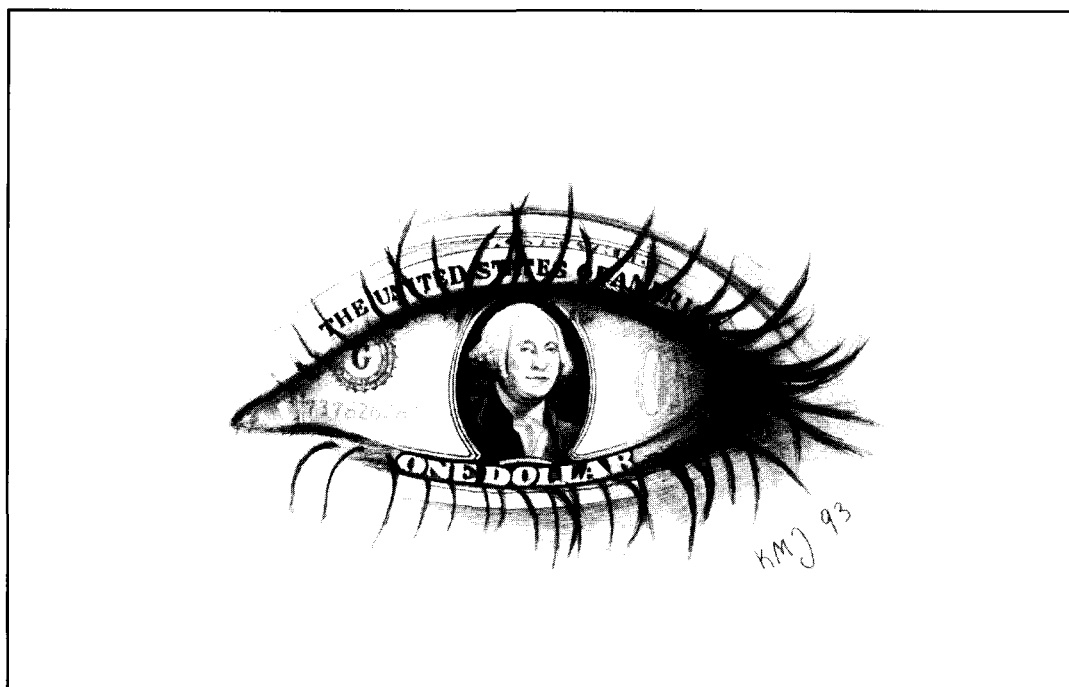


Fixers for a Fee

by Charles Lewis



Krystyna Jachmiewicz

For nearly a decade now, Washington has been mired in scandals involving senior American officials who have hired themselves out to various foreign governments and companies. What is new today about this disturbing phenomenon? Because of several recent, investigative studies, we know much more about who is working for overseas interests than in the past; more than ever before, in the 1992 presidential campaign and since, the revolving door to foreign lobbying has become an important national issue which understandably irks millions of Americans; and finally, despite the new awareness, lobbying—and foreign lobbying in Washington in particular—shows signs of *increasing* as we move through the 90's.

Thomas Jefferson observed that “the merchant has no country.” As multinational corporations continue to operate and adapt in the most hospitable nation-states they can find, that sentiment is even truer today than it was nearly two centuries ago. Indeed, dedication or devotion to a single country's best interests is frequently viewed with disdain and condescension as being naive or hopelessly shortsighted. But in the international business context, we have always understood and reluctantly accepted this cutthroat, mercenary attitude.

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What most Americans—and most people in the world's industrialized societies—do *not* so readily accept is the notion that their government officials will forego the public trust and the public interest and join with the borderless merchant in the single-minded pursuit of money. That smacks of betrayal in the name of cold cash, and in the 1992 presidential campaign, no fewer than four candidates—Jerry Brown, Pat Buchanan, Ross Perot, and Bill Clinton—all pushed that hot button with prospective voters. The new President has continued his rhetoric against the revolving door to foreign lobbying, and, indeed, on his first day in office, he signed an Executive Order to attempt to make it more difficult to sell out.

