwest, Sprint, Time Warner Cable, Verizon, Verizon Wireless and Wireless Communications Association International make up the entire “membership” of NetCompetition.org.¹⁵ Jeff Chester, executive director of the Center for Digital Democracy, says that the “research and information on NetCompetition.org is shoddy and reflects a vision promoting monopoly power and greed.”¹⁶

NetCompetition.org uses viral web cartoons posted on YouTube.com to disguise its corporate nature. The videos attempt to frame the supporters of net neutrality as only big-money companies like Google, eBay and Microsoft who want



*Look, up in the air! Is it a bird?
A plane? Moby?*

Congress to give them special benefits. The big-money companies who bankrolled these projects (see list above) aren't mentioned. Neither are the hundreds of consumer and public interest organizations who favor net neutrality.

In one video, NetCompetition.org even goes so far as to take a cheap shot at a celebrity net neutrality activist. The cartoon features animated ants, controlled by Google and other queen ants, marching through Internet tunnels. Then, inexplicably, a small bee with a human head appears in the tunnel. It's not clear who the bee is unless you magnify the picture. Then it's obvious: Moby. (Or is it Mo-Bee? Har, har, har.)

Why Moby? Probably because earlier this year he participated in a video made by SavetheInternet.com, a real grassroots coalition that accepts no corporate money and that advocates for net neutrality.

THE FUTURE... FASTER

<i>Who They Say They Are:</i>	A “broad coalition of communications and high-tech industry leaders, civic groups and other associations, as well as individual Americans.”
<i>Who They Really Represent:</i>	United States Telecom Association, the trade group for more than 1,200 telecommunications companies.
<i>What They Say They Do:</i>	Encourage Congress to remove outdated regulatory barriers to entry.
<i>What They Really Want:</i>	New regulations and federal policies that favor the telephone industry.
<i>On the Web:</i>	http://www.thefuturefaster.com/

The Future... *Faster* is an Astroturf campaign launched a few years ago as a front for telecom industry lobbying on issues like Voice over Internet Protocol (also known as VoIP, a way to use the Internet to place phone calls) and the Internet tax moratorium.

While The Future... *Faster* claims to be a “coalition” that represents both “industry leaders” and “individual Americans,” it’s actually a project of the United States Telecom Association (USTelecom).¹⁷ USTelecom is the trade association for more than 1,200 telecommunications companies¹⁸ whose goal is to “provide the leadership to achieve and advocate industry solutions on key telecom issues.”¹⁹

USTA has annual revenues in excess of \$30 million,²⁰ and a significant portion of that has been dedicated in recent months to a high-profile lobbying campaign in support of the telecommunications reform legislation that’s currently pending in the Senate.

According to *The Hill* newspaper, “The lobbying expenditures of the U.S. Telecom Association have risen almost as fast as the TVs that soar through roofs in the group’s ubiquitous ad campaign.”²¹ In order to pay for all that lobbying, USTA collects dues from the companies it represents – dues that run upwards of \$2 million per year. Lately, some companies have agreed to triple or quadruple their annual dues in order to support USTelecom’s advertising and lobbying efforts. Tom Tauke, executive vice president for Verizon, said that his company contributed \$7 million to USTelecom on top of their \$2 million in dues.²²



In this bizarre television ad by The Future...Faster, it's 2005, and people communicate by writing on huge scrolls that are delivered by messengers on horseback – because our “telecom laws are stuck in the past.” If this makes sense to you, could you explain it to us?

USTelecom spent nearly \$6 million on television advertising alone in the first half of 2006, according to research by the Campaign Media Analysis Group. It's not known how much more the group spent for its radio ads, billboards and extensive newspaper ads. According to reports filed with the Senate Office for Public Records, USTelecom spent \$16.8 million lobbying Congress in 2005.²³ (Data for 2006 are not yet available.) USTelecom has also contributed to the Ted Stevens Foundation,²⁴ a nonprofit group dedicated to "educating and informing the public about the career of Senator Ted Stevens."²⁵ That would be the same Ted Stevens who chairs the Senate Commerce Committee and who is sponsoring a major piece of telecom legislation favored by USTelecom.

VIDEO ACCESS ALLIANCE

<i>Who They Say They Are:</i>	An “advocacy and advisory group for independent, emerging and minority networks, video programmers, entertainers and other industry participants.”
<i>Who They Really Represent:</i>	NetCommunications, a corporate public relations firm.
<i>What They Say They Do:</i>	“[Promote] policies that encourage rapid and ubiquitous deployment and utilization of new and innovative video distribution platforms.”
<i>What They Really Want:</i>	National franchising.
<i>On the Web:</i>	http://www.videoaccessalliance.org/

Video Access Alliance has the dubious distinction of being exposed as a front group by a Member of Congress.

On March 30, 2006, Video Access Alliance (VAA) Chairman Julia Johnson offered testimony to the House Commerce Committee in support of national franchising and in opposition to any provisions that would require telephone companies to “build out” their services to poor, rural or minority neighborhoods. After her testimony, Rep. Ed Markey (D-MA) questioned Johnson about her motivations:

Markey: Is your organization financially supported by the Bell [telephone] companies in any way?

Johnson: No, we’re not.

Markey: At all.

Johnson: Yes, and let me elaborate upon that too. We’re a relatively new organization.

Markey: No, that’s OK. I can go along with that answer. That’s fine. Thank you. And are you compensated in any way by the Bell companies?

Johnson: I have a consulting firm that works for a variety of companies, generally in the regulatory space.

Markey: But are the Bell companies amongst those companies that pay you?

Johnson: Yes.

Markey: OK. Thank you.²⁶

Ms. Johnson did her best to hide the relationship between her organization and the telephone industry, but aggressive questioning from Congressman Markey revealed the truth. Ms. Johnson's consulting firm is NetCommunications, which describes itself as "a strategic consulting firm specializing in the energy, communications, water and information technology public policy arenas"²⁷ that works to "formulate and drive public policy decisions that will help create a thriving business environment for our clients."²⁸

At the time of the House Commerce Committee hearing, NetCommunications and the Video Access Alliance were enjoying a cozy relationship, at least in the geographic sense: The two organizations share office space, according to the address that VAA gave to the Commerce Committee²⁹ and the mailing address listed on NetCommunications' web site.³⁰ Video Access Alliance has since acquired a post office box to receive its mail. Smart move for a group that obviously has something to hide.

End Notes

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- ¹⁸ United States Telecom Association, “About USTelecom,” at http://www.ustelecom.org/index.php?urh=home.about_ustelecom (last visited 4 Aug 2006).
- ¹⁹ According to the 2004 (most recent year available) Internal Revenue Service Form 990, Return of Organization Exempt from Income Tax, filed by the United States Telecom Association, publicly available on GuideStar.org.
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- ²² Ibid.
- ²³ United States Senate, Office of Public Records, 2005 Mid-Year and Year-End Lobbying Reports filed by the US Telecom Assn.
- ²⁴ According to the 2004 (most recent year available) Internal Revenue Service Form 990, Return of Organization Exempt from Income Tax, filed by the United States Telecom Association, publicly available on GuideStar.org.
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