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# AMERICA'S FRONTLINE TRADE OFFICIALS

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Charles Lewis

THE CENTER FOR PUBLIC INTEGRITY

**OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE**

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**THE CENTER FOR PUBLIC INTEGRITY**

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The Center for Public Integrity is a new educational, non-profit organization examining public service and ethics-related issues in **Washington**, with a unique approach combining the substantive study of government with in-depth reporting. The Center is funded by **foundations**, corporations, labor unions, individuals and news organizations.

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*The right to **search** for truth implies also a duty; one must not  
conceal any part of what one has **recognized** to be true.*

*Albert Einstein*

**Charles Lewis** is the founder of the Center for Public Integrity. For 11 years, from 1977 through 1988, he did investigative reporting at ABC News and CBS News. His last position in television was as a producer for "60 MINUTES," assigned to correspondent Mike Wallace. Two of his segments received Emmy nominations for "Outstanding Investigative Journalism" by the National Academy of Television Arts and Sciences. Lewis has written articles for the *New York Times*, the *Washington Post* and other publications. He holds a B.A. degree with honors and distinction in political science from the University of Delaware, and an M.A. degree from the Johns Hopkins University School of Advanced International Studies in Washington, D.C. Lewis is the Chairman of the Board of Directors and Executive Director of the Center for Public Integrity.

Several people over a period of months have assisted in the preparation of this Center REPORT, from the collection of relevant documents at various government offices, to poring over thousands of pages of arcane publications in private and public libraries, to conducting interviews and assisting in assembling the USTR biographies. Those principally involved are listed alphabetically below, and the author wishes to single out two people for their especially valuable contributions. Gregory Bologna worked on this project the longest, dating back to November 1989. Jean Cobb's excellent interviewing, writing and editing skills enriched the final product. Of course, the author takes full responsibility for any errors, and for the views expressed.

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# S U M M A R Y

**T**he Office of the U.S. Trade Representative coordinates and administers U.S. trade policy. Created in 1962, USTR is part of the Executive Office of the President, and the U.S. Trade Representative is a member of the President's Cabinet.

This Center REPORT is not a substantive analysis of U.S. trade policy. Besides a brief background and history of how USTR has evolved, and a discussion of the contemporary issues surrounding USTR, we have profiled America's frontline trade officials who have served at the highest levels of USTR since 1974.

The senior officials of this agency for years have been among the most educated public servants in Washington. Several officials have worked for the U.S. overseas, several are multi-lingual, and 78 percent of them have graduate or law degrees. Geographically, most current and former senior USTR officials since 1974 are natives of the northeastern United States; the least represented geographic regions are the southwestern and northwestern U.S.

In terms of post-employment career patterns, by far the most significant development in recent years has been the large number of former USTR officials who have worked for foreign interests. Since 1974, nearly half—47 percent—of former senior USTR officials have personally registered or their firms have registered with the Justice Department as foreign agents. Some of these registrations are for a single client; some are for numerous clients. Those former officials include:

**William Eberle**, the former Trade Representative whose firm, Manchester Associates, has advised and lobbied for Nissan since the late Seventies.

**Harald Malmgren**, the former Deputy Trade Representative has worked for the Japan Whaling Association, Japanese electronics companies, the Japan External Trade Organization and others.

**Steven Saunders**, who after less than 18 months as an Assistant U.S. Trade Representative, quit government. Within nine months, Saunders and Company was on retainer to the Japanese Embassy.

**William Walker**, the former Deputy Trade Representative, has worked for Toshiba, the Japanese semiconductor industry, and others.

**Doral Cooper**, former Assistant U.S. Trade Representative responsible for the Pacific Basin and developing countries of Asia, was in South Korea on behalf of her new employer, Michael K. Deaver and Associates, two weeks after quitting USTR.

**Michael Smith**, former Deputy Trade Representative and America's toughest trade negotiator in the Eighties, left USTR with the public intention of helping U.S. firms abroad. Today, he and his firm represent

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several foreign clients, including the Canadian Sugar Institute.

**William Brock**, former Trade Representative, formed the Brock Group in 1989. Brock or his **firm** have done work for Toyota, Taiwan, and Airbus Industries.

**Edward Gottfried**, former USTR textile official, negotiated an agreement with Pakistan in December 1989. In April 1990, Gottfried quit USTR. Within two weeks, he was back in Pakistan, trying to land a large contract to work for Pakistan textile interests in Washington.

Three of the top four current USTR officials worked in the mid to late-Eighties for overseas clients *prior* to entering USTR—an unusual pre-USTR employment pattern which is unprecedented in the history of the agency. Trade Representative **Carla Hills** has represented Daewoo Electronics, Matsushita, Panasonic, Canadian lumber interests and others. Deputy Trade Representative S. Linn Williams represented Nissan, Nomura Securities, Orient Finance and other clients as an attorney in Tokyo. Deputy Trade Representative Julius Katz was chairman of a company which did public policy analyses for 28 foreign clients in 1988 alone, including the Japan Trade Center, Toyota, and **Cartier International**.

We found an agency relatively aloof from the normal conflict of interest sensitivities which confront other federal entities. Some of the appearances of conflict of interest the Center found include:

- At the time he was working for numerous foreign clients from 1985 to 1988, Julius Katz was also a paid consultant to USTR.
- Several members of the USTR Advisory Committee system, with access to sensitive negotiating strategies and holding security clearances, simultaneously have been registered foreign agents at the Justice Department. For example, **Richard Fairbanks**, who with his law firm has received more than \$300,000 since 1986 for representing the government of Iraq, also is a member of the USTR Investment Policy Advisory Committee on **Trade**.
- In the Eighties, USTR aggressively pressed several Asian countries to open their markets to U.S. tobacco products. The efforts were quite successful; Philip Morris and **RJR** Nabisco each reaped hundreds of millions of dollars in added revenues from the trade initiatives. The two Trade Representatives who led such efforts, **William Brock** and Clayton **Yeutter**, both had family stock in the tobacco companies.

The Center interviewed the two men in Congress most responsible for the creation and development of USTR. In 1962, Chairman of the House Ways and Means Committee, Rep. Wilbur Mills, insisted that a new office at the White House level be created to coordinate and administer U.S. trade policy. In 1974, Sen. Russell Long, then chairman of the



Finance Committee, pushed to have the Trade Representative's status elevated to Cabinet-level.

Today, both men are disappointed with USTR and its effectiveness in coordinating and implementing U.S. trade policy.

# I N T R O D U C T I O N

**A**long 17th Street, facing the Old Executive Office Building, is the handsome and historic Winder **Building**, which served as the Army's headquarters during the Civil War. President Abraham Lincoln was a constant visitor, where he received the latest dispatches from the Army in the West and the South. He also came often at night to talk to rebel prisoners held in the cells there.

Today, the Winder Building is the site of the Office of the United States Trade Representative (**USTR**), an agency of the Executive Office of the President. USTR takes no prisoners, but is charged with responsibility for coordinating and administering overall trade policy for the U.S. government. Once again, the Winder Building is a strategic headquarters.

The *Washington Post* has called USTR "a small but elite band of specialists." The *New York Times* has described USTR officials as "nimble soldiers of the commercial wars . . . the Government's elite force, striking at Japan, the European Community, Brazil and others that maintain barriers against imports from the United States." Former U.S. Trade Representative William Brock routinely referred to the staff there as his "Green Berets." Some of the current USTR officials jokingly call themselves the "Jedi Knights of the trade world."

In recent years, a certain bellicosity has developed in Washington over the trade subject. And the spate of recent books about **trade**—*The Silent War*, *America's Trade Crisis*, *Trade Warriors*, *The New Competitors*, *Trade Wars Against America*, *Agents of Influence*—**certainly** reflect the nation's increasing concern over its economic global position.

This new awareness and interest in trade is directly related to events which took place in the Eighties. Whether it was steel, textiles, automobiles, or electronics, the U.S. continued to find its world trade position slipping badly. For example, in the 1950s, the United States had almost 60 percent of the world's steel capacity; by 1988, the U.S. numbers were below 12 percent, behind the Soviet Union, Japan and the European Community.<sup>(1)</sup> Similar deteriorations in world market share have occurred in electronics, automobiles, textiles, agriculture and other areas. Some entire industries disappeared, as did, over the decades, millions of jobs in these affected U.S. industries.

As the Eighties began, America was the largest creditor nation in the world. Within just a few years, the U.S. had become and remains today the **world's** largest debtor nation, more dependent on foreign capital than Mexico, Argentina, Brazil and other troubled economies.

Because of the growing realization that America's economic competitiveness is critically relevant to the national security and well-being, and because of increased reliance on foreign capital, a study of the federal agency most responsible for coordinating and implementing the country's international trade policies seems long overdue.

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## Enormous Challenges for a Small Agency

Trade policy is complex and esoteric, and most writing about it is awkward and pedantic. **Nonetheless**, the concept of trade policy still basically comes down to how a nation controls the flow of imports and exports.

There are more than a dozen federal agencies that have unique points of view as to what U.S. trade policy ought to be. For **example**, the Department of Agriculture reflects the interests of farmers and agribusiness. The Treasury Department represents financial interests. The Commerce Department usually holds forth on industrial interests. The State Department looks at trade through the foreign policy prism. These bureaucratic entities and their views often clash, and thus the gnashing and maneuvering is considerable.

It is the mandate of the Office of the U.S. Trade Representative to coordinate the interests of all these various agencies and their constituencies.

It would be a daunting task for any bureaucratic entity. It is particularly intimidating when one looks at the numbers. The Department of Agriculture has an estimated 129,000 employees. The Treasury Department has 163,000 employees. The Commerce Department has about 35,000 employees. The State Department has 14,000 employees. USTR has 164 permanent employees, including clerical. There are 88 additional "Category B" employees (contractors, interns, detailees from other agencies, etc.). Yet, despite the enormity of its task, and the paucity of resources, there are actually some USTR old-timers who believe that USTR has grown too large!

The interaction of USTR, not only with the various Executive departments, but with private industry and with Congress, is supposed to result in a kind of synthesis of what America's trade policy ought to be. Meanwhile, the role of Congress and the President in formulating trade policy makes USTR's task all the more delicate. USTR is a creature of Congress, and Congress must approve all trade legislation. However, the **Trade** Representative is a member of the President's Cabinet, a political appointee chosen to enact the Administration's policy agenda.

Because of **USTR's** importance in formulating and implementing U.S. trade policy, a comprehensive study is in order of the men and women who have been coordinating U.S. trade policy for the past **16 years**, back to 1974 when Congress raised the status of USTR to Cabinet-rank importance. Who are these public servants? What part of the United States are each of them from? Where were they schooled, and in what subjects? Where did they work prior to their positions at USTR? What were their responsibilities and accomplishments at USTR? What was their average length of tenure there? Does the average length of tenure vary from position to position? What have each of these officials done upon leaving USTR? How do the post-employment practices break down for lawyers vs. non-lawyers, political appointees vs. career civil servants? Since USTR's principal constituency theoretically is American business, to what extent have there been conflicts of interest between the public and private sectors? On controversial subjects in which several Administrations have been **split—for example**, tobacco, in which Agriculture operates a federal program and the Secretary of Health and Human Services and the Surgeon General traditionally exhort the public **NOT to smoke—where** does USTR stand?

It should be emphasized that this is **not**, nor is it intended to be, a tome about the intricacies of trade policy, or what U.S. trade policies ought to be. In conducting and publishing this study, the Center has no interest in the "Scoreboard" dimension of the trade issue, who's winning and who's losing, foreign vs. domestic. Instead, we intend to examine in this and future Center studies, the state of public service today, and the integrity of the public policy process.

This study will also address in comprehensive fashion, another issue which has arisen in Washington in recent years: The haughty specter of former top U.S. trade officials in Washington taking their experience, access, influence and possibly even sensitive information, and going to work for foreign companies and foreign governments. This "revolving door" to foreign lobbying by former senior U.S. officials would be unheard of for former government officials in Bonn or London, Tokyo or Ottawa.

On its face, the matter is troubling. But it also raises a panoply of questions: Can a top U.S. trade official be a tough negotiator if his peers are leaving to make huge sums of money from Hong Kong or Japan or West Germany? Can a U.S. trade negotiator making \$70,000 or \$80,000 not be affected by the knowledge that when he or she leaves he will be worth \$100,000, \$200,000 and higher, especially to overseas interests? Can a U.S. trade official honestly say he or she is unaffected when a former friend and colleague approaches the agency on behalf of the French or British, seeking some sort of special consideration? Will American companies trust U.S. government trade officials with proprietary information about their technology and industry trade initiatives and plans, if they fear the officials will soon be working for commercial interests abroad, including their direct business adversaries?

In the context of public service, the entire debate over Washington's revolving door to foreign lobbying has not been occurring in a vacuum. The late Eighties saw a nation's capital wracked by scandal, from HUD and the Savings and Loan debacle, to **Iran-Contra** and Defense Department procurement fraud, from the resignation of the Speaker of the U.S. House of Representatives, to the indictment and misdemeanor conviction for the possession of cocaine of the Mayor of Washington, D.C.

### **The Volcker Commission**

At the same time public trust has been eroding, the appeal of working in government has diminished. In 1987, a symposium sponsored jointly by the Brookings Institution and the American Enterprise Institute concluded that a private, non-profit organization should be organized to prepare major recommendations to the President and the Congress about the "quiet crisis" in government and the "erosion in the attractiveness of public service at all levels."

A National Commission on the Public Service was created, bringing together an extraordinary, bipartisan group of 36 eminent Americans, chaired by former Federal Reserve Board Chairman Paul A. Volcker. The Executive Director of the Commission was Bruce Laingen, the former charge d'affairs in Tehran at the time of the Iran hostage crisis.

The Commission concluded that "there is evidence on all sides of an erosion of performance and morale across government in America. 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

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the imagination and energy that are essential for the **future—are** willing to **join.**"

The Commission called for a "renewed sense of commitment by all Americans to the highest traditions of the public **service,**" and made several, strong, specific recommendations.

With the exception of the pay increases given to federal employees, most of the Commission's recommendation's for solving the "quiet crisis" were ignored. There was scant press attention to the Commission's Report, and efforts to extend the Commission beyond June 1989, were not successful. There was disappointment and pessimism in some circles. If a blue-ribbon commission headed by someone as respected as Paul Volcker could not awaken the country, the President and the Congress to the deterioration in the quality of public service, then no one could awaken America.



## INVESTIGATIVE METHODOLOGY

With the Center's unique approach, previously inaccessible information can be brought to the attention of the American people. By adopting a modus **operandi** relatively unfettered by daily deadline and time/space **constraints—in** which topics can be carefully scrutinized for several months and written about in as many pages as **necessary—the** Center is attempting to examine these public service issues as thoroughly as possible.

Despite the small size of **USTR**, biographical profiles of every official there would be impractical and logistically unrealistic. So, based on research and interviews, a cutoff of USTR officialdom was made. An official was considered "senior" if he or she had served as an Assistant USTR, Chief Textile **Negotiator**, General Counsel, Deputy USTR or USTR. Senior USTR officials who held different USTR titles are profiled under "Other Senior USTR officials." Intriguing information did emerge about several men and women who were just outside those positions. We have added a section of "Other USTR Officials," to include some of that information, but that section is not represented as methodical or comprehensive.

Another parameter set was tune frame. The 1974 Trade Act is the single stroke which rose the Special Trade Representative, or **STR** as it was then called, up to Cabinet-level status. And thus our USTR study of former USTR officials begins with 1974, even though the agency itself was actually created 12 years earlier.

In any kind of analysis and discussion of current and former senior officials of the Office of the United States Trade Representative, it is difficult to begin without some sort of listing of those officials.

The current Office of the U.S. Trade Representative was not particularly helpful throughout this exhaustive enterprise. For example, in November 1989, USTR claimed it could not provide the Center with a list of USTR officials who served before 1989 and the Bush Administration. Such an assertion **then**, and today, strains credibility.

The current U.S. Trade Representative, **Carla** Hills, first declined to be interviewed and then consented in the eleventh hour. The Deputy USTR, S. Linn Williams, one of three

Deputies to Hills, declined to be interviewed.

When a routine, pro forma, but not unimportant, inquiry was made for job descriptions and salary schedules for current USTR officials, the Center was flatly turned down and told that the information was not available to the public. The information was later obtained under the Freedom of Information Act.

Each year the Government Printing Office document lists all senior personnel by federal department. The Center checked every edition of the *U.S. Government Manual*, from 1974/74 to today to compile a listing of 53 former senior USTR officials.

We referenced those names in various publication indexes. The Center checked newspaper and magazine indexes from 1974 to the present.

Beyond the mainstream media publications, the Center also referenced more specialized publications, some of which were not indexed: the Bureau of National Affairs (BNA) newsletter, *International Trade Reporter* (post-1975); *Business Week and Industry Week* (post-1974); *Legal Times* (1986 to the present); *National Journal* (1974 to the present); and *Journal of Commerce* (selected names, from 1986 to the present).

For relevant biographical information, the *Federal Staff Directory*, *Executive Staff Directory*, *Congressional Staff Directory*, *Martindale-Hubbell* and *Washington Representatives* were all frequently consulted.

We obtained financial disclosure reports from the Office of Government Ethics and USTR; lobbying disclosure records from the United States Senate and United States House of Representatives; and Foreign Agent Registration Act (FARA) disclosure records from the Justice Department.

As an educational, non-profit organization, in addition to this Center REPORT, the various supporting government documents will be available, upon request, to the public.

Every former senior USTR official since 1974 was contacted, and 33 out of the 49 living officials were actually interviewed. Several of the current USTR senior officials were also interviewed.

Those persons choosing not to respond to our telephone calls and letters, were each sent a rough draft of their biography. Any former official who declined to respond had two weeks to correct his or her biography. Some made corrections but still would not be interviewed; from some officials we heard nothing at all. For those four deceased former officials, we consulted their obituaries, contacted their colleges for academic information, and attempted to fill in a persistent gap or two by talking with the surviving widows by phone.

We also interviewed trade experts in Washington, industry, labor, academia, on Capitol Hill, and in the trade media, for insights into these officials and their policies.

Some of the material in this Center REPORT offers new social science data about their **backgrounds**—age, education, geography, professional experience. This REPORT also includes comprehensive data about what senior USTR officials have done upon leaving that agency.

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George Canning wrote, "Away with the cant of **`measures, not men!'**—the idle supposition that it is the harness and not the horses that draw the chariots along." Trade is much more than complex agreements and econometric models. There is a relationship between trade public policy and the men and women who hold the positions of public trust, and how they conduct themselves in and out of office.

It is impossible to attempt to examine and understand public service today without a detailed discussion of those public officials who have actually served at the highest levels of government. By definition, these are not ordinary folk but, as Theodore Roosevelt put it so **well**, people who dared greatly and spent themselves in worthy causes.

What follows is a "Background" section which includes a brief historical look at the Office of the U.S. Trade Representative, how it has evolved, and the issues facing it today, such as the controversy over former officials becoming foreign lobbyists. The "Findings" include the basic social science data about past and current USTR officials, including specific trends and case studies which illuminate various potential conflicts and dilemmas for trade officials in and out of public service today. The "Concluding Remarks" section is an attempt to offer positive recommendations. And finally, our "Profiles" section features biographical information about each of these officials, from birth to current activities.



#### Notes

1. William J. Gill, *Trade Wars Against America*, (Praeger: 1990), p. 7.

## B A C K G R O U N D

Throughout U.S. history, Congress has regulated commerce with foreign nations as well as between the various states. From the founding of the Republic to 1934, Congress formulated U.S. foreign trade policy. During this period, the Executive Branch fulfilled primarily an administrative function.

But in 1934, Congress gave the President the power and authority to enter into tariff and other trade negotiations with other countries, as well as implement day-to-day trade policy. The Reciprocal Trade Agreements Act of 1934 gave Congress an "oversight" role in trade, thereby keeping the constitutional responsibility to "regulate commerce with foreign nations." The Act was renewed numerous times in the Forties and Fifties, giving the President the power to negotiate mutual tariff reductions of up to 50 percent.

What happened in 1934 to cause Congress to turn over so much power to the Executive Branch? The landmark Reciprocal Trade Agreements Act was a direct reaction to an earlier, more notorious legislative measure, the Smoot-Hawley Tariff Act of 1930. In the campaign of 1928, Herbert Hoover had advocated huge agricultural tariffs on imports to appease the nation's farmers, and after his election, he actually convened a special session of Congress to consider the issue. As former Congressman Don Bonker has adroitly described in a recent book (1), "Congress showed no restraint and the President didn't try to curb the excesses." Republican Rep. Willis C. Hawley of Oregon, chairman of the House Ways and Means Committee, and Republican Sen. Reed Smoot, chairman of the Senate Finance Committee, led the creation of a special interest monstrosity which ended up with 1,200 amendments and substantial tariff increases on every conceivable item, from textiles to tennis balls. Public hearings dragged on for months, and in recorded form extend to 20,000 pages.

Protectionist pressures were building worldwide, not just in the U.S., but the Smoot-Hawley Act contributed substantially to massive trade retaliation. World trade dropped drastically, debilitating the stability of the entire international financial and monetary system.

In the elections of 1932, Smoot, Hawley, Hoover and others were swept from office, and Franklin Roosevelt was elected President. During the campaign, Roosevelt had strongly denounced Smoot-Hawley and had pledged to dismantle the numerous tariffs which had amassed over the four previous Administrations. He pushed Congress to pass the Reciprocal Trade Agreements in 1934 and, with his Secretary of State, Cordell Hull, in the lead position, Roosevelt negotiated 28 separate bilateral trade agreements and lowered the average U.S. tariff by nearly 60 percent by 1945. (2)

After World War II, under U.S. leadership, a major multilateral trade framework was created, known as the General Agreement on Tariffs and Trade (GATT). Its articles established international guidelines for trade; tariff levels and other adjustments would be made in subsequent international negotiations between nations called "rounds."

It could be said that U.S. trade policy since the Thirties has operated in the long shadow of Smoot-Hawley; since that infamous Act, Executive Branch trade officials have seen themselves as "brokers" between American domestic interests and a free and open international trading system. Indeed, in the ensuing half-century since Smoot-Hawley,

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U.S. trade officials have probably been more vigilant and aggressive in attempting to keep the world trading system open, and globally reducing **tariffs**, than officials from any other nation.