Unfortunately, the rhetoric and the reality diverge. Clinton's guidelines to curtail access to the revolving door of foreign lobbying are seriously flawed and probably unenforceable. Equally troubling, the new President has appointed well-heeled foreign lobbyists to his Cabinet and sub-Cabinet—exactly the kind of folks Clinton railed against during the campaign.

For example, President Clinton's Deputy National Security Advisor, Samuel Berger, for years has been a lobbyist for Toyota and the Japanese Embassy. The government department most narrowly focused on preserving and promoting America's eroding industrial base—Commerce—is now headed by a man who in the late 80's represented the American subsidiaries of about a dozen Japanese electronics companies interested in influencing pending copyright legislation. In addition, in 1989, Ron Brown, while serving as chairman of

the Democratic National Committee, traveled to Tokyo on behalf of one of his firm's clients. In December 1992, in a Center for Public Integrity study entitled "The Torturers' Lobby: How Human Rights-Abusing Nations Are Represented In Washington," author Pamela Brogan revealed that one of the most repressive governments in the world today, Guatemala, paid Brown's firm—Patton, Boggs & Blow—\$220,000 in 1991-92 at the same time hundreds of Guatemalans were being executed for political reasons.

Brown personally represented the notorious government of Haiti under "Baby Doc" Duvalier in the early 80's, at the same time he was Deputy Chairman of the Democratic Party. When questioned about this by Jack Anderson in 1989, Brown replied that he did not work for Duvalier, but for the *government* of Haiti. He made a similarly obnoxious assertion about the effects of his work, telling the Senate Commerce Committee in January 1993 that changes in Haiti's human rights record occurred *because* of his representation: "I wanted to do all I could to improve the lives of the people." It should be noted that this registered lobbyist was not nominated for the Nobel Peace Prize during the years poverty-stricken Haiti was paying an annual fee of \$150,000 to Brown and his firm.

Many governments that regularly mutilate or murder their people receive American aid and other benefits, and they employ some of Washington's most-connected schmoozers to keep that taxpayer aid flowing. In 1991-92, the firm that took in the most "blood" money (\$14 million) from human rights-abusing countries was Hill & Knowlton. The head of Hill & Knowlton's Washington office, Howard Paster, is now the Clinton administration's chief lobbyist on Capitol Hill. The firm's vice-chairman, Thomas Hoog—who was an unpaid campaign and transition advisor to Clinton—represented the People's Republic of China *after* the massacre at Tiananmen Square.

It would be difficult to overstate the pervasiveness today of former United States officials and campaign aides working for overseas governments and companies. The single most dramatic look at this phenomenon was published in the fall of 1990, in a book called *Agents of Influence* by economist and author Pat Choate. What was striking were the names and numbers, dollar amounts and anecdotes, revealing the extent of Japan's lobbying efforts. As Choate wrote in the September 1990 issue of *Harvard Business Review*, "Today Japan controls the most sophisticated and successful political-economic machine in the United States . . . more extensive and effective than either U.S. political party or any U.S. industry, union or special interest group."

Around this time, the Center for Public Integrity released "America's Frontline Trade Officials," a detailed look at the White House Office of the U.S. Trade Representative. The major finding: since 1974, 47 percent of all former senior White House trade officials have registered, or worked for firms that have registered, with the Justice Department as foreign agents representing foreign companies and foreign governments. What made this study unusual was, as Robert Kuttner wrote in the *American Prospect*, "the documentation of a pattern that pervades the entire agency . . . this revolving door is virtually the normal career pattern." The study prompted a General Accounting Office investigation, and in March 1992 the GAO released a report which found that from 1986 to 1991, 82 former American officials registered as

foreign agents and represented foreign interests before the United States government.

Another outcome of "America's Frontline Trade Officials" was a Justice Department ruling that informed U.S. Trade Representative Carla Hills that a federal criminal statute was being violated by some of the Bush administration's appointments to trade advisory committees. The study had revealed that several members of the USTR Advisory Committee system, with access to sensitive negotiating strategies and security clearances, were simultaneously registered as foreign agents at the Justice Department. For example, former State Department official Richard Fairbanks, who with his law firm received more than \$300,000 from 1986 to early 1990 for representing the government of Iraq (even providing public relations advice after the Iraqi bombing of the U.S.S. *Stark*, in which 37 American servicemen were killed), was also found to be a member of the USTR Investment Policy Advisory Committee on Trade.

