

March 29, 2009 - Critics Claim John Murtha is Capitalizing on a Corrupt System, but He's not Apologizing

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By Dennis B. Roddy, Pittsburgh
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JOHNSTOWN,
Pa. -- This city once had a steel-based economy and critics now say it has a John Murtha-based economy but, in what used to be the 11-inch rolling mill of Bethlehem Steel, nobody's apologizing.

"You ask where the earmarks go?" said Bill Polacek.

He motioned to the floor of JWF Industries where his crews assemble armor plating for military vehicles in an abandoned steel plant. He recited the statistics: 500 employees at JWF, each of which means jobs for four people down the line.

"When you ask about the congressman and his earmarks, tell that to the 2,000 families in this valley that are being supported largely by the defense business that would have gone somewhere, but came here," he said.

On the side of the plant, a two-story banner, still there from last year's election, broadcasts defiance to an outside world convinced the 18-term Democrat is up to no good:

"We Support John Murtha. He Delivers for Us."

Deliver he has.

Johnstown made Mr. Murtha the king of earmarks. Prone to floods and wracked by unemployment when steel collapsed, the city turned to its congressman to save its economy and Mr. Murtha, for his part, turned to the federal budget.

Johnstown Welding and Fabricating, which Mr. Polacek's father founded out of the family garage 50 years ago, is an example of the spinoffs that followed. During the recession of the 1980s, unable to get a job with an exterminating company, he turned his father's part-time welding firm into a full-time job. As Murtha earmarks reached defense firms, JWF began to bid as a subcontractor with those firms, doing complex jobs that employed the skilled welders displaced by the industrial collapse.

They've teamed with Lockheed on a \$40 billion defense contract to build the replacement to the military Humvee.

On a suburban hillside, in a development called the John P. Murtha Technology Center, just a stone's throw from the John P. Murtha Airport, a group of locals set up Concurrent Technologies Corp., a nonprofit research and technology combine that found its footing with Murtha-directed earmarks.

Today CTC employs 1,400 people with 21 offices around the country and has a payroll of \$66 million -- \$40 million of it for the 800 employees stationed in Johnstown.

A few miles from CTC's headquarters sits Kuchera Industries, another garage startup that struggled through the 1980s and then found itself flush with defense contracts under Mr. Murtha's tutelage.

Multinational firms, from Lockheed Martin and Northrop Grumman to DRS Technologies and the Norwegian firm Kongsberg Gruppen, have set up outposts here, capturing defense contracts and partnering with local companies such as CTC and JWF.

No one has tallied the amount Mr. Murtha has steered into his district, which sprawls well beyond the Conemaugh Valley and reaches the West Virginia border. Conservative estimates are in the billions of dollars, most of it lobbied from federal agencies or won through open bidding or, more controversially, steered home directly during his 35-year career.

Mr. Murtha, a 76-year-old Marine veteran schooled in the blunt-knuckle deal-making that defined politics here, is contrition-free when it comes to his success.

"If I'm corrupt, it's because I take care of my district," Mr. Murtha said. "My job as a member of Congress is to make sure that we take care of what we see is necessary. Not the bureaucrats who are unelected over there in whatever White House, whether it's Republican or Democrat. Those bureaucrats would like to control everything. Every president would like to have all the power and not have Congress change anything. But we're closest to the people."

That proximity, and his role in shaping Johnstown's economy, has raised the ire of reform groups and the persistent curiosity of prosecutors.

Federal agents have subpoenaed records from a CTC subsidiary. In January, they raided Kuchera and carted away boxes of records. In suburban Washington, agents swarmed the offices of PMA Group, an influential lobbying group founded

by Paul Magliocchetti, a former Appropriations defense staff member. Mr. Magliocchetti's firm lobbied for a number of companies that benefited from Mr. Murtha's earmarks, including CTC.

The reasons for the investigations remain unclear, but the common thread Murtha critics see connecting it all is the congressman's links to the various operations.

Critics of Mr. Murtha and the earmarks process say the congressman's success in directing federal dollars to businesses in his district has created a sort of triangular trade in politics: He directs earmarks to particular firms that hire lobbyists who, in turn, direct campaign contributions back to Mr. Murtha.

"Mr. Murtha has been a successful manager at the favor factory for many years," said Naomi Seligman, deputy director of Citizens for Responsibility and Ethics in Washington, a watchdog group that has branded Mr. Murtha "one of the most corrupt members of Congress" for his earmarking ways.

Mr. Murtha and his supporters say that if this kind of defense boom had taken place inside the Washington Beltway, nobody would have batted an eyelash. Because a small-town congressman figured out how the system works and uses it well, they say, he is vilified.