In the **Fifties**, approval by Congress of three-year extensions of the Reciprocal Trade Agreements of 1934 was becoming more and more difficult to achieve, with certain sectors of the economy beginning to feel pinched by foreign imports.

### The Trade Expansion Act of 1962

From 1934 to 1962, the State Department was principally responsible for U.S. trade policy. In the latter part of 1961, the Kennedy White House drafted a major piece of trade legislation which would continue and extend the trade agreements program which had begun in 1934. In 1962, there was particular interest by Deputy Secretary of State George Ball and others in future trade relations with the European Economic Commission. Ball set up an **interagency** group which among others included Nicholas **Katzenbach** from the Robert Kennedy Justice Department; Myer **Rashish**, a White House aide; and John Rehm, then an attorney at the State Department. This ad hoc operation was established in the Executive Office of the President, and it was headed by a Philadelphia banker named Howard Peterson. Besides actually drafting an Administration bill, the purpose also was to help promote trade legislation in Congress and in the news media.

Some Kennedy aides wanted a mere extension of the existing Trade Act, which would be the twelfth. Others, including the President himself, wanted an entirely new mechanism. What they actually developed gave the President the authority, over five **years**, to cut all tariffs by as much as 50 percent, and even further on goods traded by the U.S. and Europe. As in the preceding 28 years, the State Department would once again be the preeminent bureaucratic entity on trade matters.

The legislation that was drafted extending the trade agreements program, Rehm recalled in an interview with the Center, largely reflected "a State Department view of the world... at a time when the State Department was still in control of the trade agreements program." The State Department viewed trade policy within the broader context of foreign policy, and had been under constant criticism for subordinating U.S. commercial interests in favor of U.S. foreign policy interests.

The 1962 trade bill's perceived importance to the Kennedy Administration cannot be overstated. According to Arthur **Schlesinger, Jr.**, in *A Thousand Days*, "the trade expansion fight became the major legislative issue of **1962**. . . . As the trade bill mystique grew, it was even argued that the new policy would provide the means of getting America moving again." Schlesinger wondered if so much emphasis on trade **wasn't** "a misdirection of the administration's limited political **resources**."<sup>(3)</sup> Schlesinger and Theodore Sorensen in *Kennedy* chronicled the full court press given the matter by the President and his aides: the legislation was "the subject of extra emphasis in the State of the Union Message, the subject of the year's first special legislative message, the subject of several Presidential speeches, and the subject of an intense White House lobbying effort with priority over almost all other **bills**."<sup>(4)</sup>

The trade bill was submitted to Congress, and hearings were held by the House Ways and Means Committee, chaired by the powerful Representative from Arkansas, Wilbur Mills.

## Seed of an Idea and a New Agency

The Administration had the necessary votes lined up in the House, and passage of the bill seemed assured. But Chairman Mills appeared to hesitate somewhat. White House aide Myer **Rashish**, who had served as a trade adviser to Mills from 1956 to 1960, went up to the Hill and met with Mills. Mills asked Rashish, "Who's going to administer this grant of **authority**? . . . This is the biggest grant of authority since the '45 Act. . . . Nobody trusts the Commerce Department because they're too stupid, and nobody trusts the State Department because they're always giving it away to **foreigners**. . . ." According to Rashish, it was on that occasion that they first discussed the notion of a special agency in the White House to administer U.S. trade policy.

From a slightly different perspective, John Rehm, then a State Department attorney, remembered Mills' handling of this important legislation.

"He [Mills] said, 'Now, I've got a problem with this bill. The State Department's been running this program, I don't think that's right. I want to put somebody in charge of this program who's going to report not to the Secretary of State but to the President of the United States. And he's going to have our commercial interests at heart. Well, I **mean**, this was a body blow at the State Department, kind of a vote of no confidence if you will. And all of us . . . we were really reeling. And that led to a number of discussions and negotiations with **Mills**. . . . But it became obvious that he was very serious. Mills said at one point, 'I will not take this bill to the floor unless I have such a provision in the bill. Well, it went to Kennedy.'"

**Today**, 28 years later, octogenarian Wilbur Mills talked about what happened. "I was sick about how the State Department had been trading away our economic advantages for political advantages," Mills told the Center. Mills was not impressed with the Departments of Commerce or Agriculture, either. "I was sick of all of them."

Mills began to believe that there was a need for a special trade person, with access to, and authority from, the President. Mills said he went to the White House and discussed the subject directly with President Kennedy, in the Oval Office.

And so a special section was written into the Trade Expansion Act of 1962, authorizing the appointment of a Special Trade Representative who would be the "chief trade negotiator for the United States," and also chairman of the key interagency trade coordinating committee. The details such as staff and bureaucratic status were worked out later by Kennedy, in Executive Order 11075, issued on January 15, 1963. The new function was placed within the Executive Office of the President, and the Order provided for the appointment of two Deputy Representatives for Trade Negotiations.

What was created in 1962 was a Trade Representative as the policy broker and coordinator between the various Executive departments, Congress, business and labor, and foreign interests. To participants in the historic **process**, such as Rashish, the new STR bore a striking resemblance to the group that had met for months in late 1961 and early 1962 to develop and ensure passage of the Trade Expansion Act of 1962.

As Rashish recalled, "[We were] a small group of people, a small operation, and so, in a sense, that little group that we **had**—I suppose at maximum size we must have been 12 professionals, not much more than **that** . . . [it] became sort of a precursor."

*Mills began to believe that there was a need for a special trade person, with access to, and authority from, the President Mills said he went to the White House and discussed the subject directly with President Kennedy, in the Oval Office.*

The first Special Trade Representative appointed by President Kennedy was a well-known Republican, Christian **Herter**. The choice of a former Secretary of State to the position added immediate stature; the choice of a prominent Republican to the position appointed by a Democratic President added a certain bipartisanship. The new STR had one Deputy based in Washington, another based in Geneva.

The STR in those earliest days concentrated its efforts on the Kennedy Round negotiations of the **GATT**, which were completed in 1967.

In late 1966, Herter died, and President Johnson appointed Deputy STR William M. Roth as his successor. In February 1969, Roth stepped down, and that year John **Rehm** and later Theodore Gates served as Acting STRs. Carl Gilbert was the designee from May 1969 until October 1969, and he served through late 1970.

None of these men were particularly close to the President he **served**, there was no multilateral negotiating "round," and this is generally regarded as the agency's **weakest**, least effective era.

In this period, there were two bureaucratic moves to eclipse STR. President Richard Nixon's Secretary of Commerce, Maurice Stans, wanted to have the authority to coordinate trade, a notion which faced insurmountable opposition in Congress. In 1971, President Nixon created the Council for International Economic Policy (**CIEP**), run out of the White House by an Assistant to the President. In 1972, the person in charge of CIEP, Peter **Flanigan**, attempted to incorporate STR under his control. The move was unsuccessful. (5)

## **The Trade Act of 1974**

In 1973, Congress, with legislation authorizing a new trade round, made STR not just a person with a staff, but a formal office placed by law in the Executive Office of the President. The position of Special Trade Representative was elevated to Cabinet-level status. The legislation was signed into law by President Gerald R. Ford, and is known as the Trade Act of 1974.

It is often said that the Office of the Special Trade Representative has always been a "creature of Congress," and it is important to note that Congress did not empower the Executive branch without certain strings attached. The Trade Act of 1974 established an elaborate set of advisory committees, comprised of members from the private sector, to consult with and advise the U.S. GATT negotiators. In doing so, Congress had institutionalized special interest concerns on trade, forcing its "creation" to be responsive to them, not after trade agreements had been signed, but before and during their formulation. Part of **Congress'** oversight of trade and STR was to require each of the advisory committees to submit a final report to Congress. If these groups had a serious grievance about being ignored by U.S. trade officials, Congress could refuse to endorse the agreements.

The STR at the time of this historic 1974 Trade Act was William Eberle. The Idaho native and his two **Deputies**, William Pearce and Harald **Malmgren**, were instrumental in getting the bill through Congress. (6)

At the beginning of Senate Finance Committee hearings on the trade bill in March 1974, Chairman Russell B. Long (**D-LA**) observed in his opening statement, "I was very much

in favor of the Trade Expansion Act of 1962. I still desire an `open, nondiscriminatory, and fair world economic system,' but I am tired of the United States being the `least favored nation' in a world which is full of discrimination. We can no longer expose our markets, while the rest of the world hides behind variable levies, export subsidies, import equalization fees, border taxes, cartels, government procurement practices, dumping, import quotas, and a host of other practices which effectively bar our products." (7)

Sen. Long became the major force in Congress for upgrading the status of STR to a Cabinet-level position.

Although the Nixon Administration did not want the Special Trade Representative to be Cabinet level, to Long the concept "made all the sense in the world."

It was unrealistic, Long reasoned, with the then sub-Cabinet status of the Special Trade Representative, to "expect this fellow to take a position contrary to what the Secretary of State will take. . . . He wasn't going to be able to make it stick when it came down to the pie at the White House. The Secretary of State had all the prestige and this guy had none, even down to the point that when you go to invite people to a dinner party, keep it small, invite the President and the First Lady and Members of the Cabinet. this guy wouldn't be invited. . . . If he was invited, you'd probably seat him at a separate table in the corner because you wouldn't have enough space to seat all these minor people."

Not only did Long find the prospect of the Secretary of State dictating trade policy unsettling, he also believed the best people wouldn't accept the appointment unless the position was Cabinet-level.

"Let me tell you one thing about making STR a Cabinet-level job," Long said in an interview with the Center. "If I hadn't done that, you'd have never gotten Bob Strauss to take that job—he's the best they've had. . . . You'd never have gotten Brock to take that job, or the Secretary of Commerce at the time, Fred Dent. . . . You've had men of Cabinet-level stature who took the job, and you could not have persuaded that caliber of men to come down here to take that job if it didn't have the prestige that goes with being a Cabinet-level job."

### Robert Strauss and the Tokyo Round

In 1977, the former chairman of the Democratic National Committee, Robert Strauss, became the U.S. Trade Representative under the new Democratic president, Jimmy Carter. J.M. Destler has described the Strauss era as USTR's "days of glory," and writer Steve Dryden has echoed the general consensus that under Strauss the position of U.S. Special Trade Representative "achieved national prominence and authority in the capital." (8)

It was ironic, for Strauss had no experience in the subject of trade or trade law. But he assembled a competent staff, and he recognized his limitations. "I was always a quick study, never a deep study. I knew my strengths and weaknesses. I knew how to make a noise like a trade lawyer and I knew I didn't have time to become one," Strauss told the Center

As the former head of the Democratic Party, Strauss had many close friends in the

*Sen. Long became the major force in Congress for upgrading the status of STR to a Cabinet-level position.*

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Democratically-controlled House and Senate. The colorful Texan had exceptional relations with the press, and brought more public attention to the Office of the STR than at any time in its past.

Probably no Trade Representative since 1962 has ever enjoyed the influence and access to the President that Strauss did. The STR position had only recently been elevated to Cabinet rank, but Strauss believed additional measures were necessary to insure that the STR was taken seriously on trade issues. "I had sufficient political instincts to know that unless you were clothed with a great deal of authority you **couldn't** get anything done," Strauss said. "In the end I made a deal with Carter whereas I spoke for **trade**, the Secretary of State, the Secretary of Treasury, and everybody else. I was the spokesman for trade and Carter sent around a memorandum the day I was sworn in to various Secretaries involved in that which said 'This is to advise you of the following: Bob Strauss will now be the spokesman for the Administration on **trade**.' . . . I have that memorandum at home in my scrapbook and I was stunned by it."

Strauss' major achievement was helping to conclude the Tokyo Round **GATT** negotiations, and getting nearly unanimous passage of the legislation through the Congress.

At the same time, to this day, some of Strauss' actions as STR are controversial, particularly his negotiations with Japan over their exports to the U.S. of **televisions**.<sup>(9)</sup>

### **1980 Reorganization**

In 1980, the office was renamed the Office of the United States Trade Representative (USTR). President Carter issued Executive Order 12188 on January 4, 1980, authorizing the USTR to set up and administer overall trade policy. The USTR was reaffirmed as the nations' chief trade negotiator and as the representative of the United States in the major international trade organizations and negotiations. The number of permanent staff positions there more than doubled. Former Florida Governor Reubin Askew was Trade Representative, succeeding Strauss to the end of the Carter presidency.

### **A Major Challenge from Commerce**

In 1981, President Ronald Reagan appointed former Republican National Committee Chairman William Brock as his U.S. Trade Representative. Although Brock had a fine reputation and solid relationships in Congress as a former member of both chambers, he had no closeness to Reagan or his inner circle of aides.

Then Secretary of Commerce Malcolm Baldrige was a colorful rodeo champion and successful Connecticut businessman with better ties to the President. The 1980 reorganization had given the Commerce Department some new authority, and Baldrige, like **Stans** a decade earlier, wanted to become the dominant force on trade matters.

To make matters more **bureaucratically** bleak for Brock, longtime Reagan aide and counselor to the President, Ed Meese, was not enamored with USTR and supported the concept of folding USTR under Baldrige's authority. <sup>(10)</sup>

On Capitol Hill, Senator William V. Roth, Jr. (R-DE) had introduced legislation to consolidate the various Administration trade functions into one Cabinet-level trade department. In substance and in name, the proposal was a direct response to the trade crisis

developing with Japan. Roth's proposed Department of International Trade and Industry (**DITI**) and Japan's Ministry of International Trade and Industry (**MITI**) gave new credence to the old saying that imitation is the highest form of flattery.

The legislation had bipartisan interest on Capitol Hill, as reflected in a joint statement issued by Democratic Senators Carl Levin (Michigan), Thomas **Eagleton** (Missouri) and Jeff **Bingaman** (New Mexico):

We do not believe that USTR must be maintained in its present form. USTR was established basically to pull together our position for multilateral negotiations at a time when our major trade problem was coordinating and balancing our own diverse interests, and we had no significant industrial problems. We now have a host of other problems, and most of the negotiating action has shifted into the bilateral arena. We need a more focused effort to deal with trade, industry and competitiveness questions. (11)

Despite the support of the President for the **Roth-Baldrige** plan, DITI died under the weight of Congressional opposition.

Brock recalled the challenge from **Commerce**, and the late Secretary who led it.

In an interview with the Center, Brock said, "Every Secretary of Commerce comes in, they want to take over trade because that's where the sex is. Its exciting. I mean really if you think about it, running Census does not turn me on [**laughter**]. It's a very important **function**, I'm not criticizing it, **but**. . ." According to Brock, he never bore any personal animus towards Baldrige over the issue. "Mac and I had the most interestingly wonderful relationship. I truly loved and respected that man. He was a marvelous man. We had one serious difference of opinion."

In 1985, President Reagan named Brock as his new Secretary of Labor, and Clayton Yeutter was nominated and confirmed to succeed Brock as the U.S. Trade Representative. **Yeutter** had been an Agriculture official and a Deputy STR in the mid-Seventies.

### Same President, Different Policy

During Reagan's first term, Brock's USTR had carried out policies reflecting, to quote Clyde **Farnsworth** of the *New York Times*, "laissez-faire, free trade purism." But with unprecedented federal budget and trade deficits, with a growing consensus in Congress that the Reagan Administration was aloof to the worsening trade crisis, and amid mounting concern across the country that the Reagan Administration was not responding to the changing economic realities, new USTR Yeutter entered a tumultuous period in the development and implementation of trade policy.

Yeutter, along with Treasury Secretary James Baker and Commerce Secretary Malcolm Baldrige, began to push for a new direction, and in September 1985, Ronald Reagan delivered a major address which signaled a more adversarial trade policy.

If other nations did not open up their markets to U.S. products, Reagan said, then Washington—for the first time—threatened to take legal action to close the hugely lucrative American market to **individual**, offending nations.

The Yeutter years were aggressive years, and the Nebraskan was successful in several areas. Ambassador Yeutter helped get important trade legislation through Congress. He was instrumental in setting the negotiating agenda for the Uruguay Round talks of the **GATT**. Yeutter also successfully negotiated a free trade pact with Canada.

Yeutter's achievements were all the more remarkable because, like Brock, Yeutter had no close relationship with the President. And unlike in the Carter **Administration**, the Office of the USTR and the Cabinet-level Ambassador held less sway in the formulation of Reagan Administration trade policy. During the Yeutter years, most trade decisions were made within an interagency group, the Economic Policy Council (EPC). Although Yeutter was on the Council, it was reportedly dominated by Treasury Secretary James Baker and White House Chief of Staff Donald Regan.<sup>(12)</sup>

In its 1988 Annual **Report**, the Yeutter USTR boasted, "Since 1985 the United States has challenged more foreign unfair trading practices than at any time in its history." The Yeutter USTR took retaliatory action under Section 301 of the unfair trade **laws**, in disputes with Japan over leather, footwear and **semiconductors**, and against the European Community over agricultural issues. In other cases, the **possibility** of real Section 301 retaliation enabled the USTR to achieve trade-liberalizing results.

The increased activities of USTR stretched and exhausted the existing personnel. In 1986, Bruce Stokes wrote in the National Journal, "**There** is widespread concern among many trade lawyers and lobbyists, trade specialists on Capitol Hill and staffers at USTR that the international economic interests of the United States are suffering because there are too many pots on the trade policy front burners, not enough chefs and no coherent menu. USTR is understaffed and overworked, many trade experts say." <sup>(13)</sup>

### **The Current Office of the USTR**

In 1989, **Carla Hills** succeeded Yeutter and began serving as George Bush's U.S. Trade Representative. Today, there are 164 permanent employees at USTR, plus 88 additional personnel, including contractors, detailees from other federal agencies, etc. Besides Hills, there are three Deputy USTR positions, two in Washington, one in Geneva. These top positions, plus the positions of Assistant USTR for Congressional Affairs, Assistant USTR for Public Affairs, General Counsel, and Chief Textile Negotiator, are political positions appointed by the Administration. The other 11 Assistant USTR positions are "career," filled by trade policy professionals. The salaries of these top trade positions range from \$107,300 for Ambassador **Hills**, and \$89,000 for each of the three Deputies, to roughly \$71,000 to \$85,000 for the Assistant USTR and other senior USTR positions.

U.S. Trade Representative Carla Hills has as her principal task and priority the successful completion and Congressional passage of the Uruguay Round GATT negotiations.

### **What Is USTR's Raison D'etre?**

In recent **years**, some observers have argued that USTR places too much emphasis on multilateral issues and not enough on achieving real bilateral concessions.

Many trade policy debates center around the subject of whether the United States really has a coherent trade policy. And whether the Office of the USTR is **sufficiently** aggressive in articulating and representing U.S. trade interests abroad. For two decades, to

ameliorate domestic interest groups stung by the rising tide of low-priced imported goods, USTR and U.S. trade officials generally have sought ways to shift attention toward "export politics," instead of "import politics." It is easier for an Administration to talk about the unfair trade practices of *other* countries, than to deal with the specifics of regulating imports here. (14)

In 1990, with European economic interests consolidating and German and Japanese economies flourishing, some people wonder if it is still the responsibility of the United States to lead the rest of the world toward the ideal of truly free trade by maintaining the most open market in the **world—even** if such an example is devastating to certain economic sectors of the United States.

As the U.S. has become the **world's** largest debtor nation, others question whether it is enough for America's preeminent trade agency to coordinate U.S. policies and positions vis-a-vis the establishment of and improvement upon worldwide trading rules and tariff levels.

Should the central trade policy mechanism in a government have as its principal focus, *mediating* the nation's own domestic interests with foreign trading interests? Or should that central trade policy mechanism have as its principal focus, *advocating* the nation's trading interests overseas?

The Center asked former Ways and Means Committee Chairman Wilbur Mills his impressions of the Office of the U.S. Trade Representative today since it was Mills' idea and legislative initiatives which actually created the agency back in 1962. Is this one of his proudest legislative accomplishments? "No. It (USTR) has been a great disappointment to me," Mills replied.

According to Mills, USTR "just hasn't worked out like I thought it would. We've been a big brother to all [the other nations in the world] except ourselves."

Mills wanted a USTR because he felt the State Department and other federal agencies were not representing and advocating U.S. commercial interests as forcefully and effectively as they should. Today, Wilbur Mills does not believe USTR has done any better at coordinating and negotiating U.S. trade policies than the State Department did before 1962.

The other legislative architect of the present-day USTR, former Senator Russell B. Long, echoed Mills' disappointment about USTR:

"I think that we really ought to junk what we have now, and look and see what the Japanese and the others have and come up with something that puts [us] on a basis to compete, on the same basis as they do."

If the two men most responsible for creating USTR in the Congress are disappointed with how it has evolved the past 28 years, then how does that speak to the future role and relevance of the agency? Clearly, there is some legitimate dissatisfaction with USTR today.

As America moves into the Nineties, how forcefully should the nation advocate its trade interests overseas? How is the balance between the interests of domestic producers and

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domestic consumers properly maintained? How should U.S. trade policy be developed, coordinated and implemented? Is USTR the best central mechanism, operating out of the Executive Office of the President? Should there be a Department of Trade? Or should USTR be emboldened, and the Commerce Department simultaneously eliminated? If the country has no **coherent**, focused trade policy, then how can anyone expect an agency to articulate coherent, focused trade policy? Or is the absence of coherent, focused policy a *result* of a weak, reticent agency? Is the U.S. view of what its trade policy ought to be distorted by an outdated Fifties view of America's preeminent position in the world?

In Washington trade circles the past decade or so, these have been some of the key issues under discussion. But to end this brief description of the background and history and current issues facing the Office of the USTR here, would be similar to walking into a room and ignoring the large elephant sitting in the corner.

There is another issue nagging at the Washington trade community today, more irksome and more personal than the theoretical policy approaches and polite disagreements above.

### **The "Revolving Door" to Foreign Lobbying**

It is the perception that numerous former top U.S. trade officials in Washington take their experience, access, influence and possibly even sensitive information, and go to work for foreign companies and foreign governments. This revolving door to foreign lobbying by former senior U.S. officials is something which would be unheard of in foreign capitals such as Bonn, London, Tokyo or Ottawa.

There was some news media discussion of this issue in the early Eighties, by *U.S. News and World Report*, *The New York Times Magazine* and *The New Republic* (15). The latter article by David **Osborne**, subtitled "How our best trade experts become their best lobbyists," was the first detailed account of former USTR officials being employed by foreign interests: "USTR has seen a dozen of its graduates go on to lobby for Japan over the last decade. Is it any wonder that the Japanese have been so successful in preserving their share of the American market while discouraging American imports?"

