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***Time*.**

When powerful interests shower Washington with millions in campaign contributions, they often get what they want. But it's ordinary citizens and firms that pay the price—and most of them never see it coming.

It was just your typical piece of congressional dirty work. As 1999 wound down, the House and Senate passed the District of Columbia Appropriations Act. You might think that would be a boring piece of legislation. You would be wrong. For buried In the endless clauses authorizing such spending items as $867 million for education and $5 million to promote the adoption of foster children was Section 6001: Superfund Recycling Equity. It had nothing to do with the District of Columbia, nor appropriations, nor "equity" as it is commonly defined.

Instead Section 6001 was inserted in the appropriations bill by Senator Trent Lott of Mississippi, the Senate majority leader, to take the nation's scrap-metal dealers off the hook for millions of dollars in potential Superfund liabilities at toxic-waste sites. In doing so, Lott had the support of colleagues in both parties.

This early Christmas present to the scrap-metal dealers—who contributed more than $300,000 to political candidates and committees during the 1990s—made them very happy. Others in the recycling chain were not so happy. All of a sudden, they were potentially responsible for millions of dollars in damages the junkmen might otherwise have had to pay.

While clever in its obscurity, Section 6001 is not an especially big giveaway by Capitol Hill standards. Rather, it is typical among the growing litany of examples of how Washington extends favorable treatment to one set of citizens at the expense of another. It's a process that frequently causes serious, sometimes fatal economic harm to unwary individuals and businesses that are in the way.

How do you get that favorable treatment? If you know the right people in Congress and in the White House, you can often get anything you want. And there are two surefire ways to get close to those people:

• Contribute to their political campaigns.
• Spend generously on lobbying.

If you do both of these things, success will maul you like groupies at a rock concert. If you do neither— and this is the case with about 200 million individuals of voting age and several million corporations—those people in Washington will treat you accordingly. In essence, campaign spending in America has divided all of us into two groups: first- and second-class citizens. This is what happens if you are in the latter group:

You pick up a disproportionate share of America's tax bill.

You pay higher prices for a broad range of products, from peanuts to prescription drugs.

You pay taxes that others in a similar situation have been excused from paying.

You are compelled to abide by laws while others are granted immunity from them.

You must pay debts that you incur while others do not.

You are barred from writing off on your tax return some of the money spent on necessities while others deduct the cost of their entertainment.

You must run your business by one set of rules while the government creates another set for your competitors.

In contrast, first-class citizens—the fortunate few who contribute to the right politicians and hire the right lobbyists-enjoy all the benefits of their special status. Among them:

If they make a bad business decision, the government bails them out.

If they want to hire workers at be-low-market wage rates, the government provides the means to do so.

If they want more time to pay their debts, the government gives them an extension.

If they want immunity from certain laws, the government gives it.

If they want to ignore rules their competitors must comply with, the government gives its approval.

If they want to kill legislation that is intended for the public good, it gets killed. Call it government for the few at the expense of the many. Looked at another way, almost any time a citizen or a business gets what it wants through campaign contributions and lobbying, someone else pays the price for it. Sometimes it’s a few people, sometimes millions. Sometimes it's one business, sometimes many. In short, through a process often obscured from public view, Washington anoints winners and creates losers.
Among the recent winners and the wannabes, who collectively have contributed millions of dollars to candidates and their parties and spent generously on lobbying:

TAX-FREE PROFITS - Last December, President Clinton signed into law the Ticket to Work and Work Incentives Improvement Act, hailing the legislation as providing "the most significant advancement for people with disabilities since the Americans with Disabilities Act almost a decade ago." He called it "a genuinely American bill."
Indeed so. For it also provided something quite unrelated to disabilities: a lucrative tax break for banks, insurers and financial-service companies. A provision woven into the

legislation allowed the foreign subsidiaries of these businesses to extend the income-tax-free status of foreign earnings from the sale of securities, annuities and other financial holdings. Among the big winners: American International Group Inc., an insurance giant, as well as the recently formed Citigroup. Overall, the tax break will cost the U.S. Treasury $1.5 billion in the next two years, just as it did in the past two years. The amount is equivalent to all the income taxes paid over four years by 300,000 individuals and families that earn between $25,000 and $30,000 a year.

