

# HOMELAND UNSECURED



**THE BUSH ADMINISTRATION'S HOSTILITY TO REGULATION  
AND TIES TO INDUSTRY  
LEAVE AMERICA VULNERABLE**

**Public  
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## **Acknowledgments**

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# Homeland Unsecured: The Bush Administration's Hostility to Regulation and Ties to Industry Leave America Vulnerable

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# *Homeland Unsecured*

## **The Bush Administration's Hostility to Regulation and Ties to Industry Leave America Vulnerable**

Since the 9/11 attacks, President Bush has made protection of the American people from terrorism the rhetorical centerpiece of his presidency. As he said in a speech last summer, "The events of September the 11th, 2001, demonstrated the threats of a new era. ... [t]he terrorists intend to strike the United States again." The president asserted, "Our government is doing everything we can to stop another attack. ... We're doing everything we can to protect our country."<sup>1</sup>

Public Citizen strongly agrees that protecting Americans from attack must be our nation's paramount goal. The American people think so, too; in a recent *Newsweek* poll, registered voters identified terrorism and homeland security as the issue they are most concerned about, ahead of the economy, Iraq and health care.<sup>2</sup>

But three years after the most horrific attack ever on American soil, has our government, in fact, taken the steps necessary to harden our defenses against terrorism and secure the most vulnerable, high-impact targets? The answer, according to a wide variety of experts inside and outside of government, is a resounding no.

While the administration has focused on weaknesses in aviation security, the overall security picture reveals that the United States has made very little progress in the sectors that may put Americans most at risk. It is no overstatement to say that the Bush administration has abdicated its responsibility to protect the American homeland from the risk of potentially catastrophic terrorist attacks upon chemical plants, nuclear reactors, hazardous materials transport, seaports and water systems. In many cases, the administration and its Republican allies in Congress have either opposed security reforms or obstinately refused to act even though ready solutions are obvious.

The president asserted during the first 2004 presidential campaign debate that his administration has tripled spending on homeland security from pre-9/11 levels.<sup>3</sup> In fact, security spending for the agencies now located with the Department of Homeland Security has barely doubled in the wake of 9/11.<sup>4</sup> Much of that funding is being distributed to all states based on a formula unrelated to terrorist risks or vulnerabilities.<sup>5</sup> The president's priorities – especially the Iraq war and large tax cuts for the wealthiest Americans – have siphoned away the government funds needed to address the serious

security gaps that remain. Funding of homeland security needs under the jurisdiction of other government agencies has been minimal and yet would cost a fraction of the expenditures for the war in Iraq. Key programs, such as technology modernization for first responders, remain short of funds.

The problem, however, is much deeper than money.

Eighty-five percent of the nation's critical infrastructure is controlled by the private sector. "Homeland security and national preparedness therefore often begins with the private sector," the 9/11 Commission's report says.<sup>6</sup> Security expert Stephen Flynn, director of the Hart-Rudman commission that concluded prior to 9/11 that America's greatest security challenge was the threat of a catastrophic terrorist attack, states flatly that "without standards, or even the threat of standards, the private sector will not secure itself."<sup>7</sup>

Yet the administration has failed to use its executive powers or support legislation to mandate regulatory steps that can and should be taken without large taxpayer expenditures. In some cases, it has played a leading role in blocking critical measures.

This reflects the administration's hostility toward the reasonable regulation of industry, even where the safety and security of Americans is at grave risk. Within days of taking office, the Bush administration began setting up hurdles in the regulatory process and installing industry executives and their allies in the government. A particularly telling appointment was that of John Graham, a well-known industry-backed academic hostile to regulation, who was given the job of regulatory czar within the White House Office of Management and Budget. The administration has hired more than 100 industry lobbyists, lawyers or company executives to fill high-level government jobs during Bush's tenure in office.<sup>8</sup>

While business lobbyists work within the administration to block regulatory initiatives and dismantle existing ones, industries that would be affected by new security measures have lobbied hard against such proposals – and found much success. And, as this report shows, these same industries have provided strong financial support for the Bush presidential campaigns and the Republican Party.

The chemical, nuclear, hazardous materials transport, ports and shipping, and water utility industries have contributed \$19.9 million to Bush and the Republican National Committee since the 2000 election cycle. Thirty of Bush's top fundraisers – 10 so-called "Rangers" and 20 "Pioneers," who each raise at least \$200,000 and \$100,000, respectively – hail from those industries. In addition, these industries have spent more than \$201 million to lobby the administration and Congress since 2002.