Of course, the revolving door issue over the post-employment practices of government officials has been a pervasive problem in Washington for many years. That traditional problem, and the issue of former U.S. officials working for overseas interests, seemed to converge in the case of presidential aide Michael Deaver. In fact, the last half of the Eighties saw numerous instances of senior U.S. officials leaving government and going to work for various foreign interests. What follows is a chronological summary of the phenomenon over the past five years.

### **Michael Deaver**

To most Americans, the issue of foreign lobbying by former U.S. officials really began to crystallize in the Michael Deaver controversy, first reported by the *Washington Post* on October 27, 1985 (16). The former White House aide and longtime personal friend to the Reagans had become the most conspicuous lobbyist for foreign interests. By the end of January 1986, less than nine months after he had left the White House, Deaver and Associates had obtained \$3 million in retainer commitments from domestic and foreign

clients, including South Korean, Saudia Arabian, and Mexican interests.

For example, one of the first things consultant Deaver did was set up a personal meeting in the **Oval** Office between President Ronald Reagan and the South Korean trade representative. Normally, Presidents only meet with other "heads of state." Deaver initially approached then-Chief of Staff, Donald Regan, who rebuffed the request. Deaver then called the deputy chief of the National Security Council, Admiral John **Poindexter**, at home, late at night. Poindexter agreed to help Deaver, and Poindexter in fact persuaded his superior, NSC Advisor Robert McFarlane, to assist in the Deaver request. (A more detailed account appears later in this REPORT.)

In that instance, access to three of the highest White House officials was purchased by the government of South Korea, with Michael Deaver playing the role of fixer. After the South Korean trade representative met with the President of the United States, Deaver and Associates signed a contract with the South Korean government for \$475,000 a year.

On February 16, 1986, Stuart Auerbach reported on Page 1 of the Washington Post (17) that there were several well-connected lobbyists representing foreign interests in Washington, in addition to Deaver.

On March 3, 1986, *Time* magazine featured Michael Deaver on its cover, seated in a plush limousine, on the telephone, with the caption, "Who's This Man Calling?" In this same issue, reporter Evan Thomas wrote about influence-peddling by the lobbying firm of Black, **Manafort**, Stone and Kelly, which was representing foreign governments for hefty sums.

In April 1986, Haynes Johnson of the *Washington Post* wrote about the rising number of former U.S. officials unabashedly selling their access to the Reagan **Administration**, and the broader implications for government service:

More people appear to be drawn to government not as a career, but as a **means** to cash in on their public service as quickly and profitably as possible. . . . One observer described this as the desire "to do two years and then come out and make a big hit. They all think they're going to be able to be bigger earners, bigger hitters, than they were before they went in."

(18)

In May 1986, Congressman John Dingell (**D-MI**) held hearings after a General Accounting Office report criticized Deaver's activities. During these hearings before the House Energy and Commerce Subcommittee on Oversight and Investigations, Deaver testified under oath about his lobbying activities.

Later that month, the U.S. Court of Appeals in Washington, D.C., appointed Independent Counsel Whitney North Seymour, Jr. to investigate whether Deaver had violated any Federal laws, including the 1978 Ethics in Government Act.

### **The Deaver Trial**

In December 1987, Deaver was convicted by a Federal jury of three counts of perjury during his testimony before the Dingell subcommittee.

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of Time.*

Reaction to the Deaver affair was mixed. Many Americans were repulsed much the same way Independent Counsel Seymour **was**, which was reflected in his public statement the day after the verdict. Seymour complained about the vexing problem which the entire Deaver case had epitomized:

. . . **too** much "loose" money and too little concern in Washington about ethics in government. Vast sums of money are on call to representatives of major corporations, defense contractors, and foreign governments to buy influence and favors. Much of that money is paid to "consultants" whose stock in trade is their friendship with persons in high office. Washington money men will continue to undermine public confidence in government until lawmakers, business and community leaders, and individual citizens decide to cry "enough." (19)

As Seymour later concluded in his Report to Congress in 1989, "If **some...measures** are not taken soon, business interests and foreign governments will increasingly manipulate the policies of the Executive branch of our national government, and special interest will replace public interest as government's primary goal." (20)

To much of **inside-the-Beltway** Washington, however, Seymour and his views seemed naive and tiresome. The cynicism was poignantly expressed in the lead *Washington Post* editorial, December 19, 1987:

What Michael Deaver **did—not** the lying, but the **influence-peddling—is** done every day in this town. At a certain level you could argue that our system of government both presumes and even depends a little on this constant plucking at its sleeve. . . . **Mr.** Deaver's sins, if sins they were, were less in kind than in degree. He went too far, but the lines in this swamp are blurry. Even as you look, they move. The preachily titled Ethics in Government Act, whose strictures on lobbying are what got him into **trouble** . . . is feel-good legislation. It tries to bottle air. (21)

To many in Washington, the worst thing Michael Deaver had done was commit the crass indiscretion of posing for the cover of *Time*.

### **Walter Lenahan**

A public brouhaha developed in Washington in the late spring and summer of 1986 over the activities of Walter Lenahan, a Commerce Department textile negotiator. On Friday, February 7, 1986, Lenahan had been involved in sensitive textile talks on behalf of the United States. On Monday, February 10, 1986, Lenahan began working for the lobbying firm representing Hong Kong's interests in the negotiations. The textile industry and several members of Congress, led by Senate Judiciary Committee Chairman Strom Thurmond, bitterly protested the "propriety" of **Lenahan's** conduct. The Commerce Department, the Justice Department and the General Accounting Office all investigated the matter. Lenahan was never prosecuted.

### **Robert Watkins**

In late 1987, Robert Watkins, Deputy Assistant Secretary of Commerce for Automotive Affairs and Consumer Goods, sought employment with Japanese auto manufacturers,

while overseeing U.S.-Japan automotive trade negotiations. Watkins sent several letters to various Japanese companies, warning that "protectionist and xenophobic political action" could hamper U.S. sales and operations of Japanese automakers. He proposed forming a trade association to represent their interests. There was outrage by some members of Congress, critical news coverage, and Watkins was forced to resign his government position.

### USTR Lawyers

In October 1986, reporter Jill Abramson wrote in *Legal Times* about several former USTR attorneys sitting in the proverbial catbird **seat**—they were in demand and could charge a hefty fee for their **services**.<sup>(22)</sup> The article included a table of lawyers and non-lawyers from USTR who were registered as Foreign Agents with the Justice Department. The 4,450-word article was the first attempt to systematically detail, by name and client, how several former USTR officials had become quite marketable to foreign companies and foreign governments.

### Toshiba

In June 1987, it was disclosed that the Japanese company Toshiba had sold advanced submarine technology to the Soviet Union. The sale reportedly cost the U.S. taxpayer billions of dollars to nullify the strategic damage. Congressional rage has seldom been stronger or more demonstrative. In one instance, in front of the Capitol, members of Congress smashed Toshiba radios with hammers. Even the *Washington Post*, normally sanguine about the state of U.S.-Japan trade relations, let fly with "They Deserved This One" on its editorial page. The Senate voted 92-5 to bar Toshiba sales in the U.S. for three years. A similarly tough Toshiba reaction bill passed the House of Representatives by a vote of 415-1.

Toshiba fought back with an exhaustive, perfectly-executed lobbying effort that utilized former U.S. officials from both political parties and the Executive and Legislative branches of government, estimated to have cost millions of dollars. Some of the Toshiba enlistees included former counsel to Richard Nixon, Leonard Garment; former Deputy USTR William Walker; former Congressmen Jim Jones, Michael Barnes, and Thomas Evans. Former Chairman of the Securities and Exchange Commission, Roderick Hills, lobbied for C. Itoh, the exporter of the Toshiba equipment to the Soviet Union. As Commerce Under Secretary Paul Freedenberg told *Regardie's* magazine, "The Toshiba affair was the biggest jobs bills I'd ever seen." <sup>(23)</sup> A year later, the House and Senate reached a compromise measure, scaling back the ban on government purchases of Toshiba products from the Toshiba subsidiary, Toshiba Machine. Toshiba thus lost a only few hundred million dollars, instead of several billion dollars.

### The Bryant Legislation

In 1986 and again in 1987, Congressman John Bryant of Texas, introduced legislation requiring foreign investors to register and disclose their holdings in the U.S. Many countries, including Japan, impose stricter reporting requirements for foreign investors. Bryant managed to get narrow passage by the House of Representatives. The bill died resoundingly in the Senate by a vote of 83-11. Several Reagan Administration officials, including then-Treasury Secretary James Baker, personally lobbied individual senators, arguing that the Bryant bill would make it more cumbersome and expensive for foreign

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capitalists to invest in the United States, and that the overall effect would be to discourage foreign investment in this country. Former Cabinet Secretary Elliot Richardson, former Carter White House aide Stu Eisenstadt and other former U.S. officials were also enlisted and retained in the elaborate lobbying campaign.

### A New Dimension to the Discussion

At the time of the Toshiba affair and foreign investment disclosure wrangles in Washington, there was little reporting or analysis of the extraordinary lobbying campaigns being waged to tone down or defeat those two pieces of legislation. (There were later, long-after-the-fact, magazine articles and references in books.) (24).

On June 19, 1988, in the Sunday Outlook section of the *Washington Post*, economist and author Pat Choate wrote that in 1987, 152 Japanese companies and government agencies had hired 113 Washington lobbying, public relations and law firms to represent their interests. Japan alone had spent over \$100 million in a single year. According to Choate, "Since 1980, more than 100 former federal office-holders have joined the ranks of many others who once held important U.S. positions and now advise or speak for foreign companies and their governments." (25) The article placed Japan clearly ahead of Britain, Canada and all other nations as the foremost foreign lobbying presence in Washington.

On October 16, 1988, the CBS News program "60 MINUTES," reported that roughly 10 unpaid but prominent advisors to presidential candidate George Bush and four to Michael Dukakis were or had recently been paid, registered foreign agents with the U.S. Department of Justice. The segment featured interviews with, among others, Choate and Elliot Richardson. Congresswoman Marcy Kaptur (D-OH) described those former U.S. officials lobbying for foreign interests as "economic traitors" and said "I guess I'm just one of those people that has an old-fashioned belief that the government of the United States is not for sale, that it belongs to the American people." Choate discussed the post-employment practices of USTR officials. Former Nixon speechwriter and author Kevin Phillips called the phenomenon of former officials lobbying for foreign interests "absolutely unique. And I think it's part and parcel of the kind of political-economic culture that's making money out of America's decline, and its furthering that decline." Richardson—registered with the Justice Department as a foreign agent—strongly disagreed that the revolving door to foreign lobbying is detrimental to the national interest. Such a notion, said Richardson, is "just plain wrong."

In 1989, *Business Week* devoted a cover story to the substantial lobbying swath cut by Japanese interests in Washington (26). James Fallows, a close observer of U.S.-Japan relations generally, and author of *More Like Us: Making America Great Again*, wrote several articles about the U.S.-Japan trade imbalance, and in August 1989, addressed the issue of American former officials working as lobbyists for Japan (27).

### David Olive

On January 1, 1990, an economic and commercial officer at the State Department's Japan desk, David Olive, quit his government job. Within days he was working for Fujitsu Ltd., a Japanese electronics conglomerate, as Deputy General Manager of the company's new Washington office.

While at State, Olive reportedly helped develop the negotiating strategy with Japan on high-technology issues ranging from semiconductors and space stations to superconductors and high-definition television.

Amid a small furor in the American electronics industry and on Capitol Hill, Sen. Jesse Helms (R-N.C.) sent a letter of protest to Secretary of State James Baker. The State Department stood by Olive's departure, defending the man and the action. John Malott, head of the State Department's Office of Japanese Affairs, described Olive as "**very** decent and honorable," and said "any intimation that he would sell out his country and provide information to Fujitsu is wrong. . . . I do not see any damage or threat to our negotiating position because David is aware of his responsibilities." R. Michael Gadbow, a former USTR official and Washington trade lawyer who represents the U.S. semiconductor industry, told the *Washington Post*, "We are reluctant to give the U.S. government basic data because it will go right to the Japanese. It's a problem." (28)

Olive talked to the *New York Times* about his **new** job with Fujitsu. "It's the company's embassy in Washington. I'll be reporting on what's going on to those executives who want to know more about Washington and its **processes**." (29)

### Pat Choate

In August, 1990, economist and author Pat Choate was reportedly pressured out of his position at TRW, Inc., a Cleveland-based multinational corporation with substantial Japanese commercial ties. Choate had been a Vice President for Policy Analysis in the Washington office. According to the *Washington Post*, **TRW's** Japanese customers had expressed their concern and **unhappiness** with Choate's outspoken comments about the extent of Japanese lobbying efforts in Washington. (30)

TRW strongly denied that Choate had been fired, or that his departure was in any way related to his book about Japanese lobbying in Washington.

Matsudo Kuroda, former vice minister of the Japanese Ministry of International Trade and Industry (**MITI**) in Tokyo, and now an official with Mitsubishi Corp., confirmed to the *Washington Post* that he had expressed concern over Choate's public comments. Kuroda acknowledged he had spoken in 1989 with Joseph P. Gorman, the new chairman of TRW, about Choate, but said, "I never asked him [Gorman] to fire Choate." (31)

The Choate departure from TRW was also covered in August 1990, in *Time* and *Newsweek*.

The controversy over Choate's departure presaged the October publication of his book, entitled *Agents of Influence*. Indeed, some observers saw Choate's abrupt departure from TRW as a metaphor for his book and its thesis that Japan buys inordinate influence in Washington.

The book and the foreshadowing article written by Choate in the September 1990 issue of *Harvard Business Review*, detailed with names and numbers, dollar amounts and anecdotes, the extent of Japan's lobbying efforts. In the **HBR** article Choate wrote, "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. **Japan's** campaign for the

United States is designed to serve one very important purpose: to influence the outcome of political decisions in Washington, D.C."

(32)

*Agents of Influence* contained various anecdotal references to specific former USTR officials and their post-employment activities on behalf of Japan. "Appendix A" of the book is a list of 200 former U.S. officials who have worked in recent years for Japanese and other foreign interests.

# F I N D I N G S

A biographical survey of 53 former USTR officials and 21 current officials revealed a number of interesting statistics. Close to **half—43 percent—grew** up in the Northeast part of the country, followed by 23 percent from the Midwest, 13 percent from the Mid-Atlantic region and another 13 percent from the South. Just 8 percent came from either the North- or Southwest.

USTR officials are a well-educated group with many holding more than one degree. 42 percent of current and former USTR officials have degrees in history, government, political science or public administration; 23 percent have degrees in economics; 9 percent in international relations; 9 percent in other liberal or fine arts majors; 6 percent in journalism; and 4 percent in agriculture or agricultural economics. Six percent hold other miscellaneous degrees.

Most former and current senior USTR officials hold advanced **degrees—78** percent of the current and former USTR officials hold graduate or law degrees and another 8 percent have Ph.D.'s.

Eighteen percent of the master's degrees are in international relations; another 10 percent are in political science or public and government affairs. Fourteen percent hold master's degrees in economics, 7 percent hold MBAs and one each hold degrees in agricultural economics, education, journalism and the foreign service. 42% hold law degrees. Five of the current and former officials hold Ph.D's in economics; four in international relations and two in political science.

The schools attended were many and varied, with between three and five officials each attending Washington & Lee, Princeton, Stanford, Harvard and George Washington University for undergraduate degrees. For master's degrees the more popular schools were Johns Hopkins School for Advanced International Studies, **Tufts'** Fletcher School, George Washington University and Georgetown. Law schools included the University of Michigan, Harvard, Georgetown and George Washington University.

More than **half—53%—had** careers exclusively with the government or in politics before joining USTR. Typically, these careers were with the State Department or its Foreign Service, on Capitol Hill, or at the Department of Agriculture and its Foreign Service. For example, of the eight current and former general counsels, four had experience on the Senate Finance Committee before joining USTR. Only 8% had careers exclusively in the private sector before joining USTR, while 36% held jobs in both the public and private sectors. Private sector careers often included law firms, businesses, or **academia**.

The average age at which senior officials entered USTR is 40. Men and women who have served as U.S. Trade Representative entered the post at an average age of 53; the average age of beginning Assistant USTRs is 38.

The length of time served in the senior jobs at USTR decreased by a third from the Seventies to the Eighties. For the 26 highest officials who began their USTR service in the Seventies and left, the average tenure was 4.85 years. For the 24 highest officials who began their USTR service in the Eighties and **left**, the average tenure was 3.27 years.

*Most former and current senior USTR officials hold advanced degrees.*



*Nearly half—47 percent—of former senior USTR officials since 1974 have personally registered or their firms have registered as foreign agents with the Justice Department.*

However, it should be noted that precise beginning and terminating dates for USTR officials were not available; the above numbers are based on approximate numbers.

In addition, several USTR career professionals who began there in the late Seventies and early Eighties, remain at the agency today. Thus, the highest USTR officials today, from **Carla Hills** down through the Assistant USTR ranks, average 7.9 years in USTR experience.

Among the 53 former officials, post-USTR employment varied as well, with 58 percent of former trade officials leaving government to join the private sector. Another 19 percent stayed in government after leaving USTR, and 23 percent did both.

■ ■ ■

### REGISTERED FOREIGN AGENTS

Nearly **half—47 percent**—of former senior USTR officials since 1974 have personally registered or their firms have registered as foreign agents with the Justice Department. Twenty of these 25 officials have personally registered. Five are working with firms which have considerable foreign clientele or are known to be representing foreign interests, even though they personally **aren't** registered. Some of these officials have worked for a single foreign client, some have many clients.

Of these former trade officials or their firms who have registered over the years, fully 87 percent were political appointees at USTR. A breakdown of these appointees found that all seven former General Counsels, six Deputy **USTRs**, three **USTRs**, two textile negotiators, two Assistant **USTRs** for congressional or public affairs and one special negotiator for Canada, have worked for overseas interests.

Lawyers have been much more likely to represent foreign clients after leaving **USTR**—66 percent of USTR officials who are also lawyers have gone on to represent foreign clients, compared to just 34% of those not holding law degrees.

■ ■ ■

### LIMITED INFORMATION FROM JUSTICE

These figures, based on the Justice Department FARA records, are conservative. In 1974, 1980 and in October 1990, the General Accounting Office (GAO) has documented reporting problems with FARA records. The GAO and the Department of Justice both acknowledge that there are numerous foreign "agents" who simply do not register. More than half the time, registration statements are filed **late**, and half of those statements have "inadequate **disclosure**," according to the GAO.

The GAO blames vagueness and ambiguity in FARA filing requirements, and the lack of enforcement and high-level administrative commitment by the Justice Department for the problem. The law requires that individuals or organizations working for foreign agents file whenever they do political or public relations lobbying, or whenever foreign money is collected or disbursed by the agent. However, numerous loopholes and **ambigu-**

ities exist. For example, lawyers who represent foreign interests are **exempt**, but not if their activities are aimed at influencing public policy. Ascertaining what is "political activity" and "public relations activity" in Washington is by definition, a subjective, murky task.

Nonetheless, these records are all that the public has to rely on to monitor foreign lobbying in Washington. The Independent Counsel in the Michael Deaver case, Whitney North Seymour, has said that "the Deaver disclosures and the subsequent congressional hearing and the grand jury investigation would probably never have occurred if it had not been for" the FARA requirement and the "enterprising work of journalists" in reviewing those FARA filings.

A large number of former **USTR** officials did not speak favorably of the Justice Department Foreign Agent Registration Act, and the Center did uncover instances in which former senior USTR officials have been working for foreign clients and not registering.

For example, former Deputy Special Trade Representative Harald Malmgren has been retained by the Japanese government agency JETRO since the mid-Seventies. Although Malmgren never acknowledged his relationship in his filings at Justice, JETRO has consistently reported its payments to Malmgren. Since 1976 Malmgren has received \$702,250 from JETRO, primarily for "economic analysis." (See the Malmgren biography).

Former U.S. Trade Representative William Brock said registering with the Justice Department has become "pejorative." Brock is on a retainer from Toyota for what he describes as "labor-management relations" consulting. Brock and his firm have not registered with the Justice Department over the Toyota work, but are registered on behalf of other clients. (See the Brock biography.)

Former Ambassador Michael Smith, who left government in late 1988, suggested he would work to assist U.S. firms, but he and his firm have since begun representing foreign clients. When interviewed by the Center, Smith spoke **disparagingly** of FARA, and said it was not necessary for him to register. Less than a month later, he filed papers with the Justice Department. (See the Smith biography.)

### **Trade As A Cause**

From 1934 and the Reciprocal Trade Agreements Act to 1962, trade policy in Washington was handled principally by the State and Commerce Departments. During this period, federal trade officials all had a fairly common career pattern. They were trade policy professionals and for many of them, liberalizing trade around the globe was not just a life career, it was a cause.

One of those professionals was William B. Kelly, Jr., who taught international trade at Tufts University in the Fifties, worked briefly in the State and Commerce Departments in the early Sixties and was a senior policy adviser in Geneva during the Kennedy Round negotiations. From 1967 until 1980, he was a senior STR official. In 1980, Kelly left the U.S. government to become the Deputy Director-General to the **GATT** in Geneva. Upon his departure, he received a plaque from his colleagues, the text of which reads: "United States Trade Representative William B. Kelly, Jr. Award For Professional Excellence." Every year since 1980, a USTR official has been selected to receive the Kelly Award for Excellence, which includes a monetary bonus.

*"The turnover you  
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In an interview Kelly told the Center, "We [were] dedicated to trying to. . . **bring** about more comparative advantage around the world, which means [we **were**] going to have more production and therefore you can raise living standards. It's **like** somebody trying to cure AIDS or cancer, whatever. I know this may sound a little funny and dramatic because if I were to say this to some of the people at **USTR** today, they'd smile and say '**Kelly**, he's some kind of **over-the-hill** [guy].' That's not the motivation today..."

"Somewhere along the line, people coming into the USTR did not look at this job as a career. They looked at this job as a step up in their careers. They put out calling cards. I never had a calling card." According to Kelly, today there seems to be less dedication, and people seem to be less committed to a life of public service. "**The** turnover you now have in the USTR, we never had when I was working at USTR."