Former government officials working for overseas interests are not limited to USTR, of course, but permeate other trade-related agencies and departments as well, including Congress. Unfortunately, the pattern also pervades our presidential election process. In February 1992, the Center for Public Integrity published "Under the Influence: Presidential Candidates and Their Campaign Advisers." This was the first systematic look at unpaid policy advisors to the presidential candidates. The center found that, for example, the vice-chairman of the Bush-Quayle campaign, James Lake, was also a registered "foreign agent" on behalf of the owners of the Bank of Credit and Commerce International (BCCI). Four presidential campaigns—those of Clinton, Harkin, Kerrey, and Bush—had 31 advisors who were personally registered as foreign agents or whose firms were registered as foreign agents.

In September 1992, the Center for Public Integrity published "Private Parties: Political Party Leadership in Washington's Mercenary Culture." Since 1977, *half* of all national party chairmen have received outside income—despite party rules stipulating that the chairman's position is "full-time." The Center also found that, since 1977, *half* the party chairmen have been registered with the Justice Department as foreign agents, either before or after their party tenures.

All of these numbers illustrate the systemic nature of this situation. It is wholly reasonable to wonder about the dynamic that fosters such a bizarre, bazaar-like atmosphere in which access and influence to power in Washington are so readily bought and sold. All of the well-paid participants in Washington's "inside-the-Beltway" culture—comprised of thousands of lawyer-lobbyists, public relations executives, trade associations, public affairs specialists, consultants, and others—interact every day with federal officials in every department and agency. Government employees, both political appointees and civil servants, certainly understand that there can be a lucrative, almost Lotto-like landing for them in "the private sector." Public service, but also the day-to-day activities of establishment Washington, have lost their altruistic polish and noble pretense and have instead become garish and commercial. How pervasive has the influence of money become? Can you imagine former Secretary of State Dean Acheson doing airline commercials—as former Secretary of State Alexander Haig and former House Speaker Tip O'Neill have done? Can you imagine former President Dwight Eisen-

hower receiving \$2 million from Fujisankei Communications for two 20-minute speeches in Tokyo—as former President Ronald Reagan did?

Americans today are victimized by a unique Washington political culture in which former high-level officials and presidential campaign advisors routinely manipulate and distort national decision-making to their own ends. There is a cushy life outside government the moment they leave. So many people in Washington these days have dollar signs in their eyes, the public is no longer certain that policies are based on the substance and the merit of what is truly in the broad public interest. And there is a legitimate concern that government executives are contemplating their “post-employment opportunities” as they decide and implement federal policies that bear directly on private interests.

What is most tiresome about the lobbying culture of Washington are the self-serving contortions its practitioners go through in describing their daily activities. Most lobbyists, of course, maintain that they do not really lobby—saying the “I” word publicly is a subtle indiscretion. Euphemisms such as “advise” or “consult” or “suggest,” etc., are uttered instead.

With extensive cross-pollination between public and private sectors, a kind of group-think dynamic begins to evolve as an integral part of the political culture. Corporate government affairs “specialists” and company-retained attorneys or in-house counsels tell federal officials—on Capitol Hill and downtown in the various federal departments and agencies—what is in the public interest and how the “public” can be served, and somehow it usually sounds reasonable, because it is stated within the general framework and formula of what is acceptable. The language used is the *same* as the government’s, the same syntax, the same endless acronyms, the same bureaucratic inanities. Most public officials by nature take the path of least resistance, and most are laboring under a formidable work load. In this context, then, the lobbyist is seen as a kind of masterful Mr. Goodwrench, who helps the wheels of Washington roll smoothly, easily.

Most of these private sector-public sector interactions are over the most arcane, esoteric clauses and regulations imaginable—the general public and the press are ignorant of and disinterested in such things. Indeed, reading the pages of a phone book would be easier and more interesting to them. Unfortunately, these obtuse matters often involve billions of dollars in tax breaks, subsidies, or contracts.