### **Bush's Failure to Act Effectively Leaves Gaping Holes in Homeland Security**

The five sections of this report outline these failures in key sectors: chemical plants, nuclear power plants, rail and truck transport of hazardous materials, seaports and

water supply systems. The evidence presented draws upon congressional testimony, the writings of security experts, public records, and investigations by the news media, government agencies and non-profit organizations, including Public Citizen.

The Bush administration and many experts believe that terrorists will attempt to strike again at the United States. Success in thwarting such an attack may well depend on whether the government *requires and helps* the private sector to adopt strong defenses. Thus far, however, the administration has shunned mandatory protective regulation, legislation and supportive federal funding, professing instead its faith in “voluntary” efforts by industry. Blinded by its anti-regulation ideology and its allegiance to political contributors, the administration has been unwilling to use its executive powers or clout when a Congress led by his own party has refused to enact necessary legislation or provide essential funding. This is a tragic mistake that must be confronted if the United States is going to secure our highly vulnerable vital infrastructure against terrorism.

## **Endnotes**

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<sup>1</sup> President George W. Bush, remarks on homeland security, Glenview, Illinois, July 22, 2004, available at <http://www.whitehouse.gov/news/releases/2004/07/20040722-12.html>. See also Department of Homeland Security, “Department of Homeland Security Announces FY 2005 Budget in Brief,” Feb. 2, 2004, available at

<http://www.dhs.gov/dhspublic/display?theme=12&content=3132>. See also The White House, “Protecting the Homeland,” available at <http://www.whitehouse.gov/infocus/achievement/chap4.html>.

<sup>2</sup> Pollingreport.com, available at <http://www.pollingreport.com/prioriti.htm>. 26 percent of respondents identified “terrorism and homeland security,” as compared with 21 percent for the economy, 20 percent for Iraq, 11 percent for health care, 8 percent for jobs and foreign competition, 5 percent for education, and 1 percent for taxes.

<sup>3</sup> President George W. Bush, remarks made during presidential debate, Sept. 30, 2004, transcript available at <http://www.nytimes.com/2004/10/01/politics/campaign/01dtext.html>.

<sup>4</sup> Congressional Budget Office, “Federal Funding for Homeland Security,” available at <http://www.cbo.gov/showdoc.cfm?index=5414&sequence=0> (showing increase from \$21 billion (including \$4 billion after 9/11) in 2001 to an estimated \$41 billion for 2004). See also Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2005*, p. 178 available at <http://www.whitehouse.gov/omb/budget/fy2005/pdf/budget/homeland.pdf> (increase from \$19.7 billion in FY 2001 to \$36.5 billion in FY 2004).

<sup>5</sup> Dan E. Murphy, “Security Grants Still Streaming to Rural States,” *New York Times*, Oct. 12, 2004.

<sup>6</sup> *The 9/11 Commission Report: Final Report of the National on Terrorist Attacks Upon the United States* (New York, NY: WW Norton & Company, 2004), p. 398.

<sup>7</sup> Stephen Flynn, *America the Vulnerable: How Our Government is Failing to Protect us from Terrorism*, (New York, NY: HarperCollins Publishers, 2004), p. 54.

<sup>8</sup> Anne C. Mulkern, “When Advocates Become Regulators,” *Denver Post*, May 23, 2004.



# **Homeland Unsecured: The Bush Administration's Hostility to Regulation and Ties to Industry Leave America Vulnerable**

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## **Executive Summary**

A closer look at America's overall security picture reveals very little progress in those crucial areas where "business as usual" likely puts Americans most at risk. It is not an overstatement to say that the Bush administration has forsaken its responsibility to improve homeland security and prevent a potentially catastrophic terrorist attack upon chemical plants, nuclear reactors, hazardous materials transport, seaports or water systems.

While officials have discussed in great detail the location and nature of gaps in our security, there has been a stunning lack of action by the administration, and in some cases Congress, to address some of these gaps. The administration has blocked or failed to push legislation under consideration in Congress, balked at using executive branch authority to regulate private industry and failed to provide adequate funding to improve security.

The administration's failures to close the security gaps are in part ideological – based on a strong aversion to government regulation of the private sector – and in part preferential – some of the administration's favored industries and biggest campaign contributors do not want new rules to follow, even if their participation could help to stave off a terrorist attack.

Industries and individuals working in the five homeland security areas examined in this study collectively have donated considerable sums and provided ample support for Bush and Republican campaigns:

- Raised at least \$19.9 million for the Bush campaigns, the Republican National Committee or the Bush inauguration since the 2000 cycle.
- Provided 10 Rangers and 20 Pioneers – individuals who raise at least \$200,000 and \$100,000, respectively – to the Bush presidential campaigns.
- Spent at least \$201 million lobbying the White House, executive branch agencies and Congress from 2002 through June 2004. [See Figure 1 at the end of this section.]

