

Dole's push for ethanol illustrates his ties to agribusiness

Tax break for ADM and others valued at \$684 million

By MICHAEL KRANISH

WASHINGTON — Just last month, Sen. Bob Dole launched his latest drive to save tax preferences worth billions of dollars for the ethanol industry.

He sent letters, held private meetings with lobbyists, pressured fellow Republicans and ultimately helped turn back a House revolt against the tax break.

Dole's action — revealed after he signed a strongly worded letter to a top Republican on the issue — helped save the tax break valued at \$684 million last year.

This came as the Senate majority leader campaigns for the GOP presi-

dential nomination on the theme of "reining in the government" and is publicly proposing billions of dollars in cuts from many federal programs.

Dole's 17-year effort to secure tax breaks for ethanol also focuses attention on the relationship between Dole and one of his close friends and top political supporters, Dwayne O. Andreas, chairman of the agribusiness giant Archer Daniels Midland, ADM, an Illinois company that advertises itself as "supermarket to the world."

Andreas is a multimillionaire and one of the nation's most prolific contributors of money to Democrats and Republicans alike.

He has been particularly generous to Bob Dole. Over the last 14 years, Andreas' family and company have given more than \$250,000 to Dole's campaign committees and foundations. In addition, ADM in the last

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— Ellen Miller, director of Center for Responsive Politics

three years has provided a below-cost jet for at least 24 Dole trips; Andreas sold the Dole family a Florida condominium; and Andreas' own foundation has given \$1 million to the American Red Cross, where Dole's wife, Elizabeth, is president.

While there is no evidence that Dole's actions violated any laws, but his moves provide an insight into how Dole operates in Washington and illuminates his ties to special interests. "Bob Dole is a wholly owned subsidiary of ADM," asserts Ellen Miller, director of the nonpartisan Center for Responsive Politics, which tracks contributions.

Dole, a Kansan, says his farm-state interests coincide with ADM's, and he notes that a bipartisan majority of Democrats and Republicans have supported the ethanol subsidy. Dole has

said he wants to provide ethanol producers with tax breaks as incentives comparable to those given to the oil industry.

Andreas and his spokesman declined to be interviewed for this story. Dole also declined to be interviewed, but campaign spokesman Nelson Warfield said, "Senator Dole's support for ethanol has a lot more to do with Kansas corn farmers than it has to do with ADM."

Dole's fight for a tax break that helps some Midwestern states may be looked at in a new light now that he is running for president.

By contrast, the measure has provided little benefit in New England, where most "reformulated" gasoline is made with a methanol-based chemical called MTBE, an ethanol competitor that gets no tax preference.

The Massachusetts Petroleum Council said perhaps 3 percent of the state's gasoline is made with ethanol.

This is not just an inside-the-Corn-Belt story: Dole's closest advisers are convinced that ethanol is such a vital issue to the Midwest — and especially in Iowa, which holds the first presidential caucus — that it could determine whether Dole gets the GOP nomination and wins the 1996 election.

"Ethanol is not a religion in the Midwest. It is a cult," said Keith Heard of the National Corn Growers Association, whose 29,000 members get higher corn prices due to the ethanol subsidy.

Iowa's No. 1 crop is corn, and the state produces one-third of the nation's ethanol.

"This could be the deciding issue in the campaign," said GOP Gov. Terry Branstad of Iowa. "Dole is going to be the champion of ethanol. I have recommended strongly to the Dole campaign that we really campaign hard on this and that the senator pull out all

the stops to see this doesn't get damaged in the budget."

While Dole's position on ethanol may be good politics in the heartland, it highlights an issue that could cloud his candidacy.

During his more than three decades in Congress, Dole has collected millions of dollars in special-interest donations and often has fought for tax preferences and favorable federal policies for some of his biggest contributors.

Among them, according to the campaign reform advocacy group Common Cause, are the sugar and telecommunications industries.

Many politicians raise money and help special interests. But in this fight, at least, Dole finds himself at odds with some reformers in his own party and an array of independent organizations who criticize preferences like the ethanol subsidy as "corporate welfare."

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DOLE: Senator sends mixed signals

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Creation of the ethanol industry came at a high price. In the last decade, the tax exemption has cost \$5 billion, according to the Federal Highway Administration. That money, if collected, would have gone into the nation's Highway Trust Fund, which pays for the construction and repair of federal highways and bridges.

The Reagan administration sought to end the subsidy. In 1986, Reagan's transportation secretary testified before a Senate committee that the tax exemption for ethanol should end immediately.