In the instances in which there is an actual heated controversy, often over a broad issue of public interest and huge stakes, the hired guns line up on both or on many sides of

the issue. The result is either a “consensus” in which every interest has been mollified, or intractable gridlock, in which government seems to be at a standstill, rendered impotent and ineffectual.

And the game thus becomes, not the broad public interest, not what would be best for America—such notions are considered not only hopelessly trite but, worse, naive—but the process of government and of how to master and manipulate it, often via the news media. It is the “expert” who understands the issues and the process, who has institutional memory and a bulging Rolodex, who is most respected in Washington today and is quietly acknowledged by the players involved as responsible for “making things happen.” He is not a public official, he has no political mandate, and, in fact, he is accountable to no one except his client.

Washington lobbyists are today what New York investment bankers were in the 1980’s. With the biggest salaries going to agents working for overseas interests, foreign lobbying has become a profession young people now aspire to—a notion unheard of a few decades ago. Take the case of Steven Saunders, who quit government as an Assistant U.S. Trade Representative after a stint of only 18 months to begin his own “consulting” firm. Within nine months, Saunders and his firm were on retainer to the Japanese Embassy and four other foreign clients, receiving \$240,000 in fees and expenses. College interns and law school students today come to Washington not to change the world, but to learn more about the exciting, extremely lucrative world of big-time schmoozing and deal-making. Meanwhile, as the National Commission on Public Service concluded, “Too many of our most talented public servants—those with the skills and dedication that are the hallmarks of an effective career service—are ready to leave. Too few of our brightest young people—those with the imagination and energy that are essential for the future—are willing to join.” As management genius Peter Drucker observed in *The New Realities* (1989), “the locus of decision making in the political process is rapidly shifting from politicians and civil servants to lobbyists.”

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A few years ago, a reporter wrote a story that included a sentence about former Carter White House advisor Stu Eizenstadt and the \$200,000 fee he and his firm had received from Hitachi. After the piece came out, Eizenstadt was furious, and he called the reporter and complained. Are you saying, asked the reporter, that the information reported was incorrect or inaccurate? No, replied the agitated Eizenstadt. Why did the information have to be mentioned at all? You see, said Eizenstadt, “my mother saw it and she was upset.”

Many of the mercenary culture's best-known practitioners prefer anonymity as they profit in the afterglow of their public service. To their clients, and to their mothers, they are thought of in terms of their last-held government title.

Indeed, some of the most sought-after lawyer-lobbyists in Washington are former public officials with impressive-sounding titles. Ambassadors to small, insignificant Caribbean nations are referred to as "Ambassador" for the rest of their lives. But fancy permanent prefix or not, these facilitators-for-hire are undeniably important and extraordinarily effective, and they have distorted the traditional decision-making process as we may think we knew it. Their principal concern is not the national interest or the substantive merits of the various policy arguments, but the maximization of their client's position, at all costs. In articulating their clients' positions and in trying to make them as plausible as possible, truths become ever so subtly shaded.

The great bugle that calls Washington to attention today is money. Groups without money—including small- and medium-sized American companies amidst the recession—in the cacophony of disparate Washington noises, are relatively silent. An interest may have a single "representative" carrying its water, or five, or 50. Sometimes, it is like a tug of war, with 100 muscle-bound strongmen on one end and a few small children at the other. Not surprisingly, it is usually the well-heeled interests that thrive and triumph in Washington, with little correlation to the inherent quality, credibility, and merit of the ideas involved.

It is in this perverse milieu of the highest bidders that the most disconcerting transactions occur. The overriding ethic in the world's most lawyer-infested city on earth is that all interests deserve to be represented, and therein lies the principal justification and rationale for all facilitators in Washington. It is how a former Justice Department attorney, Michael Abbell, who helped lead the United States to extradite drug lords overseas, would explain his latter-day representation of the Medellin cocaine cartel and, from 1986 to 1990, of the government of Iraq; it is how a dozen unpaid campaign advisors to George Bush would have explained their lobbying efforts on behalf of foreign governments and corporations in the 1988 campaign—if anyone had really asked.

In such a marketplace of Washington insiderism, the bigger the "name" the higher the fee one can command—it all comes down to the perceived degree of "access" and "influence" that a former official has with current Washington functionaries. Who and what the client does is largely irrelevant—as long as he keeps paying, of course.