In analyzing the Bush administration's handling of security threats, Public Citizen looked into security practices and risks in five key areas: chemical plants, nuclear power plants, hazardous material rail and truck transport, public water systems and ports.

## **Chemicals Unsecured**

One of the largest threats to America's safety is the risk of a terrorist attack at one or more of the 15,000 industrial chemical plants across the United States. It is estimated that a strike could cause thousands, even millions, of deaths and injuries. A 2001 Army study concluded that up to 2.4 million people could be killed or wounded by a terrorist attack on a single plant. The U.S. Environmental Protection Agency (EPA) concluded that there are more than 123 plants where an accident or attack could threaten more than 1 million people.

The nation's chemical facilities manufacture and store a wide range of products, from plastics and petrochemicals, to fertilizers and pesticides. Twenty years ago, we saw the killing power of toxic chemicals with the accidental release of a cloud of methyl isocyanate at a Union Carbide insecticide plant in Bhopal, India, which killed approximately 8,000 people immediately and another 12,000 people later.

The idea of using chemicals for an attack has most certainly crossed terrorists' minds. Evidence at the trials of the terrorists who bombed the World Trade Center in 1993 indicated that they had stolen cyanide from a chemical plant and were plotting to introduce it into building ventilation systems. The FBI obtained evidence that Mohammed Atta, ringleader of the 9/11 hijackers, landed a plane in Tennessee in March 2001 and asked a local man what kind of chemicals were contained in storage tanks he had flown over. In fact, the plant contained some 250 tons of sulfur dioxide that could have killed tens of thousands if released.

Repeated media investigations have shown that U.S. chemical plants have inadequate security, with unlocked gates and unguarded chemical tanks.

### **Bush Administration Fails to Assure Chemical Security**

- The administration and the chemical industry together blocked the Chemical Security Act (S. 157), sponsored by Sen. John Corzine (D-N.J.), which would shift the chemical industry away from unsafe technology toward new processes using safer chemicals and technologies where they are available and cost-effective. The bill also would make chemical production safer and less vulnerable to attack by terrorists. The legislation was initially approved by an overwhelming vote in the Senate Environment and Public Works Committee (EPW), but stalled as seven Republican supporters withdrew their support under pressure from industry and the administration.
- The EPA tried to address terrorist threats by drawing up a plan that called for it to use its existing authority under the Clean Air Act to compel chemical plants to increase security. But under pressure from industry, the agency backed down and decided instead to ask Congress for additional authority to mandate action. Subsequently, the Bush administration totally overruled EPA's fledgling initiative by allocating responsibility for chemical security to the new Department of Homeland Security (DHS), even though DHS has no authority to enforce the Clean Air Act or to establish and enforce new plant security standards.

- After initially announcing in October 2002, with the EPA, that voluntary security steps by chemical plant operators were insufficient to protect the homeland, DHS has failed to issue mandatory security and safety standards. Instead, it is relying on voluntary industry measures, which are widely viewed as inadequate.

### **Chemical Industry Money Supports Bush and Republicans**

- The chemical companies that make up the American Chemistry Council (ACC) and the petrochemical companies that are members of the American Petroleum Institute (API) – the two major chemical industry trade associations that led the fight against Corzine’s bill – have strongly supported President Bush in their political giving. Over the past three election cycles, the two trade groups, their member companies and their employees have donated at least \$8.1 million to the Bush-Cheney presidential campaigns, the Bush-Cheney Inaugural Committee and the Republican National Committee (RNC), which has as its primary purpose election of the president.
- Ten executives and one spouse from the chemical and petrochemical industries have achieved Ranger or Pioneer status – meaning they personally have collected from employees, colleagues or friends at least \$200,000 or \$100,000, respectively, for the Bush campaign in 2000 or 2004 – or they have pledged to do so. The five confirmed rainmakers (the Bush campaign has not yet confirmed that six of the individuals succeeded in raising the amount pledged) have rounded up at least \$1.4 million for Bush’s presidential campaign efforts.
- Chemical industry executives were among the earliest backers of Bush. Frederick L. Webber, former president of the ACC (then known as the Chemical Manufacturers of America), organized a trip of industry CEOs in February 1999 to meet with Bush in Austin, Texas. Webber then helped set up “Chemical Industry Executives for Bush,” a group of 25 CEOs who agreed to fundraise for Bush.
- Since 2002, the ACC, API and their member companies that lobbied against the Corzine bill or agency actions to increase chemical plant security have spent \$101.8 million on efforts to influence the White House, executive branch agencies and Congress. Limitations of the lobby disclosure system prevent knowing the exact amount spent lobbying on homeland security issues.
- In leading the effort against the Corzine legislation, the leaders of the ACC and API called on some of Washington’s biggest and most influential trade associations to lobby Congress. Some 30 trade associations – including such heavyweights as the American Farm Bureau Federation, the Edison Electric Institute, the National Association of Manufacturers and the U.S. Chamber of Commerce – signed a letter to the Senate opposing Corzine’s bill. (The extensive contributions of these more inclusive trade associations to the Bush campaign and their lobbying expenditures are not included in this report.)