"Vehicles using these exempt fuels do the same amount of damage to our highways as (other) vehicles," Elizabeth Dole, who was then the transportation secretary, testified. "The administration believes these exemptions are inappropriate and contrary to the user-fee principle." Elizabeth Dole called the ethanol subsidy a "loophole."

But Sen. Dole did not take his wife's advice. Not only did he work in the Finance Committee to save the subsidy, he engineered a series of increases.

By some counts, Dole has backed several dozen bills helping ethanol.

Dole, for example, pushed an amendment to the 1990 Clean Air Act that required the use of reformulated gasoline, which can be made partly from ethanol. Dole also championed legislation that extended the ethanol subsidy by 10 years, to the year 2000.

In 1994, the industry got another boost when the Clinton administration issued a mandate requiring that 30 percent of reformulated gasoline be made with ethanol. The Senate voted 50-50 on a proposal that would have effectively killed the ethanol mandate, but with Vice President Al Gore casting a tie-breaking vote, the mandate held.

Dole's vote was in line with the industry's position supporting the

mandate.

But the Dole campaign said in a statement to The Globe that Dole "opposed the Clinton administration's 30 percent ethanol mandate," because "Dole believes the marketplace, not the federal government, should determine ethanol's share of the market."

However, the roll call for Aug. 4, 1994, shows the opposite: Dole, who has made many attacks on government mandates, voted for the ethanol mandate. Dole's support was crucial, given the one-vote margin.

Asked on Friday about this seeming contradiction, spokesman Warfield acknowledged the Dole voted for the mandate. "I don't dispute you on how he voted. The record is clear," Warfield said. But Warfield noted that Dole said at the time he was voting for the mandate because he felt the alternative was a "100 percent mandate" for ethanol's competitor, methanol-based MTBE. No such 100 percent mandate, however, was voted on.

The oil industry then filed suit to stop the ethanol mandate — and won. The court said earlier this year that the government had no right to require ethanol as an ingredient in reformulated gasoline.

"The oil companies have fought ethanol for nearly 50 years and been successful," Dole said in August at the "Ethanol Expo," in Springfield, Ill.

In September, House Ways and Means Committee Chairman Bill Archer, a Republican from oil-rich Texas who has criticized the ethanol subsidy as the most "egregious" abuse of the tax code, announced plans to cut billions of dollars in corporate tax breaks — starting with ethanol. The Ways and Means Committee approved Archer's plan.

The ethanol lobby launched into action. Archer's plan "would kill our industry," said Eric Vaughn of the Renewable Fuels Association, which represents ADM and other ethanol producers.

Dole also went to work. On Sept. 18,

in a letter co-signed by GOP Sen. Charles Grassley of Iowa, Dole chastised Archer's plan "to dramatically change and reduce the domestic production and use of ... ethanol." Dole said, "It is ill-advised to undermine one of the few bright successes in our fight for energy independence."

Dole also wrote that the congressional General Accounting Office had found that eliminating the ethanol subsidy would cost taxpayers more money because the government would simply increase farm price supports to make up for a smaller corn market. However, the GAO came to that conclusion because Grassley ordered the agency to assume that farm programs would remain untouched by Congress and the Agriculture Department. The report notes that such scenarios "do not portray the full range of options."

With Dole's letter in hand, ethanol supporters mounted a full-scale attack on Archer's proposal. Their strategy was to get House Speaker Newt Gingrich of Georgia to force Archer to drop the idea.

Branstad, the Iowa governor, said he got a call from Vaughn, the president of the Renewable Fuels Association and a registered lobbyist for the ethanol industry. An ADM spokeswoman said that Vaughn's RFA was handling the ethanol issue for the company. Branstad said Vaughn told him to come to Washington for a meeting with Gingrich.

"We got the word from Eric Vaughn from Renewable Fuels," Branstad said. "He got an appointment for me to eye-to-eye with Gingrich. I had a bunch of other things on my schedule, but I just changed them and flew in to do that meeting."

When Branstad got to Washington on Sept. 28, he said, he went with Dole and Vaughn to meet with Gingrich.

"Dole played a very key role in this," Branstad said. "He personally went with me to meet with Gingrich, and Gingrich has a lot of respect for



Senate Majority leader Bob Dole, R-Kan., looks on as House Speaker Newt Gingrich, R-Ga., answers a question concerning the federal budget battle.

Dole's knowledge on the issue." Branstad said that Dole "pointed out that this was a very important issue not just in Iowa but across the Corn Belt."