### **Increased Demand for Former Trade Officials**

There is a general consensus among trade experts and former USTR officials that the trade field began to change in the late Seventies. America's trade position was worsening, and foreign nations were becoming increasingly aggressive about penetrating the huge, relatively open U.S. market. Millions of dollars began flowing into Washington from abroad, for public relations, lobbying, information monitoring, economic and political analysis, legal representation, and the like.

The potential "market" demand for the services of trade specialists became very clear in the cases of two former STR officials who were retained at hefty sums by Japanese interests. Indeed, the first lengthy public discussion about USTR officials working for Japanese interests occurred in Japan. In 1980, Yoshi Komori and Toshio Obi wrote *Japan Lobby*, detailing among other things the activities of former Special Trade Representative William Eberle and former Deputy STR Harald **Malmgren**. Eberle and his company, Manchester Associates, landed a \$12,000 monthly retainer from Nissan. Malmgren and Malmgren, Inc., received \$300,000 from five Japanese electronics companies. Komori and Obi, citing the Malmgren contracts, criticized Japanese lobbying in Washington as "next to idiotic," not only because **Malmgren's** fees were 'out of order' with standard lobbying fees in Washington, but also because his lobbying did "not seem to have had any noteworthy effects for Japan."

In 1978, Malmgren also registered at Justice for representing the Japan Whaling Association. His contract was for \$100,000 a year.

Malmgren told the Center, "Basically their problem was a peculiar one. The Japanese whaling people are quite scientific, it's the most scientific fishing activity in the **world**. . . **But** they have a habit and tradition of killing **whales**. . . **The** problem was how to explain themselves. And that one I took on, well, I thought, that's an awful subject. I took it on for a number of months, trying to articulate for them in the United States what the case was, from the Japanese point of view, on the substance. But I decided that was an unhappy and thankless task, so I terminated that [contract] myself."

Meanwhile, William Eberle formed Manchester Associates, Ltd., in 1979, and one of the firm's first major clients, and steadiest over the years has been the Nissan Motor Company, Ltd. Manchester Associates was paid \$12,000 a month, plus expenses, by **Nissan**, for "consulting and advisory services, including information reporting, research, analysis and advice, and representational **services**."(33)

In addition, Eberle proposed to Nissan that Manchester Associates "present the views of Nissan to U.S. government officials. Manchester Associates will also arrange, upon the request of Nissan, meetings and conferences between representatives of Nissan and government and corporate officials in order to promote better understanding on matters of mutual interest."

### **U.S. Commercial Interests**

A substantial percentage of U.S. trade officials has always had some post-employment interaction with the private sector, working in some capacity with U.S.-based corporations, and the biographies later in this REPORT reflect that. Today, former Assistant U.S. Trade Representative Richard **Heimlich** is a Vice President for Motorola. Former Deputy Special Trade Representative William Pearce returned to Cargill, Inc. in Minneapolis, where he had worked before joining USTR. Former Special Trade Representative Frederick Dent returned to his company, **Mayfair** Mills, in South Carolina. Former Assistant Trade Representatives Harvey Bale, Paul **O'Day** and William **Krist** today work for the Pharmaceutical Manufacturers Association, American Fiber Manufacturers Association, and the American Electronics Association, respectively.

It should be noted that some trade officials left the trade field **altogether**—although this is the exception. Today, former Chief Textile Negotiator H. Reiter Webb works for Hyatt Legal Services in Falls Church, Va. Former Deputy STR Kenneth Guenther, after serving under three Federal Reserve Board Chairmen, is Executive Vice President of the Independent Bankers Association.

### **Steven Saunders**

Nonetheless, the number of former USTR officials working for overseas interests has perceptibly increased. And it hasn't been just the highest, most experienced officials from USTR. Consider the case of Steven Saunders.

After less than 18 months as an Assistant U.S. Trade Representative for Congressional and Public Affairs, Saunders left USTR in early 1982, at the age of 35. Nine months later, he was on retainer to the Japanese Embassy. According to Justice Department records, in 1989 his small consulting firm, Saunders and Company, represented five foreign clients—four of them Japanese, including the **Embassy**—and received \$240,000 in fees and expenses.

### **Doral Cooper and Lisa Barry**

In 1985 and early 1986, USTR officials Doral Cooper and Lisa Barry left government and joined Deaver and Associates, the consulting **firm** of Michael Deaver which landed several large contracts representing foreign companies and governments. (See "Doral Cooper, Lisa Barry and South Korea," later in this section.)

### **William Walker**

One of the more publicized foreign agents been former Deputy STR William Walker who, with the law firm of Mudge Rose **Guthrie** Alexander and Ferdon, has worked for Toshiba and the Japanese electronics industry, among others, in recent years. (See the Walker biography.)

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## William Brock

Some observers in Washington were surprised when former USTR William Brock, with his new firm, The Brock Group, began working for foreign clients. Brock and his firm are on retainer to Toyota, and he is registered as a foreign agent at the Justice Department working on behalf of Taiwan. The firm has also represented Airbus Industries of North America.

According to Brock, "We live in a global **economy**. . . . We're part of the world out there. We're **interdependent**. . . . I am a little tired of this holier-than-thou attitude that exists. I have never seen a revolving door like that which exists in Japan as they move from labor to business to government, back to labor, back to business. They all view it as Japan, Inc. Well, I don't think that's immoral or unethical or illegal."

But the revolving door in Japan described by Brock does not extend to non-Japanese interests. In Washington, the well-respected former Ambassador, Secretary of Labor and Senator becoming a foreign agent epitomized what has been occurring throughout the past decade. In the United States, the phenomenon of former trade officials working for overseas interests is not aberrational, but pervasive. Although it occurs at the higher, political appointee levels, it has extended into the career professional ranks as well. A large number of former USTR officials who have gone to work for foreign interests are attorneys; but there are many non-attorneys as well. The phenomenon is widespread and "bipartisan."

## Michael B. Smith

In some ways, the most telling example may be Michael Smith, probably America's toughest, most respected trade negotiator of the past 15 years. Ambassador Smith left USTR in late 1988, concluding 30 years of government service, and serving three presidential administrations in the Office of the U.S. Trade Representative.

In December 1988, Secretary of State George **Schultz** presented Michael Smith with the Wilbur J. Carr Award. The inscription reads: "Your stature in the international trade policy arena, your mastery of the issues and your strength as a negotiator have made you the most effective trade official of this decade in the United States Government."

Upon leaving USTR, Smith said publicly that he intended to work for American firms attempting to do business abroad. He became president of a new consulting firm, SJS Advanced Strategies, an adjunct to the large Washington law firm of Steptoe and Johnson.

American firms have not beaten a path to his **door—or** any former USTR **officials'** door. A few domestic interests did retain Smith and his firm—Honeywell, Motorola, the American Textile Manufacturer's **Institute**, for example. But according to the Justice Department, Michael Smith is now also a foreign agent. He and his firm have worked for the Canadian Sugar Institute, Nippon Steel Corporation, the Japan Iron & Steel Exporter's Association, Caribbean **ISPAT Ltd.**, and the Embassy of Canada.

Smith told the Center that he provides a "monitoring service" to the foreign companies. "I don't do any lobbying for foreign firms. I do not represent foreign firms before the U.S. Government." He acknowledged he has discovered that "it's very difficult to get **Ameri-**

can companies as paying clients. . . . Foreign companies are more interested in trade than U.S. companies. That is the real world."

"I'm still struggling manfully to represent U.S. companies," Smith added.

### **Not All Lobbying Roads Are Paved in Gold**

What has sometimes been lost in reportage about lobbying in Washington is the competitive and entrepreneurial elements. Some USTR officials who have left government and attempted to represent domestic or foreign clients have found it difficult. Most domestic corporations have field offices in Washington, with well-connected and firmly-ensconced lobbyists already in place. Hiring an additional person to handle international trade matters occurs, of course, but not frequently.

For various parts of the world, or various industries, there are often several firms all vying for the same business. And besides price, many times the critical, deciding factor in the competition between firms is that familiar Washington word, "access." Which firm can best get the client's interests heard at the highest levels? The firm with the most former high-level government officials or presidential campaign consultants, for example, is in the best position to land a client.

Once former USTR officials decide to go the foreign lobbying route, they are under enormous pressure to "deliver"—that is, to bring in business to the firm. One former high-ranking USTR official left government and joined a large, prominent lobbying firm in Washington. He was given a large office, a very healthy salary and an impressive title. He traveled around the world in search of business for a year, but had very little to show for his efforts. Recently, at the end of his first year, his involvement with the firm was drastically scaled back to "consultant."

Former Assistant U.S. Trade Representative Steve Lande, who has been a registered foreign agent for years and began his own firm in 1988, told the Center, "I like being in the government more, because in the government your 'in' box is always full, you don't have to ask anybody to fill your 'in' box, and you have a good job, and that's why you're in the government. Here, not only do you have to ask people to fill your 'in' box, you have to ask them to pay you. And then if you're working for the less popular clients, they don't like to pay."

Sometimes the best places to get clients are from prior USTR work experience and contacts, a phenomenon which is endemic to the entire Washington revolving door problem, regardless of industry or government agency.

### **Edward Gottfried**

Edward Gottfried worked in the U.S. government from 1954 to 1985, for the last ten years as Deputy Director of the Commerce Department's Office of Textiles and Apparel. In that position, he developed U.S. trade negotiating positions and participated in several international trade negotiations.

When Gottfried left government, he formed his own consulting firm, Trade Consulting Services, and advised other nations, including China, on international trade matters. His specialty continued to be textiles and apparel, and he briefly published a newsletter on

that subject.

Gottfried went back into government in 1989, joining USTR as a special textile adviser and negotiator. He headed delegations negotiating trade agreements with the Soviet Union, Pakistan, India and Egypt. He also defended U.S. trade positions before negotiating groups of the GATT.

The Pakistan agreement Gottfried negotiated was concluded in Islamabad in December 1989, and it became effective January 1, 1990. Talks to restructure the earlier bilateral agreement had been initiated months earlier by Prime Minister Bhutto during her state visit to the U.S. According to the United States Information Service news release issued December 13, 1989, the agreement "enables Pakistan to ship much higher volumes of textiles to the U.S. in many product categories." According to the Commerce Department, Pakistan exported \$377 million worth of textiles to the U.S. last year; official estimates for 1990 are \$450 million, an increase of about 20 percent.

In late December 1989 and early 1990, Gottfried began planning his departure from USTR. He submitted memoranda to the USTR General Counsel as to his intentions and his recusals.

Gottfried's last day at USTR was April 28, 1990. Upon his departure, he received a glowing letter from U.S. Trade Representative Carla Hills, who wrote: "You have done a superb job on many negotiations. Clearly, the most outstanding example of your efforts was the textile negotiations with Pakistan. Your hard work and creativity were essential in crafting a solution that was politically acceptable to both sides, thus strengthening our political and economic relationship with Pakistan."

Within two weeks, he was back in Pakistan.

According to the Pakistan-English language daily newspaper, *Dawn*, in a May 14, 1990 article entitled, "Textiles: Any Buyer for U.S. Lobbyists' Services?" Gottfried and another American had been in Islamabad and Karachi days earlier attempting to negotiate a contract to, among other things, represent Pakistan textile interests in Washington at a cost estimated by the newspaper to be \$1 million for two years. The full text of the article was sent immediately by the U.S. Embassy in Islamabad and to USTR officials in Geneva and Washington. (34)

The Pakistan government official quoted in the newspaper account about the lobbying proposal was Federal Commerce Secretary Saeed Ahmad Qureshi. "The Ministry of Commerce is looking into the offer but we cannot bear the cost. If the private sector can foot three-fourths of the bill, only then may we consider it."

Saeed Ahmad Qureshi is the same man with whom Gottfried had negotiated and signed a Memorandum of Understanding back in December 1989, five months earlier.

The Gottfried episode has hardly been reported in this country. The deal never went through—the publicity in Islamabad probably was not helpful in that regard.

Gottfried approached Pakistan as Vice President of International Public Strategies, a Washington consulting firm. According to the company brochure, International Public Strategies "can help clients develop strategies for negotiating bilateral restraint agree-

ments with the United States government and for consulting under the provisions of the **agreements**. . . [The firm] also can provide a comprehensive export promotion program for suppliers attempting to enter or expand markets. . . and will advise on U.S. trade Policy."

The Center spoke with Gottfried about the incident. He confirmed the basic facts and said, regarding his post-employment practices, "there wasn't a damn thing wrong" with returning to Pakistan with a proposal for **representation**. . . "I was very honest." He said he spent considerable time finding out what he could do and not do under the various ethics laws, and the USTR General Counsel's office subsequently told him that he had done nothing legally wrong.

The specifics of the Gottfried situation are not the germane **issue**—the name could be Jones or **Johnson**, the country could be Hong Kong or Honduras, the product negotiated could be rice or radios. But what Gottfried did has become acceptable practice today in trade policy public service. How and why is difficult to establish, but conversations with former USTR officials did provide a sense of the prevailing attitudes and mores in Washington these days.

In the course of doing research for this study, the Center found no instance of a USTR official or former official ever charged, prosecuted or convicted of violating federal ethics or conflict-of-interest laws, dating back to the agency's creation in 1962. For that matter, since the Watergate reform years of the mid-Seventies, no former senior public official in Washington has been successfully prosecuted for violating conflict-of-interest laws.

## USTR AND TOBACCO

The revolving door phenomenon and the appearance of conflict of interest at USTR is not just a problem with foreign interests. Consider tobacco: few U.S. trade negotiations in recent years have been more successful than those on behalf of U.S. tobacco interests.

Most recently, in October 1990, it was announced that an international trade panel set up by the **GATT** had determined that Thailand's ban on imported cigarettes is illegal. The ruling also took the unusual step of endorsing Thailand's ban on cigarette advertising.

Nonetheless, the decision was seen as a significant trade victory for the White House and USTR. The tobacco industry was also pleased, estimating that "the Thai market, once open, could produce \$150 million in sales for United States companies." (*New York Times*, 10/4/90, p. D1). (35)

USTR had been fighting intensively for over a year to open the Thai market. Ambassador **Carla Hills** had said, "We are not pushing cigarettes on other countries, but where they allow cigarette consumption, we say they ought not to ban ours." (*Business Week*, "Uncle Sam **Shouldn't** Be A Traveling Salesman For Tobacco," commentary by Paul Magnusson, 10/9/89). (36)

Hills was not alone in the Bush Administration in this policy. At a news conference in North Carolina, Vice President Dan Quayle said, "I **don't** think it's any news to North

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Carolina tobacco farmers that the American public as a whole is smoking less. We ought to think about the exports. We ought to think about opening up markets, breaking down the barriers. . . . We're not going to back away from what public health officials say and what reports say. But on the other hand, we're not going to deny a country an export from our country because of that **policy**." (*Asheville Citizen-Times*, 7/19/90). (37)

## **The Health Issue**

One person who has been critical of USTR's tobacco policies is former Surgeon General Everett Koop.

Koop says ("Smoking Gun," April 1989), "**There** is a higher good than the greed market. I think it is reprehensible for this wealthy nation to export disability, disease and death to the Third World." (38)

"**The** trade office used political pressure and the threat of trade sanctions to urge such countries as Japan, Taiwan and South Korea to sell and promote American tobacco products," Koop said. "The policy has been especially controversial because another branch of government, the Department of Health and Human Services, has been waging an aggressive anti-smoking campaign." (39)

On November 21, 1988, then-U.S. Trade Representative Clayton Yeutter wrote a letter to Koop: "First of all, I want you to know that I strongly support your aggressive efforts to sensitize the American people to the health dangers of this troublesome **habit**. . . I have never **smoked**, have no desire to do so, and believe this addiction to be a terrible human tragedy. However, what we are about in our trade relationships is something entirely different."

When Surgeon General **Antonia** Novello was asked about the U.S. trade policies on tobacco, she said, "For me to talk about it would be almost disrespectful of my party." According to the *New York Times* (10/4/90), the Department of Health and Human Services had also been asked to be quiet about whether the United States should be selling tobacco abroad. (40)

USTR advocacy of U.S. tobacco exports has been longstanding and bipartisan.

## **Askew**

As domestic tobacco sales were declining in the late Seventies, the tobacco manufacturers became more interested in penetrating markets overseas. And thus, the pressure on USTR began to increase throughout the Eighties.

Former U.S. Trade Representative Reubin Askew told the Center that back in 1980 the "tobacco people felt Japan was keeping [U.S.] tobacco out. We were pushing them to open up markets to all kinds of **products**, including **tobacco**. . . I did what I had to do."

In 1981, three of the major tobacco **companies**—Philip Morris, Inc., R.J. Reynolds Tobacco Company and Brown & Williamson Tobacco **Corp.**—**banded** together to form the U.S. Cigarette Export Association. The association was formed under provisions of the Webb-Pomerene Act of 1918, which permits U.S. companies to form associations to compete more effectively in foreign markets. The Act provides exemptions from prosecu-

tion under U.S. antitrust laws for associations created for the purpose of export trade when such associations do not interfere with domestic commerce.

### **Brock**

Askew's successor, William Brock, discussed USTR's efforts on behalf of American tobacco companies to open up Asian markets. "Philip Morris was so aggressive in Korea and Japan" in trying to penetrate those markets. "And the Japanese were so aggressive" in keeping it closed. "We [and the Japanese] had some vigorous **conversations**. . . . One company really led that fight. . . . They opened every avenue. . . . We got the breakthroughs, we got the tobacco monopoly [**in Japan**] **abolished**. . . . We had to break that."

According to his financial disclosure report for 1984 filed with the Office of Government Ethics, Brock's wife held between \$50,000 and \$100,000 in stock in Philip Morris Companies. The stock, like most of Brock's assets, was listed as part of a "qualified blind trust" **set up** in 1981.

When asked about the stock, Brock said that all of his assets and his wife's assets, had indeed been placed in a blind trust when he entered government service at USTR. Although his financial disclosure report bears his signature, Brock said he "had no knowledge" of the Philip Morris holdings.

### **Financial Boon**

Starting in the mid-Eighties, through February 1990, the USTR initiated 79 Section 301 unfair trade practices cases. Six of those involved the removal of import restrictions on tobacco products. Three were filed against Japan, one against South Korea, one against Thailand and one against Taiwan.

It is difficult to overstate the financial boon created by USTR's opening of the Asian markets to the U.S. tobacco manufacturers. According to the Congressional testimony of Massachusetts health official Greg Connolly [Senate Committee on Labor and Human Resources, Hearing on World Smoking and Health, 5/9/90], "In 1976, Philip Morris reported net sales of \$3 billion for tobacco products, of which \$2 billion were in the U.S. In 1988, total cigarette sales were \$16.5 billion, of which \$8.5 billion were overseas." (41)

Connolly is a critic of USTR tobacco policies. "The transnational tobacco companies have used the prospect of expanded U.S. cigarette exports as a way to have the United States Trade Representative force unwilling Asian nations to open their markets to foreign brands, thus lowering our trade deficit. In practice, Philip Morris and R.J. Reynolds manufacture 80 percent of their internationally-sold cigarettes overseas using tobacco leaf which is grown primarily in the Third World. Such a policy has marginal benefit for the tobacco farmer and the U.S. trade deficit."

### **Yeutter Stock in Tobacco**

During the Yeutter USTR period of 1985 to 1989, Japan, Taiwan and South Korea all opened up their markets to U.S. tobacco products, and the two U.S. companies lobbying the hardest for these changes were Philip Morris and RJR Nabisco.

During this period, Yeutter owned stock in two tobacco companies. According to his financial disclosure report, filled out his next to last day in office as the **USTR**, Yeutter reported stock in RJR Nabisco worth \$15,000-\$50,000, and stock in Philip Morris for a Trust Account in his daughter's name, Laura Yeutter, valued at **\$15,000-\$50,000**.

Upon his nomination to become Secretary of Agriculture in 1989, ethics officials and Yeutter agreed he should avoid the appearance of a conflict of interest and sell these stocks.

There is no public record of any concern expressed by Ethics officers or the USTB General Counsel over the possible appearance of a conflict of interest by Trade Representative Yeutter. In fact, it is likely USTR officials were unaware of Yeutter's newly-acquired holdings.

What apparently was not perceived as a potential conflict issue while Yeutter was at USTR, *became* an issue as Clayton Yeutter was about to become Secretary of Agriculture. On January 19, 1989, Yeutter wrote in a letter to Frank Nebeker, Director of the Office of Government Ethics:

Since . . . these firms, RJR Nabisco, Philip Morris and ConAgra, are widely diversified enterprises with substantial and varied agricultural interests and subsidiaries involved in production, **processing**, and distribution of agricultural and related products, I believe these ownership interests could give rise to an appearance of a conflict of interest. Therefore, I pledge that, upon my confirmation to serve as Secretary, I will divest myself of ownership interest in RJR Nabisco, and take steps as well to assure that the shares of stock in Philip Morris and ConAgra presently held by my dependent children are likewise sold." [Senate Committee on Agriculture, Nutrition and Forestry, "Nomination of Clayton Yeutter," February 2, 1989, p. 73]. (42)

Six days later, the Chairman of the Senate Agriculture **Committee**, received a letter from the Director of the U.S. Office of Government Ethics. Frank Q. Nebeker informed Senator Leahy that: "Mr. Yeutter and the ethics officials of the Department have advised us that he will divest interests in RJR Nabisco, Philip **Morris**, and ConAgra . . . Subject to these commitments, it appears that Mr. Yeutter will be in compliance with applicable laws and regulations governing conflicts of interest." [Senate Committee on Agriculture, Nutrition and Forestry, "Nomination of Clayton Yeutter," February 2, 1989, p. 71 ]. (43)

The actions and policies of USTR under Clayton Yeutter had helped Philip Morris and RJR Nabisco reap an enormous bonanza which brought those companies several hundred million dollars of added revenue **in** just a few years.

Indeed, given the extraordinary success USTR was achieving in Asia for the U.S. tobacco manufacturers, why were the securities ever acquired in the first place?

Although he declined to be interviewed, Secretary of Agriculture Yeutter explained the tobacco stocks in an October 31, 1990 letter to the Center:

"The investments in tobacco industry firms were totally irrelevant to what was happening at USTR, and there was no conflict of interest involved (or even an appearance of a potential conflict for anyone who understood the **investments**). Most of those investments were made by Northern Trust for my Chicago Mercantile Exchange deferred compensation program. All investment decisions were totally outside my direction. My own knowledge of those investments came from receiving periodic accounting reports.