## **Nuclear Power Plants Unsecured**

Of the 103 nuclear reactors at 65 power plants in the United States, more than half are near metropolitan areas, including New York, Philadelphia, Boston and Chicago. The White House has identified nuclear facilities as among “the nation’s highest risk targets” and among “the most vulnerable potential targets of terrorists.” The 9/11 Commission staff reported that “unidentified nuclear power plants” were among the 10 targets originally planned by al Qaeda for 9/11.

Each one of these nuclear plants represents a potential radioactive “dirty bomb” that could be exploded with devastating effects. Twenty-seven state attorneys generals warned Congress in October 2002 that “the consequences of a catastrophic attack against a nuclear power plant are simply incalculable.”

In mock terrorist attacks staged between 1991 and 2001, security guards failed to protect nuclear power plants nearly half the time. There are too few security guards at nuclear plants, and guards do not have adequate weapons and training to deal with terrorists. Emergency evacuation plans in the event of an attack are similarly insufficient.

Nuclear plants built in the 1960s and 1970s were not designed to withstand the impact of aircraft crashes or explosive forces, and there is no government requirement that nuclear plants be protected from attack by aircraft.

## **Bush Administration Fails to Assure Nuclear Security**

- The NRC worked on a coordinated strategy with the Nuclear Energy Institute, the nuclear plant owners trade association, to quash bipartisan legislation (S. 1746) approved by the Senate Environment and Public Works Committee in 2002 that would have required nuclear plants to withstand attacks comparable to 9/11, mandated corrective actions for facilities that repeatedly fail security tests, and required NRC review of emergency response plans and regular emergency response exercises. The Bush administration opposed the bill. In all, the committee has passed nuclear security legislation in various forms three times since 9/11 (including unanimous support for one bill, S. 1043, in May 2003), but none of these bills have been voted on by the full Senate, in part because the Bush administration has not made it a priority.
- In 2003, the U.S. Government Accountability Office (GAO) identified three major deficiencies in the NRC’s oversight of nuclear plant security. A year later, it found that little had been accomplished to address the serious shortcomings highlighted by the GAO, including: the NRC’s assessment of individual plant security plans is merely a “paper review” and lacks detail sufficient to determine whether plants can repel an attack; security plans are largely based on a template that often omits key site-specific information; NRC officials do not typically visit plants to obtain site-specific information; NRC readiness tests at all facilities will take three years to conduct; and the NRC does not plan to make the improvements to its inspection plan

recommended by the GAO in 2003, such as following up to see whether cited violations of security requirements have been corrected.

- In March 2004, the NRC proposed *weakening* fire safety regulations for nuclear power plants, which would make it harder for a reactor to be safely shut down in the event of a fire caused by a terrorist attack. The NRC wants to allow plant operators to rely on manual, rather than automatic, shut-downs of equipment in areas surrounded by smoke, fire and radiation. The NRC has been accused of wanting to water down the rule because many plants are not actually in compliance with current fire protection regulations.

### **Nuclear Industry Money Supports Bush and Republicans**

- The nuclear industry's trade association, and member companies that own commercial nuclear reactors, as well as other firms focused on nuclear plant construction and security, including their employees, have given \$8 million to the Bush campaigns, the Bush-Cheney Inaugural Committee and the Republican National Committee (RNC) since the 2000 election cycle.
- Nine top nuclear industry executives and lobbyists were named Bush campaign Rangers or Pioneers. These individuals collectively raised at least \$1.4 million – and almost certainly much more – for the Bush campaigns in 2000 and 2004. Anthony Alexander of First Energy, which operates three nuclear plants in Ohio and Pennsylvania and whose company oversees the troubled Davis-Besse plant in Ohio, also was named a member of “Team 100” for raising at least \$250,000 for the RNC in 2000.
- Both Alexander and Erle Nye of TXU, a nuclear plant owner – and a past chairman of the Nuclear Energy Institute (NEI), a trade group – were named to the Department of Energy (DOE) transition team, as were representatives of Dominion, Southern California Edison, Southern Co. and USEC Inc. (USEC processes uranium from old warheads into nuclear fuel as part of a “megatons-to-megawatts” program.) Also serving on the DOE transition team were Joe Colvin, CEO and president of NEI, and Thomas Kuhn, president of the Edison Electric Institute and another 2000 Pioneer. Before taking charge of the primary electric utility trade association, Kuhn headed the American Nuclear Energy Council, the precursor of NEI.
- James Klauser, a Bush Ranger and lobbyist for Wisconsin Electric (which runs one of the state's nuclear plants) is chairman of Bush's campaign in that battleground state.
- Since 2002, NEI and its member companies that lobbied on nuclear plant security issues have spent a total of \$51.2 million on efforts to influence the White House, the NRC and other executive branch agencies and Congress. Limitations of the lobby disclosure system prevent knowing the exact amount spent lobbying on homeland security issues.

