

BACON'S REBELLION

The Op/Ed Page for Virginia's New Economy

The Ruling Party

Forget Dems and Republicans. The people who run Virginia are the vested interests that hire the lobbyists and pass out campaign donations. Their never-changing mission: to defend the status quo.

By James A. Bacon

In Virginia, we have the Democratic Party and the Republican Party. And, then, we have the Ruling Party.

Whatever the election results in November -- regardless of how many Ds and Rs wind up in the General Assembly -- there's one thing we can count on: The same moneyed interests who roamed the halls of the Capitol last January will be back next year. While legislators of the donkey clan and elephant clan may joust over culture-war controversies from abortion to illegal immigration, they will quietly tend to the economic interests of the powerful groups that bankroll them.

One of those interests is the powerful real estate and construction sector. From zoning approvals to transportation spending, decisions made by state and local government have a tremendous effect on the profitability of developers, builders, contractors and realtors. It's little surprise, then, that the industry has donated \$5.4 million so far in 2007 to General Assembly electoral campaigns -- more than any other industry.

Another influential group is the electric utility industry, which has donated \$760,000 so far this year. Power companies routinely invest \$2 billion to \$3 bil-

lion to build a power plant, but they can't get more combustion for the buck than they do from political contributions. While paying lip service to conservation and renewable fuels, a law enacted this year ensures that Virginia will rely primarily upon the construction of big power plants and big transmission lines to meet the state's energy needs.

As Virginia confronts the challenges of the early 21st century -- competing in a globally competitive, knowledge-based economy -- citizens expect their lawmakers to fashion policies that will help the commonwealth adapt. But Virginia lawmakers are beholden to an array of special interests that manipulate the system for their own short-term advantage. These forces of Business As Usual resist change to the status quo that enriches them. Thus:

- **The real estate-construction industry** fights to preserve the system that promotes and subsidizes dysfunctional human settlement patterns. Business As Usual maximizes private profits for doing things the same old way, thwarts innovative developers who want to depart from approved templates, and drives up the cost of serving the public with roads, transit, utilities and public services.
- **Electric utilities** fight

to preserve the Big Grid electric system: giant power plants built in remote locations and connecting to population centers by high-voltage transmission lines. Business As Usual stacks the deck against a distributed grid system that would encourage small-scale, entrepreneurial investments in conservation and alternate energy sources.

- **The health care sector** fights to preserve an archaic system organized around general hospitals rather than specialist facilities, and transforms the health care professions into government-sanctioned craft guilds. Business As Usual stacks the deck against entrepreneurs who would create innovative business models that boost productivity and patient quality.

- **Public employee associations** fight to preserve state and local government as a source of jobs and patronage with minimal accountability. Nowhere is this more evident, or harmful, than Virginia's public schools. Legislators blindly dump hundreds of millions of new dollars every year into an ossified educational system that rewards job creation for teachers and administrators but stifles innovation at every turn.

In sum, the Ruling Party wields the power of the state to entrench Business As Usual practices in critical sectors of Virginia's economy. Virginia will never negotiate the tricky tran-

sition to a knowledge-based "wealth-creating system," as the future Alvin Toffler terms it, unless it can dethrone its ruling class.

Poke around the list to the right, which was adapted from the Virginia Public Access Project. Click on the links to drill into the database for greater detail. Here's what struck me: The status-quo industries are massively over-represented. But two of the most dynamic sectors of the economy -- high-tech and manufacturing -- are scarcely to be found.

While a good number of technology executives individually contribute funds to candidates, the high-tech sector barely figures into the campaign calculus. The only substantial player is the Northern Virginia Technology Council, which has kicked in \$52,750 so far this year - about one twentieth the amount donated by the Home Builders Association of Virginia. The manufacturing sector, which accounts for 15 percent or so of Virginia's economy, hardly registers on the campaign-finance radar screen.

There is a scary irony here. The high-tech and manufacturing sectors are Virginia's productivity and innovation leaders. They are globally competitive. Many companies are world beaters. While they may influence public policy at the federal level, they aren't organized effectively to elect lawmakers at the level of state government. As a result, they are largely AWOL when it comes to setting a forward-looking agenda for Virginia.