The other investments were in the Laura Yeutter Trust, which was established by my parents for our children (their grandchildren, of course) many years ago. I have formally served as trustee of that account through the years, but I cannot benefit in any way from either the corpus or the earnings. All must eventually be distributed to our children."

Despite the explanation, the question still remains: if it was a conflict problem as Secretary of Agriculture, **why**—in light of the tobacco inroads made by USTR in Asia during the Yeutter **years**—weren't his tobacco stocks a conflict problem during his USTR tenure?

#### **Philip Morris Reception for Yeutter**

During the inaugural events for George Bush in January 1989, Philip Morris, Inc., spent thousands of dollars sponsoring a reception in Clayton Yeutter's honor. USTR spokesman Roger Bolton told the *Washington Post* that the reception was "**viewed** here as a thank you for his efforts on behalf of the tobacco industry at large while he was U.S. Trade Representative." ("Yeutter Fete Sponsored by Philip Morris, Acceptance Raises Ethical Questions," by Charles R. Babcock, *Washington Post*, February 2, 1989). (44)

George **Knox**, a spokesman for Philip Morris, told the *Post*, "Our company is the largest processor of agricultural products in the United States with Kraft, General Foods, Miller Brewing and the tobacco division. So we thought it would be nice and appropriate to celebrate the selection of an eminently qualified man," for the position of Secretary of Agriculture.

As *Common Cause Magazine* ("Smoking Gun," April 1989, p. 9) reported, "The corporate giant had good reason to celebrate. Shortly after the festivities it announced that its international tobacco revenue had risen **15.4 percent**"—to about \$8 billion—in 1988, (45)

During his confirmation hearing to become Secretary of **Agriculture**, Yeutter said that when the idea first came up for an inaugural week reception, "it did not ring any conflict-of-interest bells," because at that time he was planning to leave government.

However, "**when** that situation changed and the President asked me to become his nominee as Secretary of Agriculture, we probably should have re-considered that [reception] because of my expected continuation in government. Frankly, I just didn't think about it."

*In a letter to the Center, Clayton Yeutter said, "The investments in tobacco industry firms were totally irrelevant to what was happening at USTR, and there was no conflict of interest involved."*

## Other Former Officials

The issue of tobacco has involved several former government officials.

Former White House aide Michael Deaver and his firm, Deaver and Associates, were retained by Philip Morris for \$250,000 in 1985. Deaver had close ties with President Chun Doo Kwan and other high-ranking South Korean officials. Philip Morris sought out Deaver because of a competitive situation which had developed with R.J. Reynolds. RJR had hired former National Security Adviser Richard Allen to lobby South Korea, and Philip Morris feared its chances of selling cigarettes in that country were in jeopardy. Deaver traveled to Seoul in 1985, was treated like a visiting dignitary, met with the President, and linked the cigarette issue to other, broader, pending trade matters between the U.S. and South Korea.

Deaver and Associates included two former USTR officials, **Doral** Cooper and Lisa Barry. There is nothing in the public record about specific work by Cooper and Barry on behalf of the tobacco companies.

In 1986, Assistant U.S. Trade Representative Donald Nelson joined Philip Morris in Washington, and Nelson was active later in assisting Philip Morris open up Asia.

Former Assistant U.S. Trade Representative James Starkey today works for Universal Tobacco Leaf Co., in Richmond, Virginia.

Former Reagan campaign ~~aide~~—and close friend of Clayton ~~Yeutter~~—**James** Lake was retained by Japan Tobacco, a Japanese government-owned corporation. When Lake was with the law ~~firm~~ of Heron, Burchette, ~~Ruckert~~ and Rothwell, Japan Tobacco paid the firm \$120,000 a year to represent its interests in Washington.

Japan Tobacco also hired a Washington consulting firm, International Business-Government **Counselors, Inc (IBGC)**. Former USTR General Counsel Claud Gingrich was retained as a "special adviser" to help fight the Reagan Administration trade case. ("Foreigners Hiring Reagan's Ex-Aides, Clients Pay Millions for Efforts to Block Administration **Policies**," by Stuart **Auerbach**, *Washington Post*, 2/16/90). (46)

**K. Taksahashi** of Japan Tobacco's Washington office told the *Washington Post* that Gingrich, "is an **expert** . . . because he used to be general counsel for USTR." (47)

And the general counsel for IBGC, John **McDermid**, told the *Post* **that**, "Japan didn't say we had to hire Claud, but I'm not sure they would have hired the firm if he had not been brought in." (48)

Japan Tobacco was only one of James Lake's clients. Lake has acknowledged his good fortune representing Japanese clients occurred after his friend Clayton Yeutter became the U.S. Trade Representative.

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## DORAL COOPER, LISA BARRY AND SOUTH KOREA

Doral Cooper and Lisa Barry's activities while working for Deaver and Associates on

behalf of the South Korean government are documented in Justice Department **FARA** records and the Deaver trial transcript.

Michael Deaver and **Doral** Cooper declined to be interviewed by the Center.

Lisa Barry was Executive Assistant to Deputy U.S. Trade Representative Robert Lighthizer. Doral Cooper was Assistant U.S. Trade Representative, with responsibility for developing and implementing U.S. bilateral and multilateral trade policy and negotiating strategy for **Africa**, the Middle East, the Pacific Basin and developing countries in Asia.

Former White House aide Deaver hired Cooper directly out of USTR principally for her Asian expertise. At USTR she had been in charge of, among other things, Korean trade issues. Deaver had just returned from a trip to South Korea during which he lobbied the South Korean government on behalf of Philip Morris. He was hoping to represent the South Korean government in other trade matters. Barry joined Deaver and Associates in January 1986.

In September 1985, about two weeks after joining Deaver and Associates, Cooper traveled to South Korea with Deaver. Soon after their visit, the South Korean government signed a one-year contract with the firm. The contract, which Cooper helped draft, was for \$475,000.

### **The 301 Situation**

South Korea had reason to pay such a large fee for Deaver's lobbying efforts. At the same time Deaver and Cooper were vying for South Korea's **business**, President Reagan announced a Section 301 investigation involving market access for South Korea insurance.

In October 1985, President Reagan announced another Section 301 investigation over South Korea's inadequate protection of intellectual property rights.

Under Section 301 of the 1974 Trade Act, the President is authorized to take all appropriate actions to remove perceived unfair trade practices or barriers to U.S. exports. Section 301 investigations are administered by the U.S. Trade Representative, with the advice of an interagency 301 committee. **301** cases take several months to even get to the stage of an announced investigation.

South Korea paid the newly-retained Deaver firm to persuade the Reagan Administration to resolve those outstanding cases and to convince U.S. officials not to bring any further **301** cases.

### **The Letter**

Possibly to counteract the threatened 301 actions, South Korea announced a trade liberalization package, and wanted the new policies to be fully recognized by the Reagan Administration. Deaver suggested bringing the information to the President in the form of a letter personally delivered by an Emissary of the South Korean government. Cooper and Deaver met with Dr. Kim **Kihwan**, the chairman of the International Economic Policy Committee in South Korea, and proposed several themes that might be incorporated

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in the letter to President Reagan.

Days later, back in **Washington**, Cooper sent a cable to Seoul, addressed to Sagong **Il**, the chief economic adviser to South Korean President Chun. Cooper suggested several key topics to be contained in the letter to President Reagan from President Chun.

Next, Michael Deaver asked White House Chief of Staff Donald Regan if he would schedule a quick ceremonious meeting in the Oval Office between Dr. **Kihwan** and President Reagan, so that Kihwan could personally deliver the letter from President Chun, and be photographed. Regan refused. Deaver then contacted Admiral John **Poindexter** of the National Security Council, and the **Kihwan-Reagan** meeting was scheduled during time allotted to the National Security Council.

On October 2, 1985, Cooper met Kihwan at the West Gate of the White House, presumably to make sure he got in. Kihwan personally delivered the letter to President Reagan in the Oval Office. The exchange took about two minutes.

According to the trial testimony of Donald Regan, it was very unusual for a person of Dr. **Kihwan's** governmental rank (the South Korean equivalent of U.S. Trade Representative) to meet personally with the President of the United States. Nonetheless, because of Deaver's ties, invaluable access had been granted to South Korea, and the **firm's** first lobbying effort on behalf of South Korea had been an unqualified success. And **Doral** Cooper, having left USTR just a month earlier, had played a key role.

### **The Lobbying Continues**

Deaver and Cooper didn't stop with the hand-delivered letter to the president. The two, along with Lisa Barry, also met numerous government officials, all who had influence over the status of the pending 301 investigations against South Korea.

On October 11, 1985, Michael Deaver met with U.S. Trade Representative Clayton Yeutter. After being briefed by former Assistant USTR Cooper, who could not attend the meeting because of post-employment restrictions, Deaver asked Yeutter to try to settle the pending 301 cases against South Korea as quickly as possible. Deaver also tried to encourage Yeutter not to file any more 301 cases against South Korea.

On January 15, 1986, Michael Deaver and Doral Cooper met with Gaston Sigur of the National Security Council. As Cooper testified before a federal jury in the Deaver trial, "Our intervention with Mr. Sigur was designed to ensure that there would be no more 301 cases filed and that pressure across the board on Korea would lighten **up....**

"**We** believed we were effective with Mr. **Sigur....I** was convinced by the end of the meeting that he [Sigur] was convinced that the additional U.S. pressure would be counterproductive."

Deaver also met with Dr. Ann Hollick, Director of the Office of International Trade, at the State Department.

Meanwhile, Lisa Barry had several direct conversations with her former USTR colleagues. (Although Cooper was banned from lobbying agency officials because of her senior status at USTR. Barry was not.)

On January 21, 1986, Barry met with Ambassador Michael Smith, Deputy U.S. Trade Representative.

On January 24, 1986, she telephoned Deputy Assistant U.S. Trade Representative Sandra Kristoff, responsible for Asia and the Pacific.

The next day, she lunched with Ambassador Michael Smith.

Two days later, January 29, 1986, Barry called Peter Allgeier, Assistant U.S. Trade Representative, Doral Cooper's successor in charge of Asia and the Pacific (and Kristoff's boss). The same day, Barry called Alice Zalik, Assistant General Counsel at USTR.

On February 5, 1986, Michael Deaver—again briefed by Cooper—met a second time with U.S. Trade Representative Clayton Yeutter to discuss, among other things, the South Korean 301 cases. Deaver told Yeutter the pending 301 cases and the possibility of future additional cases, were having political ramifications that could hurt U.S.-South Korean trade relations.

On February 13, 1986, Deaver again spoke with Clayton Yeutter about the 301 situation, this time over the telephone.

That same day, Barry and Cooper met with their former USTR superior, Ambassador Michael Smith, in which the 301 cases against South Korea were discussed—this time over cocktails. In FARA records, the meeting was described as "a social occasion." Although Cooper wasn't allowed to lobby USTR officials, ethics rules do permit former senior U.S. trade offices to interact with their former colleagues in social situations. It was Cooper's only documented direct contact with her former USTR colleagues on behalf of South Korea.

At that point, Deaver and Associates had worked the 301 matter and believed it had convinced U.S. Trade Representative Clayton Yeutter, Deputy U.S. Trade Representative Michael Smith, National Security Council official Gaston Sigur, and State Department Director of International Trade Ann Hollick, that no more 301 cases should be brought against South Korea.

On Valentine's Day, 1986, the day after Deaver called Yeutter, and Cooper and Barry met with Smith over cocktails, Cooper sent a memorandum to Minister Nam at the South Korean Embassy. She advised South Korea that "we believe we have persuaded U.S. officials not to consider additional [301] cases."

In August 1986, the United States and South Korea successfully resolved the Section 301 investigations to South Korea's satisfaction. No other Section 301 cases were filed against South Korea until over two years later, in February 1988.

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### THE LAKE-KATZ-WALKER TRANSITION TEAM

When Clayton Yeutter was named to succeed William Brock, he asked William Walker, Julius Katz and James Lake, to assist him in his transition at USTR. The three men spent weeks interviewing the USTR staff, and made major reorganization suggestions

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which, for various reasons, were never followed. At the time, all three men came from the private sector and had been representing foreign and domestic clients with international trade interests.

Foreign companies apparently took notice of their close relationship with Yeutter. Within months of assisting Yeutter set up operations at USTR, Walker and Lake landed lucrative contracts with major Japanese commercial interests. Lake, for example, not only picked up Japan Tobacco, but also Mitsubishi and the Japan Auto Parts Industries Association. **Katz** went on to head the Government Research Corporation which did public policy analyses for 28 foreign clients in 1988 alone, including the Japan Trade Center, Toyota, and **Cartier** International.

James Lake told the *Washington Post* that "The Japanese sought me out. Did I think it odd? No. They knew I was a friend of Clayton Yeutter. The Japanese work very hard to figure out who has access and who can communicate their views." ("Foreigners Hiring Reagan's Ex-Aides, Clients Pay Millions for Efforts to Block Administration Policies," by Stuart Auerbach, *Washington Post*, 2/16/90). (49)

Clayton Yeutter saw nothing untoward about three private sector friends with foreign ties organizing and staffing USTR. Yeutter wrote in a letter to the Center:

As you will recall, we were facing a gigantic trade deficit in 1985, with enormous political unrest attendant thereto. For that reason, it was imperative that I hit the ground running. That, in turn, meant that the transition had to be short. Since I was in **Chicago** . . . I needed immediate counsel from people on the Washington scene. And that had to come from individuals who could spend time working on my behalf, with little or no input from me. The answer was to identify people in whom I had total confidence, and who were knowledgeable on the Washington, D.C., scene, the trade front, or both. The threesome of Lake, Katz, and Walker fit those criteria, and that's why I asked them to help out.

As you may know, my friendship with Jim Lake goes back almost 20 years, to when he was my Deputy Assistant Secretary at USDA. Bill Walker and I were fellow Deputy STRs, and Julius Katz and I worked together when we were both Assistant Secretaries (at USDA and State, respectively) in the 1970s. All three performed an invaluable service to me during my transition to Washington, D.C., at no cost to the government. They should be commended for that kind of public spirit and dedication.

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## HISTORIC ANOMALY OF THE CURRENT USTR

Over the past 28 years since a trade office was formed in the Executive Office of the **President**, there is one striking historical difference about the current USTR regime under Ambassador **Carla** Hills.

Several of the highest, most important USTR officials worked for foreign companies and foreign governments in the years prior to joining USTR. That was not the case with

Christian Herter, William Eberle, Frederick Dent, Robert Strauss, Reubin Askew, William Brock or Clayton Yeutter; nor, for the most part, with their top staff.

Before 1989, in addition to a substantial domestic client practice, Hills represented Dae-woo Electronics Co., Ltd., Matsushita, Panasonic and other clients. Deputy USTR S. Linn Williams, in addition to U.S. companies, represented Nissan, Nomura Securities, Orient Finance and other clients as an attorney in Tokyo. As discussed earlier, Deputy USTR Julius **Katz** was chairman of a company which did public policy analyses for numerous domestic and foreign clients in 1988 alone, including the Japan Trade Center, Toyota, and **Cartier International**. Deputy Assistant U.S. Trade Representative for Japan Affairs, Merit Janow, formerly worked briefly at Skadden **Arps** in New York, and in some cases assisted Japanese firms in acquiring American companies.

The impact on U.S. trade policy, and overall significance of this is unclear, but historically it stands out.

U.S. Trade Representative Hills, meanwhile, bristled at the mere mention of the historic anomaly: "if you criticize those of us who have represented foreign entities for fear that we perhaps are pulling our punches in protecting the American interest, I defy you to find anything that has shown that, in any of the people with whom I have worked here. I mean I can only take you back 20 months, but this I know."

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#### AMBASSADOR JULIUS KATZ

From 1985 to 1987, Katz served as Vice President of The Consultants International Group, Inc., a firm which does public policy consulting for foreign and domestic clients. According to Katz, he did not register as a foreign agent with the Justice Department because he was advised by counsel that it was not necessary.

From 1987 to 1989, Katz was Chairman of the Government Research Corporation (GRC), which did public policy analysis for numerous domestic clients, reportedly including Chrysler, Boeing and Atlantic Richfield, as well as also several foreign clients. In 1988, GRC foreign clients included **ADIG-Investment GmbH**; the Government of Alberta; Alexanders Laing & **Cruickshank**; Bongrain S.A.; Caisse des Depots et Consignations; Cartier International Cie; Casino; Centre National Pour la Promotion des Produits Agricole et **Alimentaires (CNPA)**; Chanel **Parfums**; **Dresdnerbank** Investment Management **Kapitalanlage-gesellschaft mbH**; European Investment Bank; F & C Management Ltd.; Federation Nationale des **Travaux Publics**; Friends' Provident Life Office; General Biscuit Brands; Groupe BSN; **Hachette**, S.A.; Havas; Hitachi Research Institute; Japan Trade Center; Louis Dreyfus Company; Office de Vulgarisation Pharmaceutique; Phillips & Drew; Promodes; Public Affairs International; Scottish Equitable Life Assurance Society; **Sidamer Corporation**; SNA, Inc.; and Toyota Corporation.

Concurrent to this work, Katz was also a paid consultant to the Office of the U.S. Trade Representative. Therefore, during these years, Katz was performing services for, and receiving remuneration, from foreign governments and companies, and USTR, simultaneously.

*U.S. Trade Representative Carla Hills told the Center, "if you criticize those of us who have represented foreign entities for fear that we perhaps are pulling our punches in protecting the American interest, I defy you to find anything that has shown that, in any of the people with whom I have worked here."*

*Richard Fairbanks  
III, a member of the  
USTR Investment  
Policy Advisory  
Committee on  
Trade, until  
recently was a  
registered foreign  
agent for Iraq.*

According to the financial disclosure report **Katz** filed in early 1989, he was a consultant from "8/85 to present."

Records and lists of consultants and contractors utilized by USTR during the period of fiscal years 1987 to 1989 were provided by USTR to Senator David **Pryor** (D-AR). It is thus unclear what Katz received from USTR monetarily in late 1985 and **pre-October** 1986.

From October 1, 1986 to September 30, 1987, Katz was paid \$3,965, billed to USTR at a rate of \$260 per day.

From October 1, 1987 to September 30, 1988, Katz received \$7,118, again billed to USTR at a rate of \$260 per day.

When asked about the nature of his consulting for USTR, Ambassador Katz told the Center that in 1985-86, "I chaired a group [within USTR] on dispute settlement on the **GATT**."

In 1987, Katz said he served as chairman of one of the negotiating groups "on the functioning of the **GATT**" in the Uruguay Round.

When asked if the dual roles of the Government Research Corporation client representation, and paid consultation for USTR, posed a conflict of interest problem, Katz said he thought it did not.

"**These** issues were purely international and institutional," relating to **GATT**.

From October 1, 1988 to June 23, 1989, Katz received \$50,412, billed to USTR at a rate of \$284 per day. Nearly all of this sum is believed to be related to his **pre-confirmation** work following his nomination as Deputy U.S. Trade Representative.

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## ADVISORY COMMITTEES

As part of the 1974 Trade Act, Congress created the USTR advisory committee **system**, which was implemented under the direction of the U.S. Trade Representative, Frederick Dent. The committee system was created in order to give the private sector, such as business, labor and agriculture, a voice in the negotiation and implementation of U.S. trade policy. Former USTR **Reubin** Askew, for one, has said that unlike many advisory committees at all levels of government, the input from the USTR committees is taken very seriously and is some of the most valuable in government.

USTR Advisory Committee members have security clearances, and are privy to the U.S. negotiating strategies and concerns in various trade negotiations.

Sen. David Pryor, who chairs the Governmental Affairs Subcommittee on Federal Services, Post Office and Civil Service, made inquiries earlier this year to find out the extent to which registered foreign agents are serving on these important committees. **Carla** Hills provided the subcommittee with the list of members of the three advisory committee USTR administers. The subcommittee then cross-checked that list with the Justice

Department. At least five advisory committee members, or firms for which members worked, were registered as foreign agents.

One of the firms was Paul, Hastings, **Janofsky** & Walker where Richard M. Fairbanks III, a member of the USTR Investment Policy Advisory Committee on Trade, practices law. Fairbanks, until recently, represented the embassy of Iraq at the same time he was serving on the committee. Justice Department filings show that the firm was hired "to provide counseling and analysis relevant to the United States' policies of interest to the government of Iraq **and...to** assist in arranging and preparing for meeting with United State elected officials." Between May 1986 and March 1990, Fairbanks and the law firm were paid \$334,885 by Iraq. Among other things, the law firm provided public relations advice after the Iraqi bombing of the U.S.S. Stark in which 37 American servicemen were killed.

Another member of the same advisory committee, Monroe Leigh, a partner at Steptoe & **Johnson**, has represented the government of Chile. In 1989 Justice Department **FARA** filings, Leigh also lists the Canadian Sugar Institute and Nippon Steel Corp. as clients, reporting that he provided "legal services and counseling on various U.S. laws, including occasional communications with U.S. government agencies."

Wayne Bishop, a member of the Services Policy Advisory Committee, is also a partner at Bishop, Cook, Purcell & Reynolds. Both Bishop and the firm are registered as foreign agents. Among the clients the firm represents are the **Brazil-U.S. Business Council**, **Akhiok-Kaguyak**, Inc., Center of Industries of the State of San Paulo, the International Llama Association. Bishop says he personally has worked for the Brazil-U.S. Business Council, but is not representing any foreign clients at the present time. Bishop told the Center he doesn't see a conflict with his work at the law firm and his membership on the advisory committee, because, he **says**, his clients have a "positive relationship" to U.S. services and **he** just helps them comply with U.S. laws.

Former U.S. Trade Representative William Eberle was briefly a member of the presidentially-appointed Advisory Committee on Trade Policy and Negotiations, serving at the same time he was representing Nissan and other clients at his firm, Manchester Associates. He resigned after serving only about six months. Eberle said criticism of his appointment in light of his foreign lobbying is "unfair." He believes he could have made a valuable contribution.

In May, Sen. **Pryor** wrote back to **Carla Hills**, asking, among other things whether there were other persons that she knew of who are serving USTR advisory committees who also have foreign clients; whether any of these persons or firms, while registered as foreign agents, offered any advice through their participation in advisory committee meetings that could have affected their foreign clients; and what procedures were in place to ensure that these members were not providing advice to the USTR and to the foreign client on the same subject. Five months later, Hills has yet to respond to **Pryor's** questions.