And so the public is faced with the grotesque spectacle of its most respected former officials becoming mere fixers for a fee. In recent years, we have seen former Reagan campaign manager John Sears, former U.N. Ambassador Donald McHenry, and former Democratic Senator Birch Bayh work for South Africa, South African interests, or American companies doing business in South Africa. We have seen the only man in American history to hold four different Cabinet positions, Elliot Richardson, go on to represent the Marxist government of Angola, the Hitachi Foundation, and the Association for International Investment. We have seen four former White House-level officials—Robert Strauss, Howard Baker, Jody Powell, and Anne Wexler—team up to help Japan's largest electronics company, Matsushita, purchase MCA, the American entertainment giant, for \$7.5 billion.

MCA is the parent of Universal Studios, makers of such mega-hit modern Americana movies as *E.T.* and *Jaws*. By mollifying the unions, keeping the wheeling and dealing out of the press, and finally announcing the outcome as a fait accompli when Congress was out of session, four Washington insiders helped foreign investors buy the fourth of Hollywood's seven major studios. This kind of clout doesn't come cheaply. Strauss told the *Washington Post* that he doesn't do windows or charge by the hour anymore—his firm received \$8 million for this job alone.

The most elaborate single-issue lobbying by a foreign country in Washington this year surrounds Mexico's efforts to influence Congress to pass the North American Free Trade Agreement (NAFTA). Millions of dollars are being spent and a large number of former trade officials are being paid by Mexican interests to promote NAFTA. The dimension of this effort appears to be unprecedented, exceeding even the 1987 efforts by Japanese interests in the wake of the Toshiba affair.

Regardless of what one thinks of the notion of a regional trade compact, the specter of the decision-making process being possibly distorted by money and "hired-gun" former government officials is truly disturbing. Not only does this kind of thing diminish public service and erode trust in government and its leaders, there are more serious implications. There is an undeniable, dreadful feeling that no one is minding the store these days, that America's elder statesmen are either dead or dialing for dollars, and that government is no longer the protector and guarantor of the public interest.