## **Hazardous Materials Unsecured**

Every year, trains and trucks carry tens of millions of tons of toxic chemicals and other hazardous materials across our highways and through our communities. More than 1.7 million carloads of hazardous materials are carried by rail in the U.S. annually. Every day, up to 76,000 trucks transport such materials on our roads and highways.

As the 9/11 Commission concluded, transport vehicles are tempting targets for terrorists because the opportunities for harm are great and the targets are difficult to protect. Terrorists repeatedly have targeted rail systems for attack. They also repeatedly have used trucks filled with explosives as a means of attack. A weapon as common as a 50-caliber rifle has the potential to inflict serious damage on train cars or trucks carrying lethal materials through densely populated areas, causing an explosion or leak that could put millions of people at risk.

Earlier this year, the National Transportation Safety Board concluded that more than half of the nation's 60,000 rail tank cars carrying hazardous materials do not meet current industry standards and are thus more likely than newer cars to break open after derailling.

The urgent issue of trains carrying hazardous materials through major population centers is particularly evident in Washington, D.C., through which 8,500 rail cars carrying hazardous materials travel each year. Ninety-ton rail cars that regularly pass within four blocks of the U.S. Capitol building in Washington, D.C., contain enough chlorine to kill 100,000 people within 30 minutes and could endanger 2.4 million people.

## **Bush Administration Fails to Assure Hazardous Materials Security**

- The Bush administration has failed to conduct a comprehensive assessment of the dangers of hazardous materials transport by truck. This is needed because there are insufficient checks on where trucks carrying hazardous materials may drive; insufficient oversight as to the types, amounts and locations of trucks moving these lethal loads; and insufficient controls on the issuance of commercial licenses to become a driver of a truck carrying hazardous materials.
- Truck transport security measures have been weakened or have not come to fruition by the administration. A final rule on the transport of highly hazardous materials, except those that are radioactive, exempted carriers from providing drivers with a written route and conducting a pre-trip inspection; it also required infrequent communications between the driver and carrier. A proposal to run fingerprint-based background checks on truck drivers licensed to carry hazardous materials was delayed until 2005 after industry groups opposed it. And the Federal Motor Carrier Safety Administration so acutely dropped the ball on promulgating key new truck safety rules mandated by Congress throughout the 1990s that Public Citizen sued, leading to a settlement agreement laying out a timetable for the issuance of the rules.

- The Bush administration is increasing the risk of a terrorist attacks by moving ahead with a controversial plan to transport some 100,000 shipments of highly radioactive nuclear waste across 44 states over 24 years to Yucca Mountain, Nevada. Each train car would carry 240 times the long-lived radiation released by the Hiroshima bomb. Government testing of the truck waste storage casks has found that they are vulnerable to sophisticated anti-tank weapons and high-energy explosive devices.
- In September 2004, the House Judiciary Committee approved legislation (H.R. 4824) authored by Rep. Ed Markey (D-Mass.) to alleviate the danger of hazardous materials rail transport by requiring additional physical security for the most hazardous materials carried by rail; pre-notification to law enforcement of such shipments; coordination between authorities to create a response plan for a terrorist attack on a hazardous shipment; and rerouting of the most hazardous shipments if a safer route is available. After the measure was opposed by a coalition of 33 trade associations, including the American Trucking Associations and the Association of American Railroads, House Republican leaders stripped the proposal from the version of the 9/11 Recommendations Implementation Act brought to the floor for a vote.
- In Washington, D.C., the city council considered a bill requiring rerouting of hazardous material-carrying trains away from the city, in part because the trains pass within blocks of the U.S. Capitol. Decisive action by the city was postponed because the Transportation Security Administration (TSA) promised to establish a “working group” to address the issue. However, in May 2004 a TSA official told Congress in testimony that the federal government intended to continue allowing trains and hazardous materials to pass close to the Capitol and that efforts to reroute trains away from major cities would be “quite limited.”