What other countervailing forces might there be to Business As Usual? Well, there's the environmental lobby. Drill down through "single issue groups," and you'll see that environmentalists con-

Virginia's Ruling Party		
Sector	Contributions (2007)	Sector Size (billions)
Political	\$17,316,216	
Real Estate, Construction	\$5,413,376	\$20.6
Law	\$3,644,259	
Finance, Insurance	\$3,638,960	\$12.9
Technology, Commun. (1)	\$3,227,709	\$ 4.0
Business, Retail, Services	\$2,817,783	\$13.1
Health Care	\$2,781,778	\$15.8
Miscellaneous	\$2,563,089	
Transportation	\$2,018,524	\$ 6.0
Energy, Natural Resources (2)	\$1,899,577	\$ 2.7
Public Employees (3)	\$1,143,386	\$54.0
Agriculture (4)	\$1,047,025	\$ 0.5
Single-Issue Groups	\$819,392	
Organized Labor	\$751,681	
Defense	\$600,966	
Undetermined	\$599,528	
Manufacturing	\$355,643	\$17.9

Note: "Sector size" refers to the personal income in Virginia derived from that industry group, as defined by NAIC codes, in 2005.

(1) Telecommunications sector only; does not include IT professional services.

(2) Mining, includes oil and gas + utilities

(3) Includes federal civilian and military, state and local government

(4) Farms only

Source: Virginia Public Access Project and Bureau of Economic Analysis

tributed \$110,000. That's pennies on the dollar compared to what the real estate-construction contributes.

Then, of course, there is the fearsome no-taxes lobby. A VPAP search of the word "taxpayer" reveals four organizations contributing a grand total of \$3,163. That may explain why, when state spending in the 2007-2008 biennial budget in-

creased 11 percent over the previous budget, all the special interests howled how critical state needs were being piteously short changed. Yeah, right. Short-changed all the way to the bank.

To see how the system works, let's delve into the VPAP statistics on Dominion Virginia Power, widely acknowledged to be the most powerful single lobby in

Virginia. As a regulated utility, Dominion is at the mercy of state regulators and legislators for its profitability. Not surprisingly, Dominion executives have concluded that their well being, and that of Dominion shareholders, hinges upon their ability to work the political system to their advantage.

Dominion is omnipresent at the state capitol. The utility has 18 representatives registered this year to lobby legislators on its behalf. The team is led by William G. Thomas, arguably the best connected lobbyist in the state (See "["Senator' Thomas"](#)") and Eva Teig Hardy, a former Baliles administration insider, who reports directly to Dominion's CEO.

The company doesn't hire light weights. In May, Dominion William L. "Bill" Murray, the Kaine administration's legislative director, to work as director of public policy. A month later, the power company engaged Ann Loomis, chief of staff to U.S. Senator John Warner, to advance its agenda in Washington, D.C.

Dominion's lobbyists rack up plenty of face time with legislators -- and not just on the grounds of the capitol complex. Over the past decade, the company has spent \$73,400 entertaining more than 100 lawmakers, hosting them in hunting trips and Redskins football games, paying honoraria for speeches, and taking them out to dinner. Special subjects of attention include members of the House and Senate Labor and Commerce committees, who rule on utility-related legislation.

Dominion also taps a war chest exceeding \$500,000 to dispense among favored candidates, nearly all of them incumbents. But the utility saves most of its largesse for the most senior and

powerful legislators -- those with the most influence over future committee assignments and legislation. This year, in contrast to the previous several years, Dominion tilted strongly in favor of Democratic candidates, although it more than amply covered its bet with key Republicans.

Compare that to the largest environmental PAC in Virginia, the Virginia League of Conservation Voters, which consolidates the campaign contributions of several Virginia environmental groups in order to leverage them for maximum impact. VLCV has contributed \$50,300 so far this year, channeling more than half into a single campaign, that of Albert Pollard, a Democrat with a strong environmental track record running for state senate. The League lacks the resources to compete against Dominion or the home builders across the board.

At present, there seems little hope of dislodging Virginia's Ruling Class. Funded by Business As Usual, donkeys and elephants are happy to distract citizens over symbolic but emotion-laden culture war issues. Third parties less receptive to the status quo can't launch viable candidates because they can't raise any money. Meanwhile, the fourth estate is inert, serving up an increasing diet of cotton candy in a desperate bid to retain readers -- and abandoning any pretense to investigative journalism.

What could dynamite Business As Usual's hold on Virginia's political system? Perhaps some unimaginable crisis like oil at \$200 a barrel, rising sea levels inundating Hampton Roads or a bankrupt social security system that discredits the two-party system. Perhaps the demise of traditional media monopolies and the emergence of some new

model, as yet unknown, for gathering and disseminating information. Perhaps disruptive waves of technology -- robots, artificial intelligence, nanotechnology and 150-year human life spans -- that render all of our old institutions irrefutably obsolete. Or maybe nothing at all. Ever. This is, after all, the *Old Dominion*.

-- **October 29, 2007**

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