In a statement to the Center, Pryor expressed outrage at the notion that foreign agents were offering advice to USTR on trade policy matters. "In my twelve years of work on the government's misuse of consultants, I have seldom seen a better case that demonstrates our need to know who else these consultants are working for. U.S. trade policy affects each and every American. It affects our farmers, our workers and our businesses. It is

unthinkable that consultants who work for foreign interests also are allowed to advise U.S. trade officials."

**Pryor** is not alone in his criticism. Former U.S. Trade Representative Frederick Dent, who implemented the advisory committee system, was similarly dismayed. "I think **that's** almost worse than someone leaving [USTR to represent foreign **clients**]," he told the Center in an interview.



## THE MTN COALITION

In late 1990, Ambassador **Carla** Hills was immersed in the Uruguay Round **GATT** negotiations. Upon their successful completion in Geneva, her next task as U.S. Trade Representative will be to achieve Congressional approval of the multilateral agreement.

Although no agreement has been reached yet, a **private**, non-governmental lobbying apparatus has already been set up in Washington by several American corporations to help "educate" the American people and Congress about the benefits of the upcoming **agreement—reportedly** at the suggestion of Carla Hills.

In 1989, according to the *Journal of Commerce* (May 16, 1990), Carla Hills recommended to James D. Robinson, III, chairman of the American Express Co., that the U.S. business community help mobilize support for the Uruguay Round Multilateral Trade Negotiation (MTN) agreement. (50)

In May 1990, a new group, called the MTN Coalition was formally announced. The Coalition consists of more than two dozen corporations and trade associations, including American Express, IBM, American Telephone & Telegraph Co., Archer-Daniels-Midland Co., Procter & Gamble Co., General Electric Co., 3M Corporation, Dow Chemical Co., Motorola, Inc., Citicorp, General Motors, the Business Roundtable, the American Farm Bureau Federation, the National Association of Manufacturers, and the National Foreign Trade Council.

One major business group, the U.S. Chamber of Commerce, declined to join the MTN Coalition. The Chamber reportedly wanted to see what was actually negotiated in Geneva before committing to the agreement or the lobbying group set up to support it.

Two questions arise. First, what is so convincing and compelling to the MTN coalition member companies that they would contribute their names and funds to lobby for an agreement that does not yet exist? And second, should senior White House officials encourage private sector interests to organize and lobby the Congress?

The Co-chairmen of the MTN Coalition are former Trade Representatives William Brock and Robert Strauss.



## ATTEMPTING TO AVOID CONFLICTS OF INTEREST

Probably no person has been nominated to become Trade Representative with more

inherent potential conflicts of interest at the outset than **Carla Hills**. And probably no person nominated to become Trade Representative has ever gone to greater lengths to avoid even the appearance of conflicts upon taking office than Hills.

She had represented numerous foreign and domestic clients. Her husband had been active on behalf of overseas interests for years. Even one of their daughters, Laura, had gone into the international trade field, and was working for one of the most aggressive, best-known lobbying firms in Washington.

In late 1988, before her nomination to George Bush's Cabinet had been publicly announced, Carla Hills met with her attorneys, with Bush transition officials, and with the Office of Government Ethics, to talk about what she would need to do to avoid even the appearance of a conflict of interest. Since then, she has taken unprecedented, elaborate steps to help insure that conflicts do not arise.

### **The Price of Power**

Hills took a considerable pay cut to become **USTR**. In 1988 she received \$510,714 from the law firm of Weil, Gotshal & Manges. In 1989, as U.S. Trade Representative, she received \$107,300—a difference of \$403,414.

In a January 19, 1989, letter to then-USTR General Counsel Judith Bello, Hills promised to sell all "beneficial interests in the stocks now held directly, or indirectly through my mother's estate, by myself or my husband" and to reinvest the proceeds in "non-conflicting assets such as diversified mutual funds, money market funds, U.S. Treasury issues or real estate."

Selling numerous stocks, many of them long-held, also caused a substantial tax liability.

She resigned from the Board of Directors of American Airlines, The Henley Group, Corning Glass Works, Chevron Corporation and IBM. She recused herself from three specific matters in which she served as counsel: Daewoo Electronics, Chevron, British Columbia Forest Products and Crown Forest Industries, Ltd.

Hills notified USTR General Counsel Bello: "Because my husband has a continuing relationship as a member of the Board of Directors to the following corporations, I will recuse myself from any particular matter that specifically involves any of these corporations until he no longer maintains any relationship with the corporation: **Anheuser Busch**, Federal Mogul, Inc., Oak Industries and Mad, Inc."

### **Roderick Hills**

According to USTR General Counsel Joshua Bolten, Hills is one of the few Cabinet officials, "who has a spouse active in business and government affairs."

The former Chairman of the Securities and Exchange Commission and attorney has worked for numerous foreign companies. At the time of the emotional Toshiba controversy in Washington, Roderick Hills lobbied against legislation proposed by Senator Alan Dixon (D-Ill), which would have placed sanctions on the Japanese trading company, C. Itoh, the exporter for the illegal sale of Toshiba equipment to the Soviet Union. He registered with the Justice Department as a foreign agent on behalf of C. Itoh.

*Probably no person  
has been nominated  
to become Trade  
Representative with  
more inherent  
potential conflicts of  
interest at the outset  
than Carla Hills.*

*According to USTR  
General Counsel  
Bolten, the various  
interests of Roderick  
Hills make the task  
of watching out for  
potential conflicts of  
interest "especially  
sensitive. . . . We  
meet regularly with  
Rod roughly every  
eight weeks...."*

Because of the close link between C. **Itoh** and Toshiba, much of the reporting about Roderick Hills has labelled him as a lobbyist for Toshiba. To this day, Roderick Hills adamantly maintains that "I have never lobbied for **Toshiba** . . . . I have never done anything for Toshiba."

Hills is chairman of the Manchester Group, Ltd., a merchant banking **firm**. The firm Manchester Associates, which does substantial foreign lobbying for Nissan and other **clients**, has been headed for years by former U.S. **Trade** Representative William Eberle, who has a small interest in the Manchester Group.

According to Justice Department **FARA** files, Roderick Hills worked as a consultant to Manchester Associates in **1986**, representing Korean Air Lines. Hills contacted various U.S. government officials "expressing the views of Korean Air Lines with respect to their business interests in the United States." This particular filing is not only signed by Hills, but includes next to his signature an unusual, manually-typewritten notation, "We declare under penalty of perjury the foregoing is true and correct."

According to Hills in an interview and separately in a letter to the Center, "I have never had any interest in Manchester Associates, nor have I done any kind of work for any of their clients."

Roderick Hills is also **D.C.**, managing partner for the New York law firm Donovan, Leisure, Newton & Irvine.

Besides the selling of all stocks held in his own name, Roderick Hills also pledged not to "acquire any financial interest" that might "create an actual or an appearance of a substantial conflict for Mrs. Hills."

"I am not now providing any services to any client on any matter pending before the USTR," Hills wrote to USTR General Counsel Judith **Bello**.

He remained on the Boards of Directors of four corporations: **Anheuser** Busch, Federal Mogul Corporation, Oak Industries and MAD Intelligent Systems.

He resigned from a three-person academic panel that met three times in 1988 with C. Itoh & Co. (America), Inc., to discuss economic trends.

Because issues involving the beer industry come before the U.S. Trade Representative, in February 1989, Roderick Hills also resigned from the board of Anheuser-Busch Cos.

According to USTR General Counsel Bolten, the various interests of Roderick Hills make the task of watching out for potential conflicts of interest "especially sensitive. . . . We meet regularly with Rod roughly every eight weeks....We go over his client stuff. . . . Where there's something he's working on, we have an early warning system" so that Mrs. Hills can recuse herself and prevent any appearance problem.

A **similar** "early warning system" was set up for people at **Carla Hills'** old law firm, Weil, Gotshal, & Manges, in case any of attorneys there might have occasion to represent clients before USTR.

## Laura Hills

The efforts to avoid potential conflict situations even have extended to Laura.

On January 24, 1989, Laura Hills pledged in a letter to the then-USTR General Counsel Judith Bello: "I will not represent, either in person or in writing, any client before the Office of the U.S. Trade Representative. Further, I will not discuss with my mother any trade-related matter being handled by my law firm."

Because the 1986 graduate of Stanford Law School worked on international trade matters for the well-known law/lobbying firm of Patton, Boggs & Blow. According to Justice Department records and Laura Hills, she is a registered foreign agent, and as a second-year associate has done work for several foreign clients. The firm has had as clients Toshiba, Hitachi, Sony and many other overseas interests.

When asked about her daughter's employment as it relates to her own appointment as USTR, Carla Hills told reporters, "I don't see any conflict with Laura, and I regard the question as ludicrous." (51) (*Legal Times*, Dec. 12, 1988, p. 4). In a letter to the Center, Roderick Hills went somewhat further, describing any reference to his daughter would be "offensive" and "indecent."

A memorandum was sent by the USTR General Counsel to all USTR personnel, imploring them, *"It is the responsibility of all USTR staff to alert the General Counsel's office when a recusal is warranted."*

To date, all of the steps taken by the Hills family and the USTR General Counsel's office, have been effective. Meanwhile, the most criticism Hills personally has been under since taking office had to do with the HUD scandal, and her pre-USTR role as a lawyer-lobbyist in gaining access and favorable decisions from HUD Secretary Samuel Pierce. (see Hills biography).



## THE VIEWS OF FORMER USTR OFFICIALS

One thing almost all former senior USTR officials agree upon is that working in the Office of the Trade Representative, in the Executive Office of the President, was a very worthwhile, exciting experience. For nearly all, USTR has been a shining moment in their careers.

Former U.S. Trade Representative Reubin Askew said, "I'll always be grateful to President Carter for giving me the opportunity." Former Deputy Special Trade Representative William Pearce told the Center that he has "a great deal of pride in my association with USTR." Assistant U.S. Trade Representative James McNamara said that USTR professionals "are the most talented group of people I have ever had any thing to do with—and I come from a background of Foreign Service work. . . . USTR is far superior to the Foreign Service." Former Trade Representative Bill Brock called USTR, "the best shop in Washington."



## Consensus About Organization

Organizationally, most former **USTR** officials interviewed support the present system in which USTR acts as an executive "broker" between the various government agencies and interest groups. There were a few exceptions, however.

Former USTR General Counsel Robert **Lighthizer** said he now favors having one Cabinet-level agency for all federal trade issues, because the current setup is ineffective, causes unhealthy competition between the **agencies**, and creates opportunities for foreign companies to go "shopping" among the various bureaucratic entities. But among former USTR officials, Lighthizer has the minority view. Former Assistant U.S. Trade Representative James McNamara perhaps best explained the majority position: "There should not be a single, Cabinet-level Trade Department. . . . If USTR were formally structured like the Department of Commerce, it would only bog them down. . . . They would be just another **department**. . . . USTR's role is to coordinate interests and speak for everyone."

At the other extreme, former Kennedy White House aide Myer Rashish, and former Assistant U.S. Trade Representative Charles Blum believe the current Office of the USTR is too large, and should be smaller, leaner, and less structured.

Former STR General Counsel John Jackson and others strongly advocate a career, inter-agency trade service. Although USTR has trade "**detailees**" from other federal agencies such as State and Commerce, there is little personnel flow back to those agencies. The idea would be to establish elite, multilingual, well-paid, career trade service of professionals who can then begin to bring to the negotiating table the same institutional knowledge and experience as their overseas counterparts. It is an intriguing prospect which could help to stem the flow of trade professionals out of government.

Former Special Trade Representative Robert Strauss sees the effectiveness of USTR in terms of power: "The President can make that office significant, or he can make it insignificant." Strauss said there are many great arguments about how to organize U.S. trade policy, but "the truth of the matter is it depends upon the people involved. With the right mix of people and if the President gives it the right kind of priority and support, it'll be successful. If he doesn't, it will not be successful. You can structure and restructure all you want to, that's where I come down."

## The Pay Issue

There is a marked disparity between what senior U.S. Trade Representative officials earn as federal employees, and what they can and do earn in the private sector.

Most former USTR officials interviewed did not openly advocate pay increases for the senior USTR positions. But the issue came up several times.

Ambassador Michael Smith said that an Assistant U.S. Trade Representative who becomes a consultant in Washington today receives between **\$100,000** and **\$150,000**; many of his former colleagues agreed with that assessment. Deputy Trade Representatives and U.S. **Trade** Representatives are presumably more valuable.

For many trade officials and their families, staying in government with increasing financial obligations was a bleak prospect full of sacrifices they were no longer willing to

make.

Former Chief Textile Negotiator H. Reiter Webb said, "The main reason good people leave government [and USTR] is simple: pay, pay, pay. . . . The U.S. government grossly underpays at the top levels." According to Webb, when he was an Ambassador, "USTR counterparts in foreign countries made over \$120,000 a year. . . . Foreigners think it [is] incomprehensible that the largest trading country in the world does not pay their representatives higher salaries. . . . The government must start paying people what they are worth, or there is no incentive to stay."

Former Assistant U.S. Trade Representative Harvey Bale observed, "I worked 23 years in the international trade area—20 years in government and graduate school. Those years in government are the prime of your life. You do it because you like the work. It is very enjoyable. To leave, a person must have an incentive." While he was at USTR, Bale had offers to join a Chicago food processing firm in 1977, and an oil company in 1981, which he turned down. He did accept an offer to join Hewlett-Packard in 1987, thereby leaving government and USTR.

Said Bale, "The pay [at USTR], ultimately, is inadequate."

Such comments are very similar to the conclusions of the recent Volcker Commission on Public Service.

### **Temptations to Leave Public Service**

Ambassador Smith noted that senior USTR officials are sometimes as young as their early to mid-thirties, traversing the globe, negotiating agreements which can bring hundreds of millions of dollars to single corporations or Third World countries. The financial stakes are enormous; the relative remuneration to the negotiator is not.

Bale agrees. "We cause a lot of grief abroad. We are the single largest market in the world, . . ." Bale told the Center. Since 1970, the ratio of exports/imports to GNP has doubled, from four percent to eight percent. Four percent of \$5 trillion is \$200 billion. There is a lot at stake. And it puts USTR officials in a very tough position."

Bale said that he and Bill Krist and Richard Heimlich and some others, possibly "aren't as ambitious" financially as some of those who became foreign agents. "It is troubling that people are using their knowledge and . . . contacts to trade that experience for these folks [foreign interests]."

### **Working for Foreign Interests**

A few former USTR officials shared Bale's sentiments. For example, former Special Trade Representative Frederick Dent said, "I do not believe that people who have been involved in negotiations should switch to the other side. . . . It doesn't seem to me to be my idea of patriotism, and yet I know it is in total compliance with the law."

Dent described the issue of the trade revolving door to foreign lobbying as "one big swamp."

Another former Trade Representative whose name is not on file at the Justice Depart-

*Former Chief Textile Negotiator H. Reiter Webb said, "The main reason good people leave government [and USTR] is simple: pay, pay, pay. . . ."*

ment is Reubin Askew. He observed that the revolving door issue "is not unique to the trade sector. . . . [It is] the process of credential building."

Askew told the Center, "I simply didn't want to get involved in lobbying when I left the office of Governor," and it was the same when he left USTR. "I didn't want to dilute a lifetime of work in public service."

Revolving door and other post-employment public service issues are, said Askew, a matter of "setting parameters. . . . It is a matter of showing some sensitivity so the public doesn't get cynical. . . . I think time limits (on how soon a person can come back and lobby his/her old agency) are legitimate. A person ought to be willing to accept limitations" to their post-employment options at the outset.

"Even though I believe it [the revolving door to foreign lobbying] is acceptable under our system, collectively it undermines public confidence in the process. In Japan you don't see U.S. employment of people just out of their government."

One former USTR official now with an American company expressed a sentiment heard more than once, particularly from those former officials who have stayed in government or retired: "I have always felt I was the only one who obeyed the rules. . . . Or perhaps I just did it more meticulously than any of my colleagues."

Another former senior USTR official who, since leaving government, has been registered at the Justice Department as a foreign agent, draws the line at working for foreign interests with whom he interacted in his USTR position. "I don't want to say it's because of my 'integrity'. . . . It's more like self-consistency. I just don't have it in my bones."

## The Middle View

However, while many former senior USTR officials lament the high turnover in recent years, the predominant attitude is one of acceptance of the high foreign demand for the services of former USTR officials. And most former officials are loathe to cast aspersions or make judgments about others.

Richard Heimlich, now with Motorola, said very **matter-of-factly** that USTR officials leave and work for foreign interests because "that's where the opportunities **are**"—a euphemism for money. "I don't think they would go out of their way to work" for foreign companies and foreign countries.

William Pearce believes that more post-employment restrictions on trade officials would make it difficult to attract good **people—a common view—and** he said "there is nothing dishonorable about representing foreign **governments**. . . . They are entitled to representation. . . . I suppose sometimes there's an influence brought to bear that is unwholesome, but it depends on the individual's personal integrity."

Pearce's ambivalence was typical of the views of many of his colleagues. "Although I am not greatly comfortable [with former officials working for overseas interests] . . . I am not scandalized by it either—I just don't know how to resolve the conflict."

While former Deputy U.S. Trade Representative Robert Hormats does not think it's appropriate to utilize contacts made within USTR for foreign interests, he also said he

would not make too much of a distinction between foreign and domestic interests, since foreign companies have domestic interests, and domestic companies have foreign interests.

Regarding former USTR officials working for foreign governments and companies, John Jackson said he feels the "U.S. ought to push other countries to do the **same**. . . . Other governments should open up the opportunity for their people to make our arguments." Jackson also said that USTR employees have not been guilty of **conflicts-of-interest** "any more than any other agency in government." In addition, he noted that "foreign affairs and foreign trade are more a part of everyone's **life**. . . . Essentially, it is healthy."

### **A More Forceful Position**

Several former senior USTR officials are adamant about the innocuous reasonableness of working for overseas interests. Perhaps no one is more vocal than Ambassador William Walker, former Deputy U.S. Trade Representative who represents Japanese and other **clients**, including Toshiba and the Japanese electronics industry.

On September 30, 1990, Walker was interviewed briefly on the CBS News program, 60 MINUTES, discussing the issue of Japan's lobbying in the U.S. On October 9, 1990, in the *Wall Street Journal* ("Japan's No Enemy and Free Trade Isn't Unpatriotic") Walker wrote, "What is it that causes otherwise sensible people to suspect that Americans who represent foreigners, especially the Japanese, in policy disputes within the U.S. are undermining American institutions? . . . There is no single American interest in commercial disputes with Japan. Trade policy involves tradeoffs between the interests of buyers and sellers, producers and consumers, makers of components and makers of final products. In the U.S. system of government, all of these points of view vie for attention, and all are free to hire representatives to speak on their behalf. It is simply untrue . . . that those who urge open markets and fewer restrictions are doing something unpatriotic." (52)

Former USTR official Roger Bolton had similar sentiments. "I resent the implication that those who leave the public sector are automatically viewed as '**dishonorable**' when they go to work for private sector **interests**—I find it wholly offensive to assume that [former USTR officials] are somehow corrupt. . . . I do not believe there is any conflict whatsoever in working for free and open markets here or **abroad**. . . . It is neither unpatriotic nor un-American."

Former Ambassador Michael Samuels called the current controversy over the revolving door to foreign lobbying "the re-emergence of **McCarthyism**. . . . It is an irrational and self-destructive fear of foreign countries and their **business**—just like the fear of Communism was in the Fifties."

Samuels believes that those "former USTR officials who leave and work for foreign companies can actually be considered more patriotic and more attuned to U.S. **interests**. . . . It is not at all inappropriate to advise foreign countries. In fact, it makes for better U.S. economic citizens."

U.S. Trade Representative **Carla Hills** is equally perturbed by the current Washington trade/foreign lobbying controversy.

*Former Ambassador  
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called the current  
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McCarthyism \_\_\_\_\_"*

*What are the professional obligations of a former U.S. trade official who also happens to be an attorney in search of legal business in Washington? Are those obligations no broader than the post-employment regulations?*

"It sounds a little **McCarthyist-like**. Did you ever represent a foreign client? And ergo, that must have affected your integrity here? . . . " Hills resents the "innuendo ... that the people here [at **USTR**] are somewhat unfit for their **job**, and my view is that that's almost criminal in a **democracy** . . ."

Another part of the issue to Hills is that foreign clients are who Washington international trade lawyers represent, virtually by definition.

"The globe is becoming interdependent, and I hope you are not of a mindset that someone who is a lawyer, who gives fair representation in our courts or in our administrative **tribunals**, is somehow **suspect**, somehow less able, than someone who has not. One reason why you may find people representing foreign clients in trade cases . . . is that it is foreign clients who must be represented. Because they are the ones who are the defendants in the dumping case, so you're either representing the government, which is the bureaucracy so you wouldn't be doing **that** . . . of course you could be representing one of the petitioners in the case . . . It is not unusual to have law firms represent foreign governments. If we barred all lawyers from representing foreign governments, we'd have a very different sort of **country**."

Of course, no one in Washington has suggested at all, for a moment, that lawyers and law firms ought to be barred from representing foreign clients. That such a statement would be made by the current U.S. Trade Representative suggests how inflamed the current discussion has become.

But her statements also touch upon a fascinating, little-discussed part of the entire vexing issue: what are the professional obligations of a former U.S. trade official who also happens to be an attorney in search of legal business in Washington? Are those obligations no broader than the post-employment regulations?

"It is possible to have foreign clients and not jeopardize the national interest," observed former USTR official Sol Mosher. "As far as representation goes, who determines what the national interest is, anyway?"

Former Assistant U.S. Trade Representative Charles Blum believes the revolving door issue is overblown. Like several of his former colleagues, he does not see huge ethical lapses in the area of trade and foreign lobbying.

Blum also opined that "the revolving door phenomenon disparages public service in general. . . . Conversely. . . if public service were not so disparaged, it would reduce the revolving door phenomenon."

Former Trade Representative Clayton Yeutter, in general, didn't appreciate the questions posed by the Center: "I regret having to clarify matters such as this. Some of us try scrupulously to avoid conflicts of interest, and some of us are making incredible personal sacrifices to serve in government. One of the negative rewards of public service today comes from having to respond to matters like this."