### **Hazmat Transport Industry Money Supports Bush and Republicans**

- The railroad and trucking industry companies, their main trade associations and their employees have contributed at least \$2.9 million to the Bush presidential campaigns, the Bush-Cheney Inaugural Committee and the Republican National Committee since the 2000 election cycle.
- Five top railroad executives and two top representatives of the American Trucking Associations were named Rangers or Pioneers by the Bush campaign. These individuals collectively brought in at least \$1.3 million – and almost certainly much more – for Bush campaign efforts in 2000 and 2004.
- Union Pacific CEO, Richard K. Davidson, served on the Department of Transportation transition team, as did officials from the Association of American Railroads, the American Short Line & Regional Railroad Association, and Norfolk Southern.
- In 2002, Bush appointed Richard K. Davidson as chairman of the National Infrastructure Advisory Committee and a member of the Homeland Security

Advisory Council. In a 2003 profile, Davidson said he “firmly believes that government regulation of critical infrastructure companies must be avoided. Instead, we should rely on market forces.” Davidson became a Bush Ranger in 2004.

- At least 13 trade associations, railroads and trucking companies lobbied the federal government on hazmat transport security issues during the past three years. Since 2002, these groups and companies have spent nearly \$43 million on federal lobbying. Limitations of the lobby disclosure system prevent knowing the exact amount spent lobbying on homeland security issues.

### **Ports and Shipping Unsecured**

As a matter of geography, defending America’s ports and coastline poses major challenges. Our nation has 361 seaports and river ports, 95,000 miles of coastline and about 26,000 miles of navigable waterways. A huge number of ships and a staggering amount of cargo move through these waterways and ports. Every year, 8,100 foreign cargo ships make 50,000 visits to the United States. They deliver an average of 21,000 containers every day, or nearly 8 million containers a year, and they arrive from 3,000 ports worldwide.

For terrorists, international sea transport is an attractive target because there are so many points of vulnerability: millions of shipping containers, hundreds of ports and dozens of methods to damage infrastructure, disrupt the world economy, undermine our military readiness and harm Americans.

Potential terrorist attacks could include smuggling a biological or chemical weapon in a ship container, exploding an oil tanker at anchor or using a large vessel as a bludgeon, knocking out bridges and blocking ship channels. Al Qaeda already has demonstrated its capacity for using sea vessels as weapons in the U.S.S. Cole attack.

Too few shipping containers are inspected today. Inspectors are not adequately trained. Innovative pilot security programs have not been implemented. Currently the Coast Guard and the Customs Service can verify the contents of only 4-6 percent of all containers. Last summer, in a test of port security, ABC News shipped a suitcase of about 15 pounds of harmless uranium inside a teak trunk from Jakarta, a city regarded as an al Qaeda hotspot, to Los Angeles. Customs agents did not detect the mock bomb. Administration officials reacted by investigating the ABC journalists involved, rather than by tightening security.

### **Bush Administration Fails to Assure Port Security**

At least one important security initiative has been adopted since 9/11, the Maritime Transportation Security Act (MTSA) of 2002. But these new security measures and the proposed funding levels put forward by the Bush administration fall far short of what is needed.

- There is no overall strategic plan, nor is there strong federal leadership in support of improvements in port security. Three years after 9/11, the administration has failed to put forward a comprehensive strategic plan mobilizing port authorities, shipping



firms and local governments. The U.S. Coast Guard and U.S. Customs and Border Protection have not yet signed a memorandum of agreement to delineate their respective responsibilities and how they would share information.

- There is serious under-funding of port security measures. The Commandant of the Coast Guard told Congress in 2003 that it would cost \$1.4 billion simply to make basic improvements in physical security at ports and another \$7.3 billion over 10 years to implement the Maritime Transportation Security Act. Since then, the administration and Congress have provided only \$425 million for fiscal years 2003 to 2005 in port security grants, still \$1 billion short of what the Coast Guard recommends. Even worse, the president's budget proposed only \$46 million for port security in 2005 – a sum increased to \$150 million by Congress.
- President Bush's 2005 budget proposal would eliminate funding for Operation Safe Commerce, a pilot program launched in three major ports to test the security of containers entering the country to determine if cargo has been tampered with.

### **Port and Shipping Money Supports Bush and Republicans**

As a relatively small industry, trade groups and individual firms involved in the port security issue are small-time players when it comes to financing political campaigns and lobbying efforts.

