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On California initiatives, money talked, the public interest walked

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Michael Hiltzik
LOS ANGELES TIMES
michael.hiltzik@latimes.com

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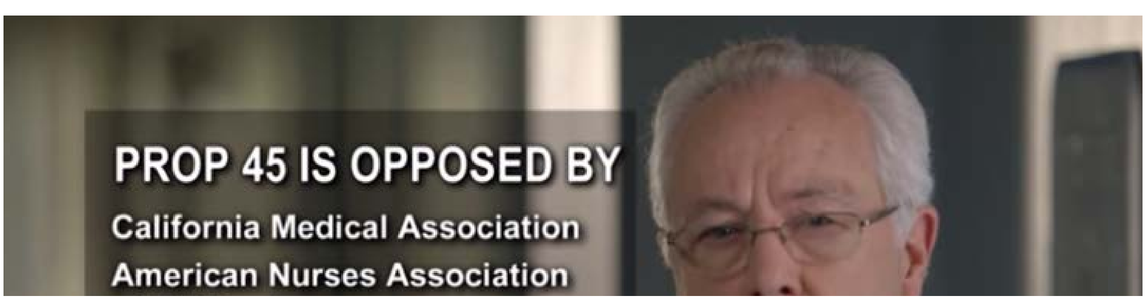

How do you know this ad is misleading? Read the fine print. (CAHHC)

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t ▾ Corporations get the most out of campaign spending when they go big, really big

t ▾ Big spending by corporations works when voters don't realize it's happening

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It was obvious from the start that the cascade of corporate cash into ballot initiative campaigns in California this year would be overwhelming. The reality did not disappoint.

That reality had to please the biggest spenders, notably the insurance companies and agents who defeated propositions 45 and 46, two pro-consumer healthcare measures. The industries spent some $100 million to kill the propositions, and they have a right to consider it well-spent.

Other corporate spenders didn't fare so well, and it's worth examining why. The major difference between the success of the statewide campaigns against propositions 45 and 46 and the failure of several other campaigns in which big money took an interest is that the others were municipal elections. Let's take a look.

> **“The election was a referendum on Chevron,**

The giant oil company Chevron mustered more than $3 million to oust four progressive members of the City Council in the Bay Area city of Richmond (population 107,000), where one of its largest refineries is located. All four candidates, who have been harshly critical of Chevron over the years,

and the people obviously made it clear they did not appreciate the unnecessary spending by Chevron.

"

- Uche Uwahemu, unsuccessful candidate for Richmond mayor

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were victorious.

The size of Richmond made it hard for Chevron to hide its influence, which also encompasses the sponsorship of an ostensibly objective local news website, the Richmond Standard -- especially after Sen. Bernie Sanders (I-Vt.) appeared at a local rally to decry the corporate spending.

The company's flagrant involvement may have backfired: "The election was a referendum on Chevron, and the people obviously made it clear they did not appreciate the unnecessary spending by Chevron," Uche Uwahemu, an unsuccessful candidate for mayor, told Richmond Confidential, a news website operated by journalism students at nearby UC Berkeley.

A similar effect may have emerged in Claremont, a 36,000-resident Los Angeles county community that voted on an initiative to fund the possible municipal takeover of it privately owned water system. (The takeover may have to await eminent domain proceedings.) Golden State Water Co., the private company, spent about $300,000 -- or 10 times the supporters' war chest -- to defeat Measure W. The measure won with more than 71% of the vote, though it was always expected to be popular.

It may be easier to bury the corporate spending behind statewide initiative campaigns. State law requires major backers of campaign committees, pro and con, to be identified in TV ads and campaign materials, but the ID's are often misleading.

The No on 45 campaign, for example, identified itself as having received "major funding by Kaiser Foundation Health Plan Inc., Wellpoint Inc, Blue Shield of

Ca, with doctors, hospitals, health insurers & California employers." Does that tell the whole story, which is that the three named insurance companies contributed 90% of the $55.3 million raised to defeat the measure, with two other big insurers contributing 9.8%? (The figures are from the latest campaign disclosures available from the California secretary of state.)

Certainly the tagline doesn't make clear why those insurers had such a heavy interest in defeating the measure. As we explained during the campaigning, the answer is that Proposition 45 would give the state insurance commissioner, an elected official, the authority to reject proposed rate increases for health insurance. Only that knowledge would enable voters to assess whether they were likely to be getting the truth from the No on 45 campaign's ads. They weren't.

Nor did they get the facts from the No on 46 campaign. Proposition 46 would have raised the state's onerous, outdated malpractice recovery cap from $250,000, where it was set in 1975, to $1.1 million, where it would be today if it were indexed to inflation, as even its original sponsor advocates. The cap limits recoveries in excess of lost income and medical costs, so it falls heavily on women and families of children and infants injured by medical malpractice.

The top contributors to the more than $50 million in spending to kill Proposition 46 were -- big surprise -- malpractice insurers, the only entities that actually benefit from the malpractice cap.

Several landed on the list of the top 20 contributors to California ballot measures compiled by MapLight. Among them were the Cooperative of American Physicians, the Doctors Company and Norcal Mutual Insurance (more than $10 million each). The highest-ranking supporters of the two measures were the California Nurses Assn. and Consumer Attorneys of California, which managed to scrape together $1.1 million each, placing them 18th and 19th on MapLight's roster.

The lesson these cases deliver to corporate treasuries is that flooding the zone with torrents of money works, especially if your involvement can be shrouded within a statewide campaign in a place as big as California. Voters don't seem to like it when they're manipulated by rich corporate interests, but often it's not so easy for them to know it's happening. If you represent industry, those are the electoral fights you want to pick.

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