"Should we be at fault because we have an effective congressman? I say not," said Mark Pasquerilla, a conservative Republican and ardent Murtha ally. "I mean, we're American citizens, too. We should be entitled to the same rights as a company based in Arlington or Fairfax, Va."

Mr. Pasquerilla, whose father built Crown American Corp., one of the nation's largest builders of shopping malls, also serves on the board of CTC, a past beneficiary of Murtha earmarks.

The flurry of raids and subpoenas has ramped up speculation that Mr. Murtha is the ultimate target of the investigators.

"I don't have a clue what it's all about," Mr. Murtha said.

What he says he does know is that without earmarks, "Johnstown would have been like Detroit is today. We would have been a ghost town."

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In the 10 years Donato Zucco ran the Johnstown School District -- from the mid-1970s to the mid-1980s -- he lost 3,000 students as families moved in search of work, and he closed five buildings, including the only high school in the city's downtown.

"Any business that was a little marginal basically closed their doors. It was very, very bleak," he said.

It was during that period, he said, that civic leaders evolved a strategy that turned on the strength of their congressman's longevity.

They worked out a formula of sorts: "Generally, what he does is he comes back and says if the leadership can come together and prioritize what they're asking for, then I'll work with you to get those funded."

Mr. Pasquerilla recalled a business conference where he said he told an economic development guru, "I'm from Johnstown. If you were running economic development in our area, what would be your strategy?"

"He said, 'Oh, that's a simple question. I'd just grab onto Jack Murtha's coattails and hang on tight for all they were worth.' "

They did.

Starting in the late '80s, the focus became defense -- a seemingly recession-proof industry that built on the blue-collar skills of the past and opened the door for high technology. Mr. Murtha, from his perch on the Appropriations defense subcommittee, steered billions into the district. Mr. Murtha insists the earmarks go to his district, in large part, because local leaders know how to make their case.

"These things don't happen because I say they're going to happen. They happen because we have a plan and if it fits into the plan and it saves money for the government, it works. It's been a 30-year plan, but very successful in Western Pennsylvania," Mr. Murtha said.

One of the success stories is CTC, which modeled itself after Battelle Labs and where consultants do everything from develop alternative energy fuel vehicles to certify that the projects of other companies meet the myriad, often confusing, federal standards. CTC is incorporated as a tax-free nonprofit.

Jerry Hudson, a CTC vice president, said Mr. Murtha's help was crucial.

Could CTC have made it without Mr. Murtha's earmarks, he was asked.

"If you assume that the start was based on an earmark, I'd say it would be quite difficult," Mr. Hudson said. "If you look at the past five years, I think we've created a scenario where we can continue on our own."

In the past appropriations bills, CTC was given no earmarks and its directors say that its federal contracts, largely defense, come through competitive bids.

"We used to have to put money in every year for CTC. No longer," said Mr. Murtha.

Before it disbanded in the wake of the federal raid on its offices, PMA represented a host of firms with business in Mr. Murtha's district.

Among them were CTC, JWF, Lockheed and Windber Medical Center, which Mr. Murtha helped get millions for a cancer research center.

Officials with the firms have given hundreds of thousands of dollars in campaign donations and the Center for Responsive Politics, a watchdog group that tracks donors, lists PMA as fifth among Mr. Murtha's top contributors over the past 20 years.

In addition to being the fifth all-time giver to Mr. Murtha, PMA represents seven of the 10 other top contributors. The remaining three, including UPMC Health System, which won an \$8.5 million earmark through Mr. Murtha for a health care emergency communications network project, are represented by Ervin Technical Associates, whose chairman of the board is former U.S. Rep. Joe McDade, R-Scranton, and whose founder is Jim Ervin, a retired Air Force colonel.

Both men are friends of Mr. Murtha.

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In a conference room inside the Capitol, Mr. Murtha expounded for an hour on his theory of politics. Much of it, he said, consists of outwitting bureaucrats and stimulating economies. He cited the Obama administration's economic stimulus bill.

"The stimulus package is the earmarks of the administration," he said.

He praised lobbyists as people who get things done in the Capitol.

"I have no idea why they're going after these lobbyists," he said. "Lobbyists play an important part. These forms that they have to fill out, the small companies, the small universities, the small corporations, the small hospitals, are complicated."

He doubts earmarks will ever vanish, because once he leaves the District of Columbia, the cry stops.

"That's only in Washington," he said of the complaints. "That's not out in the field. Out in the field people appreciate what has happened. They see the advantage to being able to help the district.

"And every district's the same."

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