- While no port or shipping executives ranked among the Rangers and Pioneers, a pair of rainmakers plays a key role in port security issues. Federal Maritime Commissioner A. Paul Anderson, a 2000 Pioneer, received a recess appointment from Bush in 2003 where he helps regulate waterborne commerce. In 2001, Bush appointed Capt. William G. Shubert to the U.S. Maritime Administration, a division of the Transportation Department, which helps oversee the maritime industry. Designated as a Pioneer in 2000, it is not clear that he ever fulfilled his obligation to raise \$100,000.
- Four trade associations accounted for most of the industry lobbying on port security issues. One of them, the World Shipping Council (WSC), which represents 40 international shipping companies, spent \$1.2 million from January 2002 to June 2004 to lobby Congress, the Coast Guard and the Customs Service on maritime and port security, among other issues. Limitations of the lobby disclosure system prevent knowing the exact amount spent lobbying on homeland security issues.

## **Water Systems Unsecured**

Few acts of sabotage against the public could be more insidious than delivering poison into a family's home through tap water. In addition to the threat to public health and safety posed by attacks on the nation's 170,000 public water systems, disruptions in water supplies could mean that a fire department cannot fight a fire or that crops would be ruined. In addition to agriculture, manufacturing, energy generation and any number of other water-intensive industries could be devastated by physical or contaminant attacks on local or regional water systems.

The water distribution network — the pumping stations, storage tanks and pipes that can cover thousands of miles within a metropolitan area — provides countless opportunities to introduce biological, chemical or radiological contaminants into a public water system, as well as physical attacks that could interrupt water supply.

A community's water may come from rivers, lakes, reservoirs, underground sources or any combination thereof, a fact which also provides ample opportunities for sabotage. Source waters can cover vast areas that are difficult to protect and defend.

Community water and wastewater systems traditionally treat water with chemicals such as chlorine, chloramines, or chlorine dioxide, to remove bacteria or other contaminants. An assault on stored chemicals at water processing facilities, particularly gaseous chlorine, could release a cloud of toxic gas into densely populated areas.

## **Bush Administration Fails to Assure Drinking Water Security**

- The Public Health Security and Bioterrorism Preparedness and Response Act of 2002 required communities in which drinking water systems serve more than 3,300 people to conduct an assessment of vulnerabilities to terrorism. While the law authorized \$160 million for the vulnerability assessment program, the EPA ultimately was provided only \$113 million. The American Water Works Association, an organization of water supply and system professionals, estimates the cost of conducting vulnerability estimates nationwide at \$500 million. And the administration capped the maximum individual grant for vulnerability assessments at \$115,000, even though conducting an adequate assessment could cost several million dollars for larger systems.
- There is no funding mechanism for the federal government to provide direct grants to cities to upgrade water security, funding which experts agree is critically needed. Administration officials have testified that the president is actually opposed to increasing federal funding for water infrastructure. The National Academy of Sciences says it “makes little sense to improve the security of our water system without addressing the history of the deferred maintenance of the water infrastructure.” The EPA estimates that gap at \$500 billion. Yet, the administration repeatedly has tried to slash funding for the Clean Water State Revolving Loan Fund from \$1.35 billion to \$850 million and resisted attempts to increase funding for the

Safe Drinking Water Revolving Loan Funds – money that is needed to help states upgrade existing wastewater and water systems.

- The private water utility industry’s campaign to take over public water systems is getting a helpful hand from the Bush administration, and could make securing our water supply even more difficult. The administration is pushing language in legislation to reauthorize federal water funding assistance programs that would require cities to consider water privatization before they could receive federal funding. The administration’s attempts to cut water infrastructure assistance to public utilities plays into the hands of the private water companies, which hope to starve localities so that government officials will look, erroneously, to privatization as a means to address funding shortfalls.
- The privatization of water would make security concerns even more difficult to address, as private water companies, like chemical companies, nuclear power companies, hazardous transport companies and shippers, will strongly resist security standards mandated by the government for economic reasons.

### **Water Industry Money Supports Bush and Republicans**

As industries go, the private water utility industry is a small player in the Washington money game, most likely because it’s a relatively new industry in the United States.