### **Where Foreign Agents Draw the Line**

Former Special Trade Representative William Eberle has represented Nissan and other foreign clients for over a decade. To him, timing and motivations are important issues in

the move from the public sector to the private sector: "When I was **STR**, I wasn't planning what I would do years later in the private sector. . . . It was four or five years before I represented any foreign clients."

He said that officials leaving and going to work for foreign clients within a few days or weeks is "cutting it too close," and to him "it's wrong." Also troubling to Eberle are individuals going to work at USTR with an eye toward extremely lucrative opportunities later in the private sector, with post-employment ambition as the principal motivation to serve in government. Said Eberle: "I don't think that's right."

Former USTR General Counsel Robert **Lighthizer** said that "obviously" if a person leaves a negotiation and jumps to the other side, "that's reprehensible behavior."

Most former senior USTR officials seemed to believe such behavior could only happen in the larger, more politicized Commerce Department, not USTR. Indeed, generally former senior USTR officials seemed to be unaware of any instance of a USTR official "cutting it too close."

Numerous former USTR officials made the point that the lobbying activities and revolving door issues of domestic corporations ought to bear similar scrutiny as foreign lobbying in Washington.

*In any other  
industrialized  
nation, such a  
revolving door to  
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national scandal.*

## C O N C L U D I N G   R E M A R K S

USTR senior officials are exceptionally **talented**, highly-educated, and hard-working. They are probably the finest group of public servants in the federal government today.

However, the broad deterioration in public service reported by the National Commission on the Public Service, chaired by former Federal Reserve Chairman Paul Volcker, has been reflected in this study of the Office of the U.S. Trade Representative.

For example, in our examination of the career patterns of former USTR officials, the length of time served in the senior jobs at USTR decreased by a third from the Seventies to the Eighties. This is consistent with the Volcker Commission findings that "too many of our most talented public **servants** . . . are ready to leave."

### **Post-Employment Practices**

A substantial number of former USTR officials at the most senior levels have gone on to work for foreign companies and foreign governments. Nearly **half—47 percent—**of former senior USTR officials since 1974 have personally registered or their firms have registered with the Justice Department as foreign agents working for individual foreign companies or foreign governments. Some of these registrations are for a single client; some are for numerous clients.

We do not expect American arms control negotiators to quit government and go to work for the Soviets.

We do not expect American generals to leave government and go to work for Iraq or Libya.

We do not expect federal prosecutors to leave government and go to work for the Colombian drug cartels.

And Americans do not expect top U.S. trade officials to leave government and go to work for Korean, **Japanese**, West German **interests—to** advise and represent those companies and governments which are actively competing against the U.S. in the world marketplace.

Forsaking public service in the public interest to argue on behalf of our principal economic competitors is not an issue of free trade or our increasingly global, interdependent world. And no one is suggesting that foreign companies and foreign governments are not entitled to effective representation in Washington.

It is an issue of what has been happening to public service in the United States. Only in recent years has this post-employment phenomenon flourished, and in any other industrialized nation, such a revolving door to foreign lobbying would be a national scandal. What is it about Washington today which makes it so different from Bonn, Tokyo, London, Ottawa and the Washington of yesterday? Why do so many of America's best and brightest men and women in trade want to help the country's economic adversaries? What is it about the state of public service today in trade that has caused USTR to become almost a training academy for foreign lobbyists?

Clearly the disparity between what a trade expert can earn in the public and private sectors is a serious problem. The conclusions of the Volcker Commission on the executive pay issue are relevant here also: America's top trade officials should be compensated more competitively. A salary improvement would have at least some positive effect on the departure from government of so many talented people.

Current post-employment restrictions are vague and enforcement mechanisms are toothless. There is, however, little reason to believe that future, additional restrictions will necessarily slow the revolving door to foreign lobbying. For one thing, current and future restrictions will only become important when the Justice Department begins to regard them as important.

Unfortunately, the Justice Department is quiet and somnolent when it comes to enforcing conflict-of-interest lobbying laws in Washington. And then there is the Justice Department's performance with the Foreign Agent Registration Act.

### **Foreign Agent Registration Act**

For two decades, the General Accounting Office has told Congress and the Justice Department that **FARA** is poorly written, poorly enforced and largely ignored. Many people do not register, and when they do their forms are incomplete or misleading.

Attention needs to be devoted to improving this disclosure system, and enhancing and sharpening the resources Justice Department professionals have at their disposal to administer this law.

Only through the FARA Act do lobbyists representing overseas clients in Washington really reveal, even partially, their activities. Only through this Act can journalists, Congress and the American people begin to understand the foreign lobbying landscape in Washington. As Peter **Drucker** recently observed in *The New Realities*, "the focus of decision making in the political process is rapidly shifting from politicians and civil servants to **lobbyists**."

### **Conflict of Interest Appearance Issues**

Trade officials and USTR are not inherently exempt from conflict of interest issues. And yet we found several apparent lapses in judgment or apparent conflicts of interest, all apparently legal.

- USTR officials should not attempt to work for foreign interests within days of ending their government service.
- USTR paid consultants or Advisory Committee members should not be simultaneously working for foreign companies and foreign governments.
- U.S. trade officials have no business helping U.S. companies export a product abroad which federal health officials say kills 350,000 Americans each year. Beyond that bizarre public policy paradox, no matter how blind the trust, USTR officials opening up Asian markets for U.S. cigarettes should not own, directly or indirectly, stock in tobacco companies.



In the future, USTR needs strong leadership at the top in setting a tone sensitive to appearance issues such as the ones raised in this report.

Trade policy and trade agreements must have **credibility**, and the public must be confident that official trade decisions in government have been made strictly on the merits and the substance. That **credibility** and that confidence are eroding.

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# **P R O F I L E S**

### USTRs:

Reubin Askew  
William Brock  
Frederick Dent  
William Eberle

**Carla Hills\***  
Robert Strauss  
Clayton Yeutter

### Deputy USTRs:

Kenneth Guenther  
Robert **Hormats**  
Julius **Katz\***  
Robert **Lighthizer**  
David Macdonald  
Harald **Malmgren**  
**Alonzo McDonald**  
William Pearce

Michael Samuels  
Michael Smith  
William Walker  
**S. Linn Williams\***  
Alan Wolff  
Alan Woods  
**Rufus Yerxa\***

### General Counsels:

Judith **Bello**  
Josh Bolten\*  
Robert Cassidy  
Donald **deKieffer**

Claud Gingrich  
Alan Holmer  
John Jackson  
Richard Rivers

### Chief Textile Negotiators:

Charles Carlisle  
William Houston  
Richard **Imus**

Ron **Sorini\***  
Donald Steinberg  
**H. Reiter Webb**

### **Assistant USTRs:**

Peter <b>Allgeier*</b>	William <b>Maroni</b>
Harvey Bale	Joseph <b>Massey*</b>
Charles Blum	James <b>McNamara</b>
Roger Bolten	Sol <b>Mosher</b>
David Burns*	James Murphy*
Victoria Clarke*	Donald Nelson
<b>Doral</b> Cooper	W. Douglas <b>Newkirk*</b>
David <b>Demarest</b>	Charles Roh*
John C.L. Donaldson	Paul <b>O'Day</b>
Michael Doyle	Donald Phillips*
Suzanne Early*	Herbert Propps
Allen Garland	John E. Ray
Richard Heimlich	Jon <b>Rosenbaum*</b>
Ann Hughes	Steven Saunders
William Kelly	James <b>Starkey</b>
<b>William Krist</b>	<b>Mary Tinsley*</b>
Sandra <b>Kristoff*</b>	S. Bruce Wilson*
Stephen Lande	

### **Other Senior USTR Officials:**

Geza <b>Feketekuty*</b>	Peter Murphy
Ambassador William Lavorel*	

\*Current USTR Official

UNITED STATES  
TRADE REPRESENTATIVES



## REUBIN ASKEW

In 1979, President Jimmy Carter named **Reubin** Askew as his United States Trade Representative. Succeeding Robert Strauss, Ambassador Askew served in the President's Cabinet to the end of the Carter Administration in January **1981**.

Born in Muskogee, Oklahoma on September **11, 1928**, Askew graduated from high school in 1946 and entered the Army as a private with the paratroopers. He rose to the rank of Sergeant.

After the **Army**, Askew entered Florida State University, where he was active in ROTC and also president of the student body. He received a B.S. degree in public administration in 1951. He then entered the Air Force as a Second Lieutenant.

He served a tour of duty in Europe, and entered law school at the University of Florida, where he was president of his law school class and an executive editor of the law review. He received his law degree in 1956, and returned to his childhood home of Pensacola, where he became an assistant county solicitor.

Askew was elected in 1958 to the Florida House of Representatives and to the Florida Senate in 1962. He served a total of 12 years in the Florida Legislature.

In 1970, Askew was elected Governor of Florida, and he served two **successive**, four-year terms. During these years, Askew also became increasingly active in national Democratic Party affairs. Among other activities, Askew was the Keynote Speaker of the 1972 Democratic Governor's Conference and as a member of the Democratic National Committee.

In 1979, President Carter nominated Askew as his **USTR**, and Askew served from October 1, 1979 to December **31, 1980**. Askew did not actively seek the **appointment—quite** the contrary.

"I was not desirous of going to Washington," Askew recalled. He was called by Vice President Walter **Mondale** about a position in the Administration, and Askew said the only position which remotely interested him was Trade Representative. But, in the **end**, Robert Strauss played the key role in convincing Askew to come north, "**They** sicked Strauss on me and he seduced me."

Askew came to Washington after the successful completion of the Tokyo Round **GATT** negotiations, after the enactment of the Trade Agreements Act of 1979, and in the wake of the inimitable Strauss, who was known for his formidable political skills and high **profile**.

During his brief tenure, Askew negotiated "personally and one-on-one" with foreign leaders from such countries as Canada, France, Great Britain, Italy, Israel, Japan, China, Singapore, and Australia.

At the end of the Carter presidency, Askew returned to Florida, and practiced law in Miami. In 1984, he ran unsuccessfully for the Democratic nomination for President.

In 1988, Askew joined the law firm of **Akerman, Senterfitt & Edison**, which has offices in Miami and Orlando. In January **1989**, Askew also began teaching at Florida International University as a Distinguished Visiting professor. In June 1989, Askew participated in the planning for a Centre for Comparative Studies of Governance of Countries at the International Management Institute in Geneva, Switzerland. In the fall of 1989, he was a Resident Fellow at the Harvard University John F. Kennedy School of Government Institute of Politics.

Through all his achievements and undertakings, one gets the impression that serving as the Special Trade Representative was the high point in **Askew's** impressive public career, "I'll always be grateful to President Carter for giving me the opportunity."

## WILLIAM E. BROCK

William Brock has been a respected public official in various capacities for many years. He served in President Ronald **Reagan's** Cabinet as the United States Trade Representative from 1981 to 1985.

Born in Chattanooga, Tennessee on November **23, 1930**, Brock received a B.S. degree in commerce from Washington and Lee University in 1953. Brock then served in the U.S. Navy until 1956.

From 1956 to 1963, Brock was an associate in the Brock Candy Company.

In 1962, Brock became the first Republican from the Third District of Tennessee to be elected to Congress in more than four decades. He served in the House of Representatives for four terms until his election to the U.S. Senate in 1970. Brock was upset in his bid for re-election to the Senate in 1976, losing to James Sasser.

In 1977, Brock was elected National Chairman of the Republican Party, a position he held until early 1981. He is largely credited with bringing the Republican Party back organizationally from the Watergate debacle and the 1976 GOP loss of the White House.

In 1981, Brock was named U.S. Trade Representative, a position in which he served for four years. His initiatives and accomplishments included the Caribbean Basin Initiative and the **U.S.-Israel** Free Trade Agreement. Brock began the talks that led to the U.S.-Canada Free Trade Agreement and the current Uruguay Round of trade negotiations. Brock is particularly proud of "taking the lead to insure that the latter negotiations encompass the new issues of services, intellectual property, and investment." Brock played a key role in the creation, enforcement and expiration of the voluntary export restraints agreement with Japan.

Brock was not a member of the Reagan inner circle, and in the early Eighties, Secretary of Commerce Malcolm **Baldrige** and some members of Congress began pushing the notion of a Department of Trade, absorbing USTR and other disparate trade agencies, into one large entity. Brock fought off the idea, and ultimately, prevailed. His views about the Department of Commerce to this day are less than sanguine.

"Commerce is such a dumb place, and they need something to get excited about. Every Secretary of Commerce comes in, they want to take over trade because that's where the sex is. Its exciting. I mean really if you think about it, running Census does not turn me on. It's a very important function, I'm not criticizing it, **but**. . ."

Weeks later, asked specifically about the late Malcolm Baldrige and the Department of Trade idea, Brock said, "Mac and I had the most interestingly wonderful relationship. I truly loved and respected that man. He was a marvelous man. We had one serious difference of opinion."

In 1985, Brock was named Secretary of **Labor**, where he served until November 1987. In his own official, biographical description of his Labor tenure, Brock says he "revived a department in a virtual state of collapse, initiated the landmark study of workforce and workplace demographic trends entitled *Workforce2000*, achieved major pension reform legislation, and **reinvigorated** efforts at labor-management cooperation."

In November **1987**, Brock left government to head the ultimately unsuccessful Dole presidential campaign.

In April 1989, The Brock Group was formed. At that **time**, Brock was the only partner holding an equity interest in the partnership. Other **partners—with** no management authority or **control—were** Patrick **Cleary**, James **Frierson**, Dennis **Whitfield** and Richard McElheny.

By the spring of 1990, The Brock Group letterhead consisted of **Brock, Frierson, McElheny, Otto Reich, and Whitfield**. The official "rationale" for the new company: "Change creates not only challenges but opportunities. Combining expertise on Europe, the Americas, and Asia, a wealth of government and business experience, and an extensive network of contacts both here and abroad, The Brock Group is uniquely well suited to help firms grasp the new realities\_\_\_\_"

Most Brock Group clients are domestic U.S. corporations, including American Express and Bell Atlantic. The firm also represents foreign clients. Currently, William Brock and his firm are registered at the Justice Department as foreign agents.

Brock and his firm are paid \$40,000 a month to represent Taiwan in its efforts to join the General Agreement on Tariffs and Trade (**GATT**). Brock notified the Justice Department that his firm "**will** represent the interests of ROC's (Republic of China) Board of Foreign Trade in obtaining U.S. support for ROC's GATT membership." Brock described his "political activity" in Washington on behalf of Taiwan: "Contact is anticipated by telephone, **letter** or personal visit with Congressional, Executive, or Agency officials regarding the respective interests of each principal."

Brock sent a personal letter to some members of the USTR Advisory groups, informing them that he had been asked to assist Taiwan, and that "despite my disinclination to represent foreign governments, the admission of Taiwan into the GATT is so clearly in the interest of the United States and its workers that I have agreed to help."

The firm has also represented Airbus Industries of North America, for \$12,000 a month. The Brock Group notified the Justice Department that it "**will** represent the interests of Airbus as to present and proposed U.S. policies concerning international aircraft and U.S. customs issues."

Brock expressed some frustration with the Foreign Agent Registration Act and the process of registering with the Justice Department when representing "foreign" clients. He said today it has become "pejorative."

"We live in a global **economy**. . . . We're part of the world out there. We're **interdependent**. . . . I am a little tired of this holier-than-thou attitude that exists. I have never seen a revolving door like that which exists in Japan as they move from labor to business to government back to labor back to business. They all view it as Japan, Inc. Well, I don't think that's immoral or unethical or illegal.

"If I had to choose, I would come down in defense of being very careful about trying to prohibit" officials any further than existing ethics laws do in their post-employment practices, says Brock. "To say Bill Brock, you learned a whole lot about Indonesia and Japan and you can't use that to help Taiwan get into the GATT. I think that's crazy."

Brock confirmed that The Brock Group has been and remains on a monthly retainer to Toyota. Brock said his **firm** is not registered at the Justice Department because the work for Toyota has been "labor-management relations" consulting. Brock said he was asked by Toyota to talk to Owen **Bieber\***, president of the United Automobile Workers, concerning the Georgetown, Kentucky Toyota plant and potential unionization of the workers there. Brock said he has also gone to Tokyo and briefed the top Toyota management about political and economic issues in Washington.

Brock is also co-chairman, along with former Trade Representative Robert Strauss, of the **MTN** Coalition, a well-funded group of more than two dozen major U.S. corporations and trade associations organized to "educate" and lobby for Congressional passage of the negotiated Uruguay Round GATT agreements.

**\*Member**, The Center for Public Integrity Advisory Board

## FREDERICK B. DENT

When Frederick Dent was appointed by President Gerald Ford to become the Special Trade Representative in February 1975, Dent was already a member of the President's Cabinet, as Secretary of Commerce. Dent served as the STR under Ford from the spring of 1975 until the end of Ford's term, January 20, 1977.

He was born August 17, 1922, in Cape May, New Jersey, and grew up in Greenwich, Connecticut. He was educated at St. Paul's in Concord, N.H., and then at **Yale**, where he graduated in 1943, majoring in political institutions. Dent was an end on the football team.

Dent served in the Navy, in the Pacific, until 1946, when he was released from active duty as a Lieutenant. That year, he moved to New York and joined a family textile **concern**, Joshua L. **Baily** and Company, Inc., which had been founded by his maternal great grandfather.

In 1947, Dent went to work for **Mayfair** Mills, a textile company in Arcadia, South Carolina owned by the Dent family since the Thirties. He became president of the company in 1958, a position which he held until 1972, when he came to Washington and joined President Richard Nixon's Cabinet as Commerce Secretary.

In the Sixties, Dent emerged as a national business leader. Over the course of the decade he was elected to the board of the General Electric Company; appointed to the Business Council, a select group of 100 leading corporate **executives**; and elected president of the American Textile Manufacturers Institute, becoming the major spokesperson for his industry.

In that **role**, Dent was a frequent critic of U.S. trade negotiations underway with Japan and other textile-producing nations. He regarded the U.S. position as excessively laissez-faire, and he called for legislation to establish an "effective, comprehensive, qualitative limitation on imports of all textile articles."

Before his appointment in late 1972, Dent played a key role in persuading the Nixon Administration to negotiate voluntary restraint agreements with the large exporters of low cost textiles to the U.S. Dent also served on President Nixon's Commission on an All-Volunteer Army.

Dent's nomination to become Secretary of Commerce beginning the second Nixon **term**, was perceived in part as a political concession to domestic textile producers eager for tariff protection against foreign competition.

In his two-year tenure at **Commerce**, according to a New York Times profile (March 16, 1975, Sec. 3, p. 7), Dent acquired a "reputation for thoroughness, and the ability to master a brief and defend it well, despite his gentle approach. He is also credited with introducing a fairly successful energy conservation program for industry. But in general he neither sought nor gained the limelight."

At the height of the Watergate **crisis**, the soft-spoken Dent surprised much of Washington with his uncharacteristically outspoken defense of President Nixon.

In late 1974, as the economy **worsened**, President Ford named Dent to the Council on Wage and Price Stability and later to the Economic Policy Board.

Dent **entered** the trade post finding USTR virtually **deserted**—former STR Eberle, and his two Deputies, **Harald Malmgren** and William Pearce, had all left when Dent arrived on the job full time in the early spring of 1975.

Many in Washington were skeptical of Dent and the enormous challenges confronting him in his new position.

The Office of the Special Trade Representative had just achieved Cabinet-level status in 1974, but still faced substantial bureaucratic infighting and "**turf**" skirmishing from Treasury, State, Commerce and even Agriculture. The *New York Times* put it most bluntly: "Does Mr. Dent have the toughness, the skill, the imagination and the leadership to retain control of the negotiations and find his way through the bureaucratic minefields the powerful branches of the administrative machine would sew **around** him? To many, Mr. Dent is a Southern gentleman: soft of speech, polite and altogether unpushy. Others complain that he is just plain dull." (March 16, 1975, Sec. 3, p. 7)

In March 1976, President Ford threatened to impose three-year quotas on U.S. imports of specialty steels unless an "orderly market agreement" could be negotiated with foreign steel producers. Three months later, Ford did approve such quotas on specialty steel imports, and Dent was dispatched to Japan to negotiate an orderly market agreement. Earlier efforts to win voluntary export restraint from Sweden and the European Economic Community in specialty steel had failed.

Around this same time, President Ford announced that similar restrictions would not be imposed on non-rubber shoe imports.

In 1976, Dent also served on a Cabinet-level task force to review the issue of U.S. corporate bribery overseas.

In 1977, Dent returned to South Carolina and his old company, **Mayfair** Mills, of which he is chairman today. **Mayfair** Mills has six textile manufacturing **plants**—five in South Carolina and one in Georgia.

Dent served on President Reagan's Commission on Industrial Competitiveness. He has served as a Trustee of Yale University during most of the Eighties, and today he is Chairman-Elect of the **Spartanburg** Area Chamber of Commerce.

## WILLIAM D. EBERLE

William Eberle was the President's Special Trade Representative from 1971 to early 1975.

Born June 5, 1923, in Boise, **Idaho**, Eberle served in World War II as a Lieutenant in the Navy, in the Atlantic and the Pacific. He received an undergraduate degree from Stanford University in 1945, in the social sciences. In 1947, he received a masters degree from the Harvard University Graduate School of Business, and in 1949, a law degree from Harvard.

Eberle was admitted to the Idaho Bar in **1950**, and he practiced corporate law in Idaho until 1959, with the Boise law **firm** of Richards, Hago & Eberle.

In 1952, he was elected to the Idaho House of **Representatives**, where he served from 1953 to 1961. Eberle was Speaker of the House from 1957 to 1961.

In 1959, he became Vice President of the Boise Cascade Corporation.

In 1966, Eberle moved east to New York, where he became Chairman of the Board and Chief Operating Officer of American Standard. He successfully integrated American Standard with the **Westinghouse** Air Brake Company and the **Mosle** Safe Company.

President Richard Nixon named Eberle as his Special Trade Representative in 1971, and Eberle began his tenure in November of that year. He was the chief Administration spokesman at the time of the historic Trade Reform Act of 1974, in which the Office of STR was elevated to Cabinet status. His tenure also marked the inauguration of the Tokyo Round of **GATT** negotiations.