After the meeting, Gingrich, who

has not ruled out running for the GOP presidential nomination himself, announced that he would demand that Archer's proposal to cut the ethanol subsidy be dropped.

Archer soon folded his hand — but

not without taking a shot at Dole. "In light of our effort to balance the budget," Archer wrote Dole and Grassley recently, support for the ethanol tax exemption "appears inconsistent and contradictory, at the very least."

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Dole would like Powell to run for president

By Mike Glover

Associated Press Writer

CARROLL, Iowa — Senate Majority Leader Bob Dole said Sunday he could benefit if Colin Powell seeks the GOP presidential nomination because conservatives would unite behind him as a single alternative.

"One thing about the Powell candidacy is it would certainly drive the conservatives toward one candidate," the Kansas senator said. "You can't have three or four horses in the race when you've got somebody else jumping in. My view is that would be helpful to me."

Questioned about the impact of a Powell candidacy after a campaign stop, Dole said it would turn the race into a two-

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— Sen. Bob Dole, GOP presidential candidate

person fight.

"If he gets in, it's going to be like it is now in the polls — Powell's ahead of Dole or Dole's ahead of Powell," said the Kansas Republican.

Speculation is growing that Powell will seek the Republican nomination, and most polls have shown him with a relatively strong standing. That has upset conservatives unhappy with

Powell's position on issues like abortion and affirmative action.

Dole said Powell is benefiting from the attention he's getting as he decides but he would find things much different if he jumps in the race.

"He's been on this victory lap now for about 30 days," said Dole. "Wait until he comes out and he's surrounded (by reporters) asking about ethanol

and target prices and corn yields and that sort of thing."

Dole was campaigning Sunday for support in next February's Iowa caucuses, which will launch the string of primaries and caucuses that determine a Republican nominee.

He noted that Powell would have to compete in all of the early tests, in places where other candidates have spent months

or years building support.

"We've got polls in Iowa that show us he's not got a lot of traction here," Dole said. "My view is if you're going to play the game, you're going to have to be there for the whole game. I'm going to be in Iowa, I know that."

While some strategists say Powell's broad name recognition would allow him to pick and choose where he would campaign, Dole warned that key early states like Iowa and New Hampshire — where the first primary takes place — still carry a lot of weight.

"People are starting to focus now on the presidency," he said. "Still, it's going to be Iowa and New Hampshire setting the pace."

The Salina Journal Tuesday, October 31, 1995

Elizabeth Dole would be working first lady

By The Associated Press

WASHINGTON — Bob and Elizabeth Dole want to be a two-career couple if the Kansas senator wins the White House next year.

Elizabeth Dole said Monday that she plans to work as president of the American Red Cross even if she becomes first lady, which would make her the first presidential spouse ever to hold a full-time outside job.

"I think they complement each other nicely," Dole said of her Red Cross position and the duties of the first lady. "The kind of initiatives I'll pursue at the Red Cross are the kind I would select as first lady."

The Red Cross Board of Governors voted Sunday to grant Dole a year's unpaid leave from her \$200,000-a-year position so she can concentrate on her husband's Republican presidential campaign. She has held the job for nearly five years, focusing on issues such

as improving the safety of the nation's blood supply in the age of AIDS, responding to disasters, wars, famines and other calamities and improving charitable giving by Americans to all humanitarian organizations.

Dole said there is no set pattern for what she calls a "first spouse" and that she would welcome an opportunity to set a precedent for women by working outside the White House if her husband wins.

"What we women have worked for is to be able to decide what's best for us and our families," she said.

This is not the first time Dole has put her career on hold for her husband. In 1988, she resigned as head of President Reagan's Transportation Department to campaign in her husband's second bid for the White House. She later served as Labor secretary under President Bush.

Sen. Dole made it clear Monday he would not interfere in his wife's Red Cross decision.

"I think it would be an excellent choice," he said. "It's hers to make."



Dole

Hutchinson News Wednesday, November 1, 1995

Dole takes year leave from Red Cross

Kansas City Star

WASHINGTON — If the stars line up in 1996, Bob and Elizabeth Dole might both hold the ultimate two-career couple title: "President."

Elizabeth Dole said Monday she's taking a one-year leave from

the American Red Cross, hoping to return as its president and America's first lady.

Should her husband, Senate Majority Leader Bob Dole of Kansas, win the election next November, she could become the first "full-time first lady with a

full-time job" outside the White House, she said Monday.

Allida Black, an expert on first ladies at Georgetown University, praised Dole for a "real gutsy stand." Even so, she said, "I don't think it's going to sit well with the American public."