THE GREAT S&L GIVEBACK - Owners of savings and loan associations, many of whom are suing the Federal Government for clamping down on them during the S&L crisis in the 1980s, will benefit from a one-paragraph clause mat was slipped into legislation that will hold the US government liable for billions of dollars in damage claims because federal regulators nixed certain accounting practices. As is typical with special-interest measures, there were no hearings or estimates of the cost before the clause mysteriously showed up in the Omnibus ConsoIidated and Emergency Supplemental Appropriations Act of 1998. Among the potential beneficiaries: billionaires Ron Perelman and the Pritzker and Bass families. The losers: all other taxpayers, who will have to pick up the tab.

The future promises more of the same. In this presidential election year, companies and industries that hope for special treatment in the new decade are busy making their political contributions and their connections. Examples:

A LONGER LIFE FOR GOLDEN DRUGS - Major pharmaceutical companies will seek legislation to extend the patent life on their most valuable drugs. In the past, such giveaways were often inserted into unrelated legislation and covered a single drug or two. But this year, watch for heavy lobbying for the granddaddy of all patent extenders. It would protect pharmaceutical company sales of $3 billion annually and add years to the profitable life of at least seven expensive drugs, such as Schering-Plough's Claritin for allergies and Eulexin for prostate cancer, SmithKline Beecham's Relafen for arthritis and G.D. Searle's Daypro for arthritis. The big losers: patients, especially senior citizens on fixed incomes, who must buy expensive prescription drugs instead of cheaper generic versions. Estimates of the added cost run from $1 billion to $11 billion over the next decade.

CARS WITH A CHECKERED PAST - The National Automobile Dealers Association is pushing for a federal law regulating the sale of rebuilt wrecked cars. Like a lot of special-interest legislation, the National Salvage Motor Vehicle Consumer Protection Act, as it's called, sounds good. No one is likely to argue with its call for federal standards to govern the sale of "nonrepairable and rebuilt vehicles." But look closely. The fine print actually provides minimal standards, gives states the option of ignoring these, applies to only half the cars on the road and keeps secret the history of near to-taled vehicles. Sponsored by majority leader Lott, the bill has cleared the Senate Commerce Committee, whose chairman, presidential candidate John McCain, is a co-sponsor. Losers: consumers who unknowingly buy rebuilt wrecks at inflated prices.

Both the recipients of campaign contributions and the givers insist that no public official is for sale, that no favors are granted in exchange for cash. Few people believe that; U.S. Supreme Court Justice David Souter summed up the prevailing public attitude during arguments in a case that led the Justices last week to uphold the current $1,000 limit on individual campaign contributions. (Donations to parties are still unlimited.) Said Souter: "I think most people assume—I do, certainly—that someone making an extraordinarily large contribution is going to get some kind of an extraordinary return for it. I think that is a pervasive assumption. And...there is certainly an appearance of, call it an attenuated corruption, if you will, that large contributors are simply going to get better service, whatever that service may be, from a politician than the average contributor, let alone no contributor." Campaign-finance reform has emerged as an issue during the budding presidential race. Three of the four leading candidates are for it; one is against, McCain has made limiting campaign contributions his defining issue, although the Arizona Republican has accepted contributions from corporations seeking favors from his Commerce committee. Bill Bradley has also spoken out for reform, calling for public financing of elections. Vice President Gore, although involved in the Clinton Administration's 1996 fund-raising scandals, also advocates publicly funded campaigns. Only Texas Governor George W. Bush favors the status quo.

Just how obsessed with raking in cash are the 535 members of Congress?

A veteran Washington lawyer who once served an apprenticeship with a prominent U.S. Senator relates a telling experience. The lawyer, who represents an agency of a state government, visited the home office of a Congressman in that state to discuss a national issue affecting the agency and, indirectly, the Congressman's constituents. After an effusive greeting, the Congressman's next words were brief and to the point: "How much money can you contribute?"

The stunned lawyer explained that he represented a state agency and that state governments do not contribute to political candidates. As if in response to hearing some programmed words that altered his brain circuitry, the Congressman changed his tone and demeanor instantly. Suddenly, he had more pressing obligations. He would be unable to meet with the lawyer. Rather, he said, an aide would listen to whatever it was the lawyer had to say. Of course, those who give money to political candidates or their parties don't necessarily get everything they seek. Often the reason is that their opponents are just as well connected. But they do get access—to the Representative or Senator, the White House aide or Executive Branch official—to make their case. Try it yourself. You won't get it.

Bits and pieces of the story of those who give the money and what they get in return have been told, here and elsewhere. But who gets hurt—the citizens and businesses that do not play the game—remains an untold story. Over the next nine months, continuing until the presidential election in November, *Time* will publish periodic reports examining the anonymous victims of big money and politics.