- Remarkably, 92 percent of the nearly \$900,000 in contributions to Bush’s 2000 to 2004 campaign efforts from the private water utility industry have come from one company, American Water Works Co. In fact, nearly all of the industry’s support (\$810,000) for Bush can be traced to Bush Pioneer Marilyn Ware, former chairwoman of American Water Works, and her immediate family.
- Ware also serves on the board of Progress for America (PFA), a Section 527 group dedicated to running ads in support of Bush’s reelection. PFA claims to have raised more than \$35 million, chiefly from five major funders who are each Rangers or Pioneers. The group was founded by Tony Feather, the political director of Bush’s 2000 campaign and a consultant for Bush’s 2004 campaign. PFA has been represented by Benjamin Ginsberg, who was counsel to Bush’s 2004 campaign until it was revealed that he was also serving as counsel to Swift Boat Veterans for Truth, another Section 527 group, which ran highly controversial and misleading ads blasting Sen. John Kerry’s service in Vietnam.
- The National Association of Water Companies, the industry’s main trade association, coordinates the water utility industry’s lobbying efforts, which after 9/11 focused on homeland security bills that appropriated money to secure the water infrastructure. The industry spent more than \$1.2 million on efforts to influence the federal government from January 2002 to July 2004, the most recent data available. Limitations of the lobby disclosure system prevent knowing the exact amount spent lobbying on homeland security issues.

## **Five Major Homeland Security Industries Wield Money and Power in Washington**

Some of the industries in which increased federal attention to security is most needed are also among the biggest players in Washington, and are substantially invested in President Bush and the Republican National Committee. This may be one explanation for why the Bush administration, despite its heated rhetoric, has not taken the necessary steps to better protect the public.

The five industries covered in this report have provided the following:

- **Rangers & Pioneers:** These five industries produced 30 big money-bundling Rangers and Pioneers – the honorary titles given to fundraisers who collected at least \$200,000 or \$100,000, respectively, for Bush’s presidential bids. In the 2000 campaign, 19 individuals from these five industries pledged to become Pioneers – although the Bush campaign would not confirm whether nine of them reached their \$100,000 goal or exactly how much they raised. In 2004, the five industries had 10 Rangers and seven Pioneers, six of whom had also been Pioneers in 2000. Two of the 2004 Rangers – Duane Acklie of the American Trucking Associations and James Nicholson of PVS Chemicals – also achieved “Super Ranger” status, meaning they raised at least \$300,000 for the RNC during the 2004 cycle, in addition to raising at least \$200,000 for Bush. All told, this elite group of 30 rainmakers personally collected at least \$4.3 million – and probably much more – for Bush campaign efforts.
- **Campaign Contributions:** In all, these five industries had contributed a total of nearly \$20 million to President Bush’s presidential campaigns, the Bush-Cheney Inaugural Committee, and the Republican National Committee since the 2000 cycle. These figures include contributions from individual members or employees of an organization and political action committees, as well as unrestricted “soft money” donations from individuals and corporate treasuries prior to the 2004 election cycle (when such contributions were outlawed).
- **Lobbying:** The trade associations and companies in each industry that lobbied on security issues spent a total of more than \$201 million to influence the federal government since January 2002, the start of the first full reporting period after 9/11, and the first half of 2004, the most recent data available. Twice a year, lobbyists must describe the issues they worked on, list which agencies and departments they contacted, and disclose their total lobbying expenditures from the previous six months. Lobbyists are not required to itemize their expenditures, so it’s impossible to know exactly how much these industries spent on homeland security matters. However, the total lobbying expenditures provide a measure of the industries’ clout in Washington.

**Figure 1**  
**Spending on Political Influence by Five Major Homeland Security Industries**

Industry	Rangers & Pioneers 2000-2004	Contributions to Bush & RNC 2000-2004	Lobbying Expenditures 2002-2004
Chemical Industry	3 Rangers, 8 Pioneers	\$8,084,596	\$101,754,052
Nuclear Industry	3 Rangers, 6 Pioneers	\$7,999,924	\$51,222,738
Hazmat Transport Industry	4 Rangers, 3 Pioneers	\$2,925,784	\$42,830,075
Ports & Shipping Industry	2 Pioneers	\$26,300	\$3,994,400
Water Utility Industry	1 Pioneer	\$878,789	\$1,240,000
<b>TOTAL</b>	<b>10 Rangers, 20 Pioneers</b>	<b>\$19,915,393</b>	<b>\$201,041,265</b>

*Sources:*

*Rangers and Pioneers:* Source: Public Citizen research and analysis of Bush campaign disclosures, [www.WhiteHouseforSale.org](http://www.WhiteHouseforSale.org).

*Campaign Contributions:* Public Citizen analysis of data provided by the Center for Responsive Politics. Totals include contributions from political action committees and individual members or employees of an organization, as well as unrestricted "soft money" donations from individuals and corporate treasuries before the 2004 election cycle (when such donations became illegal). Contribution data are as of Oct. 1, 2004.

*Lobbying Expenditures:* Public Citizen analysis of lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House, 2002-2004. Dollar amounts reflect the total federal lobbying expenditures by companies and organizations during reporting periods in which they lobbied on water infrastructure and security issues. Lobby disclosure reports do not itemize expenditures for specific lobbying issues or bills.