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LIBERAL ARTS

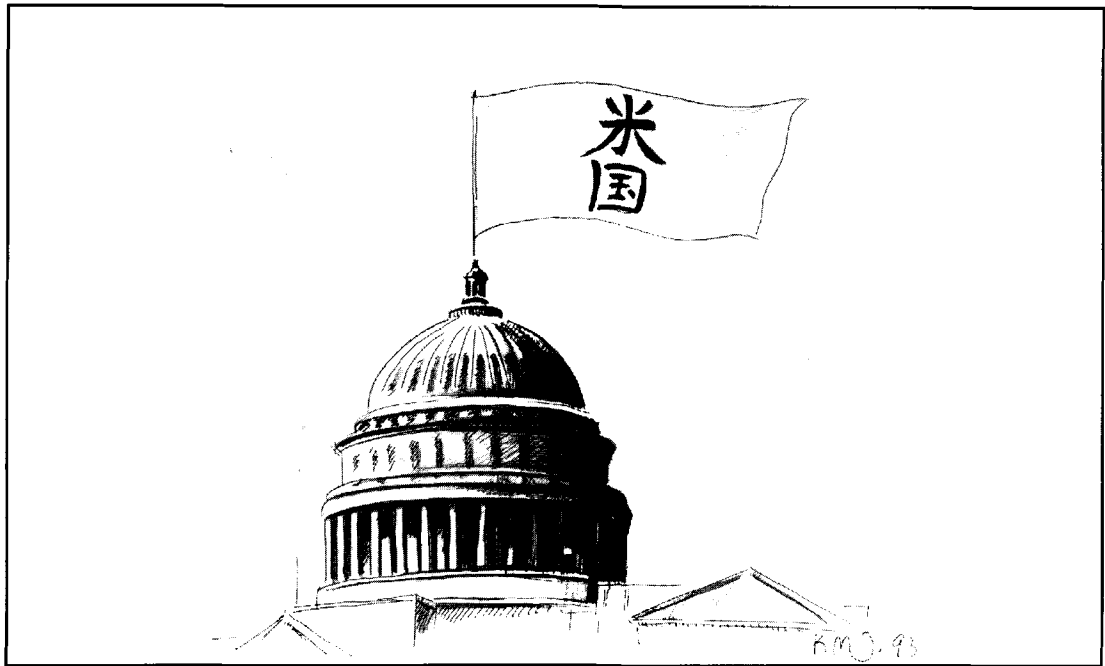


TRUTH OR TEXTBOOKS

Five American textbook publishers have, according to two Longview, Texas, educational research analysts, "flunked yet another test of simple factual accuracy." After Texas had given Scott, Glencoe, Houghton, Holt, and Prentice five chances to catch factual errors in the ten United States history books they submitted for 1991 state adoption, Mel and Norma Gabler identified another 582 uncorrected errors in their texts last fall. The five publishers had already made over 7,000 changes (including corrections of errors previously caught by the Gablers) and paid a fine of \$1.5 million to the state for their inaccuracies. Yet in response to the Gablers' argument that such erroneous statements in the books as "July 1974—House votes to impeach Nixon" (the House did not impeach Nixon, but rather its Judiciary Committee voted to recommend articles of impeachment to the full House) are simply unacceptable, the Association of American Publishers released a lengthy report that reasoned: "No text can be completely without errors. And technical perfection, even if attainable, is not a sound goal in textbooks. . . ."

Puppets for Nippon

by Pat Choate



Kristyna Jachmiewicz

The *Japan Economic Journal* reported in 1980 that “influence in Washington is just like in Indonesia. It’s for sale.” It still is. Today, more than 100 foreign governments and hundreds of foreign corporations are running on-going political campaigns in the United States, as though they were a third major political party.

Mexico, for instance, is spending more than \$50 million in 1993 to hire dozens of Washington, D.C., lobbyists, super-lawyers, former trade officials, political advisors, and public relations specialists to secure passage of the North American Free Trade Agreement. Japan is spending more than \$400 million annually to operate a grass-roots political machine across America whose principal goal is to keep U.S. markets open to Japanese imports and investments even as Japan remains closed to U.S. investors and exports. Foreign corporations and governments now finance most of the work of those U.S. think-tanks and universities that supply ideas to America’s opinion-elite and politicians. And corporations from dozens of countries are contributing monies to both the Democratic and Republican parties and to hundreds of political candidates, just as though they were American voters.

The goal of these foreign political campaigns is simple—shape the outcome of decisions that directly affect their political and economic interests, decisions in which every day

hundreds of millions of dollars—and cumulatively billions of dollars—are on the line. By using their intelligence networks to monitor discussions before decisions have been made, their well-connected Washington insiders to lobby the U.S. government, their public relations flacks to shape journalists’ coverage of issues important to them, and by financing the work of opinion leaders in American think-tanks and universities, these foreign interests are able to shape how Washington, D.C., thinks and acts.

Foreign interference in America’s domestic affairs is nothing new. Ever since the arrival of Citizen Genêt in 1793, foreign interests have regularly sought to influence politics and public opinion in the United States. The Greek lobby, for instance, has been able to sway U.S. relations with Turkey, Greece’s neighbor and rival. For many years, Chiang Kai-shek’s Chinese lobby dominated American thinking on China. The Israeli lobby has a powerful voice in America’s Middle East policymaking. The Irish lobby has long influenced American policies on Northern Ireland.

What is different today is the scope, nature, and goal of this foreign politicking and propagandizing. Its goal is to buy economic advantage—to win in the back halls of government instead of in the open marketplace. And of all nations, Japan understands best that political power in America is a commodity like all others that can be acquired by the highest bidder. Of all nations, Japan has been willing to pay the most to shape America’s attitudes and actions. Of all nations, Japan wields the most striking power over America’s economic and trade policies. And of all nations, Japan succeeds best at using its political strength in America to gain economic advantage for itself.

Over the past two decades, Japan has constructed an Amer-

Pat Choate is author of *Agents of Influence* (1990) and “Japan’s Campaign for America” (*Harvard Business Review*), from which this article is adapted. He is director of the Washington, D.C.-based *Manufacturing Policy Project*. His other books include *Being Number One* (1980), *America in Ruins* (1981), and *The High-Flex Society* (1986).