In 1973 and 1974, Eberle also was Director of the President's Cabinet Council on International Economic Policy.

In January 1975, Eberle left government and represented U.S. automakers as President and Chief Executive Officer of the Motor Vehicle Manufacturers Association.

Eberle formed his own consulting company in 1979, called Manchester Associates, Ltd. One of the firm's first major clients, and its steadiest over the years has been the Nissan Motor Company, Ltd. Manchester Associates was paid **\$12,000** a month, plus expenses, by Nissan, for "consulting and advisory services, including information reporting, research, analysis and advice, and representational services."

According to contractual documents filed with the Justice Department under the provisions of the Foreign Agent Registration Act, Eberle said his **firm's** services would "enable Nissan management to accurately assess developments in the United States economic, political, and corporate environment and to choose appropriate responses to safeguard Nissan business interests; and ... to encourage a better understanding of Nissan in the United States."

In addition, Eberle proposed to Nissan that the firm will "present the views of Nissan to U.S. government officials. Manchester Associates will also arrange, upon the request of Nissan, meetings and conferences between representatives of Nissan and government and corporate officials in order to promote better understanding on matters of mutual interest."

Over the past **decade**, Eberle and his firm have received in excess of \$1 million from Nissan. The amount of remuneration, however, has varied from year to year. For example, in 1984, the firm received about \$240,000

from Nissan. From August 1989 through January 1990, Manchester Associates received \$105,000 for "professional services" alone, plus expenses.

Manchester Associates has helped Nissan oppose trade legislation that would restrict Nissan's access to the lucrative U.S. consumer market, and helped arrange meetings between Nissan executives and **then-U.S.** Trade Representative Bill Brock. In 1983, Manchester Associates met with numerous senators and **congressmen**, to persuade them to vote against domestic content legislation which would require companies with a large U.S. market to build automobiles in this country.

Manchester Associates has also represented several other foreign clients, with a recent heavy emphasis on assisting Mexican steel and Costa Rican textile interests export to this country. Manchester clients in recent years have included Corporacion del Cobre; Eldorado Resources, Ltd.; Korean Foreign Traders Association; **Neal & Massey**; **Hylsa**; Canacero; TAMSAs; Deacero America; **Sidermex** International; and the Pants and Shirt Industry of Costa Rica.

In 1988, Steve Lande left Manchester Associates and began Manchester Trade, which includes some of the above clients.

According to the *Wall Street Journal* (February 23, 1990, p. 1), Manchester Associates and Nissan participated in a **50-member** lobbying coalition that helped defeat provisions of the 1988 trade bill.

In the same article, it was reported that Eberle is a close friend of current U.S. Trade Representative **Carla** Hills and her husband, Roderick Hills. Eberle told the Center he was present when Mrs. Hills was sworn in as a member of the Bush Cabinet.

Eberle is also managing partner of a merchant banking and consulting firm called Manchester Group, chaired by Roderick Hills. Eberle is also "of counsel" to Roderick Hills' law firm, Donovan, Leisure, Newton & Irvine, on international trade matters.

Eberle said that both Carla and Roderick Hills are good friends, and regarding the current U.S. Trade Representative, "I have great respect for Carla."

He said in regards to the Roderick Hills law firm, and with the Manchester Group, "anything that would embarrass her (Carla Hills), we just don't do it." Since Carla Hills took office in early 1989, to ensure that potential conflicts are avoided, Eberle said he has been in occasional contact with the General Counsel of USTR, Joshua Bolten, "I called Josh a month ago."

Reflecting on his professional career, Eberle said that, "When I was STR, I wasn't planning what I would do years later in the private **sector**. . . . It was four or five years before I represented any foreign clients."

He said that officials leaving and going to work for foreign clients within a few days or weeks is "cutting it too close," and to him "it's wrong." Also troubling to Eberle are individuals going to work at USTR with an eye toward extremely lucrative opportunities later in the private sector, with post-employment ambition being the principal motivation to serve in government. Said Eberle, "I don't think that's right."

Eberle said, "I only take clients who are working in the American interest."

Eberle is also chairman of the U.S.-Japan Foundation, which provides millions of dollars for studies promoting U.S.-**Japan** trade relations, and educating American teachers and students in U.S. schools about Japan. According to author Pat Choate (*Agents of Influence*, p. 185, 178), the U.S.-Japan Foundation was created in 1981 with a \$44.8 million grant from the Japan Shipbuilding Industry Foundation, which is controlled by Ryoichi



Sasakawa. The Japanese **billionaire**, according to State Department **documents**, has an "unsavory political history." After the Japanese surrender in 1945, Sasakawa was imprisoned as a war criminal for three years and cited at the time by American authorities for his war activities. In addition to 20 years of advocating Japan military aggression and "**anti-foreignism**," the State Department says Sasakawa profited through "ill-gotten gains" from his activities.

In direct response to the **Choate** book, the **U.S.-Japan** Foundation did not dispute the information about its funding or Mr. Sasakawa. The Foundation issued a statement which said in part "No outside individual, organization, or foreign government agency exercises any influence whatsoever over the activities of the Foundation."

In 1990, Eberle, while representing Nissan and other overseas clients, also was a member of **USTR's** select Advisory Committee for Trade Policy and Negotiations, one of several private sector advisory committees established under the 1974 Trade Act to work with and advise **USTR** on the various multilateral trade negotiations. Members have special security clearances because of the proprietary U.S. industry and negotiating information they may be privy to. Nominated by **Carla** Hills and appointed by President George Bush, Eberle resigned from the post in 1990 after serving about six months.

## CARLA ANDERSON HILLS

Ambassador Carla Hills is currently the United States Trade Representative. This is the second Republican Administration in which she has served at the Cabinet level.

Born in Los Angeles, California, on January 3, 1934, she received her bachelor's degree from Stanford University, June 19, 1955, majoring in history. Hills received a law degree from Yale in 1958. She also studied at Oxford University.

For three years, she served as an Assistant United States Attorney, in the Civil Division in Los Angeles. In 1962, Hills co-founded a Los Angeles law firm, Munger, Tolles & Rickerhauser, where she was a partner until 1974. At the same time, she was an Adjunct Professor at the University of California at Los Angeles (UCLA) Law School, teaching antitrust law. Hills was editor and co-author of *Antitrust Adviser*, which was published in 1971.

Her career shifted to Washington in 1973 when then-Attorney General Elliot Richardson offered her a position as Assistant Attorney General. Before her confirmation, Richardson and his top aides resigned as part of the Watergate "Saturday Night Massacre." (Richardson resigned in protest against President Richard Nixon's order to fire Watergate Special Prosecutor Archibald Cox). Hills decided to stay in the job at Justice, and worked with the Nixon White House as the President became increasingly ensnared in legal challenges.

After Gerald Ford assumed the Presidency, he chose Hills to join his Cabinet as Secretary of Housing and Urban Development. Her tenure there was generally perceived to be successful. In 1976, *Time* magazine named her as one of its ten Women of the Year. To this day, Hills is regarded as one of HUD's best Secretaries in terms of effectiveness, competence and integrity.

After Ford lost in 1976, Hills served without pay as Co-Chair of the Alliance to Save Energy, a non-profit organization that promotes energy conservation.

In 1978, Hills opened the Washington office of the prestigious Los Angeles law firm of Latham & Watkins, under the name of Latham, Watkins & Hills. She was the managing partner. In late 1986, Hills announced her departure from Latham & Watkins and her intention to join the Washington, D.C. office of New York's 368-lawyer firm of Weil, Gotshal & Manges, where she was co-managing partner.

At the same time, Hills also served on the Boards of Directors of IBM, Corning Glass, the Federal National Mortgage Association, Chevron, American Airlines and The Henley Group, Inc.

Hills was the Chairman of the Urban Institute from 1983 through 1988, and was a member of the Executive Committee of the American Agenda, co-chaired by Presidents Ford and Carter. From 1981 to 1982, Hills served as Vice Chairman of President Reagan's Commission on Housing, and from 1985 to 1986, as a member of the President's Commission on Defense Management.

In late 1988, she was named by President-elect George Bush to become the U.S. Trade Representative.

Ambassador Hills' highest priority since becoming the U.S. Trade Representative has been the Uruguay Round negotiations on the General Agreement on Tariffs and Trade. As those talks are still very much on-going, with the precise outcome unclear, thus far it is not possible to fairly assess her performance as America's preeminent trade official. So far, however, Hills has received "good press." As the *Financial Times* noted February 26, 1990, Hills had "emerged to win widespread plaudits for taking the lead in pushing forward the Uruguay Round of multilateral trade negotiations."

The *Los Angeles Times*, the *New York Times*, *Business Week*, *USA Today*, *Fortune*, the *Economist* and other publications have all reported favorably on her analytical skills, energy, intelligence, diligence, stamina, savvy. At the same **time**, key members of Congress who have oversight regarding trade issues and USTR in particular, in both parties, give her high marks for her competence and overall performance in the demanding job.



Two other issues have also attracted news media **and/or** Congressional attention: Hills' pre-USTR representation of foreign companies, and of clients having business before Secretary Samuel Pierce's HUD. These activities represented a small part—**less than 10 percent—of Carla Hills' work** in the period 1985 to 1988.

At the time of Hills' USTR nomination, there was some speculation in the *Washington Post* and the *Legal Times* about potential conflicts of interest resulting from her representation of foreign clientele.

Hills is the first Trade Representative in the history of the 28-year-old agency, who previously has been registered at the Justice Department as a foreign agent. She registered as the representative of a Korean conglomerate, Daewoo Industrial Co., **Ltd.**, in a 1985 steel trade matter, as did her husband Roderick Hills. She has also represented a Canadian lumber company, Crown Forest Industries, Ltd., and British Columbia Forest Products, in countervailing duty cases. According to Hills' 1989 financial disclosure report, other foreign clients included Matsushita, Panasonic Industries, and Reuters.

In an agreement signed by W.C. Kim, Chairman of the Daewoo Corporation, and Hills, her **firm** offered the following services: "Advising Daewoo with respect to quotas, tariffs and other proceedings of the International Trade Commission, U.S. Department of Commerce, U.S. Treasury, U.S. Customs Service and the Office of the Special Trade Representative. Monitoring and analyzing actions taken by the Consumer Product Safety Commission, Food and Drug Administration and the Federal Trade Commission which might affect sales of Daewoo's products in the United States and other countries. . . . Working with Daewoo representatives to improve Daewoo's understanding of trade in the United States and to promote the growth of trade by Daewoo in the United **States**. . . . Assisting and advising Daewoo regarding U.S. laws and regulations governing the sale and shipment of military **arms**. . . . Assisting Daewoo in identifying and consummating appropriate investments in the United States."

In an interview and a letter to the Center, Roderick Hills downplayed the Daewoo contract, "the agreement signed by the law firm with Daewoo was a form agreement required, as I recall, by the government authorities in Korea to permit Daewoo to export funds to pay our law firm. Neither the **firm** nor Carla did any other work for Daewoo while Carla was a partner."

In an interview with the Center, Carla Hills said that legally, she was not required to register. "Nothing I did for Daewoo or that I contemplated doing for Daewoo would have caused me to personally register [**at the Justice Department**]," she told the Center.

"There was no reason for us to register as a foreign agent and the reason I did so was in contemplation of a matter that did not involve Carla," Roderick Hills wrote in a letter to the Center.

"In the twelve years she practiced law after leaving the [Ford] Administration, all of her work for foreign entities amounted to a very small percentage of her practice," Roderick Hills told the Center. Nine days later, Roderick Hills reiterated that point, saying, "of the little work she did for foreign clients, most was general corporate and antitrust advice; only a tiny proportion was trade-related, and no matter she worked on has arisen as an issue before her as United States Trade Representative."

A former Chairman of the Securities and Exchange Commission and attorney, Roderick Hills has worked for **for-**

**eign** companies. At the time of the emotional Toshiba controversy in Washington, Roderick Hills lobbied against legislation proposed by Senator Alan **Dixon** (D-Il1), which would have placed sanctions on the Japanese trading company C. **Itoh** as the exporter for the illegal sale of Toshiba equipment to the Soviet Union. He registered with the Justice Department as a foreign agent on behalf of C. Itoh.

Because of the close relationship between C. Itoh and Toshiba, much of the recent reporting about Roderick Hills has labeled him as a lobbyist for Toshiba. To this day, Roderick Hills adamantly maintains that "I have never lobbied for **Toshiba**. . . I have never done anything for Toshiba."

Hills is chairman of the Manchester Group, Ltd., a merchant banking firm. The firm Manchester Associates, which does substantial foreign lobbying for Nissan and other clients, has been headed for years by former U.S. Trade Representative William Eberle, who has a small interest in the Manchester Group.

According to the Justice Department Foreign Agent Registration Act files, Roderick Hills worked as a consultant to Manchester Associates in 1986, representing Korean Air Lines. Hills contacted various U.S. government officials "expressing the views of Korean Air Lines with respect to their business interests in the United States." This particular filing is not only signed by Hills, but includes next to his signature the unusual, manually-type-written notation, "We declare under penalty of perjury the foregoing is true and correct."

Despite the sworn statement, Roderick Hills has told the Center, "I have never had any interest in Manchester Associates, nor have I done any kind of work for any of their clients."

Roderick Hills is also D.C. managing partner for the New York law firm Donovan, Leisure, Newton & Irvine.

In an interview with the Associated Press, Roderick Hills said if any of his prospective work presented a conflict, "I just won't do it any more." He was not worried about the prospect however, joking, "I've even run a coal mine once, so there are plenty of things to do." (AP, December 11, 1988, Sunday, AM cycle.)

At the time of **Carla Hills'** nomination to become the new Trade Representative, there was controversy in the *Washington Post* and *Legal Times* about one of the Hills' daughters, Laura, an associate for the Washington lobbying firm of Patton, Boggs & Blow. The 1986 graduate of Stanford Law School represented the firm on international trade matters before the Department of Commerce. The firm has had as clients Toshiba, Hitachi, Sony and many other overseas interests. According to Justice Department records and Laura Hills, she is a registered foreign agent, and as a second-year associate has done work for several foreign clients. When asked about her daughter's employment as it relates to her own appointment as USTR, Hills told reporters, "I don't see any conflict with Laura, and I regard the question as ludicrous." (*Legal Times*, Dec. 12, 1988, p. 4). Roderick Hills, in a letter to the Center, said any reference to his daughter was "offensive" and "indecent."

On January 24, 1989, Laura Hills pledged in a letter to the then-USTR General Counsel, Judith **Bello**: "I will not represent, either in person or in writing, any client before the Office of the U.S. Trade Representative. Further, I will not discuss with my mother any trade-related matter being handled by my law firm."

The public discussion about the various foreign representations of Carla, Roderick and Laura Hills had little weight on Capitol Hill: the U.S. Senate approved Carla Hills' nomination, 100-0.

Upon taking office, Hills, her husband and USTR General Counsel Josh Bolten and his staff took elaborate steps to prevent and avoid even the appearance of conflicts of interest in Hills' official conduct and daily decision-making. To date, it would appear those unprecedented **measures—detailed** earlier in this **REPORT—have** been successful.

In addition, the measures taken by Hills involved extraordinary personal financial sacrifice. Not only did her

annual income drop dramatically from \$510,713.92 in 1988 to \$107,300, she sold all of the substantial stock holdings in her and her husband's name. It is unclear what her IBS capital gains liability was for the calendar year 1989, but it had to have been considerable.

But the issue of **Carla Hills'** pre-USTR representation, and the work of her husband and daughter, continued to be a topic of some discussion in Washington. On February 23, 1990, the *Wall Street Journal* published a Page 1 story ("In Trade **Talks**, Japan Knows the U.S. **Team—Often** All Too Well," by Jill Abramson and Eduardo Lachica) included further discussion of the "Far-Flung Hills Family."

The *Journal* pointed out that **there's** no evidence that Mrs. Hills "has been influenced by her personal or previous professional relationships."

**However**, friendships with major Japanese lobbyists were noted, including Takeshi Kondo, a close family friend and representative for C. **Itoh**, who attended Mrs. Hills' swearing-in ceremonies and weddings of the Hills' **children**; and William Eberle, former USTR himself and foreign agent for Nissan and other overseas clients, with business and social ties to Roderick Hills. Eberle also attended the swearing-in ceremony of Mrs. Hills as a member of the Bush Cabinet.

Hills was miffed by the questions raised by reporters Abramson and Lachica, and by the story which later appeared. When they interviewed **her**, Hills told them frostily, "I do have Japanese friends. I have French friends. I have black friends. And I don't want to have to be defensive about my friends who don't look like YOU."

## **The HUD Scandal**

In her first summer as Ambassador, Hills found herself ensnared in a Washington scandal, in which her pre-USTR activities were publicly questioned. What follows are the essential elements of the recent **Hills-HUD** saga.

In August, 1989, HUD Inspector General Paul **A.** Adams testified before Congress that 20 high-paid consultants hired by developers received fees totaling \$5.7 million for obtaining HUD grants for 51 projects, accounting for one-fifth of all federally-subsidized housing units during the period from 1984 to 1988. One of those consultants named: Carla Hills, who Adams said received **\$138,445**.

Senate Majority Leader George Mitchell of Maine chastized the 20 consultants, all of whom were all Republicans, "Large sums of money intended to help poor and working class Americans were diverted into the pockets of well-heeled and well-connected political operators. It is obvious that HUD was used as a political slush fund where political appointees gave favors, amounting to millions of dollars of taxpayers' money, to politically well-connected individuals."

Hills represented several clients before HUD, and lobbied high HUD officials, including HUD Secretary Samuel Pierce. Not all decisions were favorable to her clients, although her success rate appears to have been high. Of the requests she made to Secretary Pierce or his subordinates, one thing is clear: Hills had "access" and she got action. On at least three occasions during Pierce's tenure, Hills persuaded the Secretary to overrule HUD staff-level decisions.

## **DRG Funding Corporation**

In the summer of 1989, Hills testified for nearly six hours under oath, most of the time defending her role in representing DRG Funding Corporation, a Washington, D.C., **firm** in the HUD co-insurance loan program. Loans made by the company later defaulted at a rate of 44 percent, a cost to the taxpayer of more than \$530 million.

Hills denied she had used political influence to obtain a favorable ruling for the firm. **However**, on several occasions she met with and corresponded with HUD Secretary Samuel Pierce asking Pierce to ease lending restrictions on her client. Pierce overruled his aides, and complied with her request. DRG was thus allowed to begin issuing Government-insured housing loans without prior approval.

Hills told Congress that "In all of this representation, I never had a hint of fraud or intentional wrongdoing from HUD."

Hills insisted that she had been retained solely "because of my expertise as a housing lawyer," and that she had presented the case for her client, DRG Funding, "strictly on the merits."

However, in response to congressional questioning, Hills conceded that "as a former Cabinet officer, I had better access than some." The fact is, Pierce regarded her as much more than a housing lawyer—a predecessor HUD Secretary for a Republican President. At least one letter from Samuel Pierce to Hills about another of her clients was addressed to the "Honorable" **Carla A. Hills**.

## **Pasadena**

The client Pierce was discussing in that letter was the Retirement Housing Foundation, a non-profit organization attempting to sell Pilgrim Towers North, an **11-story**, 258-unit, low-income housing apartment building in Pasadena, California. Approximately 80 percent of the building units received Section 8 HUD subsidies. Hills' client wanted to sell the project to a **for-profit** limited partnership, Pilgrim Tower Associates.

Assistant Secretary for Housing, Maurice L. **Barksdale** informed Hills and her client that because of a recently-changed Departmental procedure in approving transfers from nonprofit to profit-motivated owners, a cash contribution of 20 percent of the unpaid mortgage amount be made by the purchaser; 15 percent to a reserve account (\$855,000) and five percent to purchase an annuity which would pay newly-imposed property taxes (\$300,000).

A March 5, 1985, Hills wrote a letter to Secretary Pierce: "On policy and economic grounds, this decision warrants **reexamination**." Hills wrote that "the twenty percent **`tariff**" on the transfer would reduce the housing trust fund from \$1,090,000 to \$815,000, seriously undercutting RHF's efforts." At the end, she stated again, "I respectfully ask that you review this decision. My secretary will call your secretary to see if we could meet. . . ." She ended the letter, "Warm personal regards. Sincerely," and signed her first name, "Carla."

In other words, to consummate the deal, Hills and her client were asking Secretary Pierce to overrule a routine HUD staff decision, which would mean a difference in the required cash contribution to HUD by the purchaser of \$300,000.

In response to Hills' written request for a meeting with the Secretary, Executive Assistant Deborah Gore Dean gave an April 2 Memorandum on the Pilgrim Towers North issue to Secretary Pierce. In it, Dean noted that the HUD requirement for a cash contribution in such a transfer had changed in November, 1984, from 10 percent to 15 percent. Dean argued that "this project could and should be **grandfathered**," because Hills' client had begun negotiations to consummate the transfer prior to November 1984.

Therefore, Dean concluded, "the present request for reconsideration of the 20% requirement is fair and equitable, would not increase **HUD's** risk and in my opinion should be granted."

By April 9, 1985, Hills had apparently not heard from HUD or Pierce about her request for reconsideration, or her request for a meeting with the Secretary. In a letter to Secretary Pierce, she **wrote**, "Resolution of the **mat-**

ter has now become extremely **urgent**. . . . If the transaction does not close in the very near future, the purchaser may well refuse to close at **all**. . . . I would very much appreciate your early review of the requested modification."

In a letter dated the same day, Pierce responded with a letter informing Hills that her request had been granted.

"I have directed the Assistant Secretary for Housing to '**grandfather**' this **project**. . . . The sound financial and structural condition of Pilgrim Towers North makes this determination both fair and equitable." Therefore, Pierce wrote, "as a condition for approving the sale of **Pilgrim** Towers North from Retirement Housing Foundation to Pilgrim Tower Associates HUD will require that the purchaser make a cash contribution of 10 percent of the unpaid mortgage balance to the reserve account and a 5 percent contribution to purchase an annuity to pay the property taxes.

"I am pleased that I could assist you in reaching a satisfactory resolution of this situation. Your continued interest in the Department is appreciated."

The same day, April 9, Hills wrote back to Secretary Samuel Pierce, "**You** have the appreciation of Retirement Housing Foundation and my personal appreciation for making that seed money available. Very best regards . . . **Carla**."

## **Beverly Hills**

On July **26, 1989**, the *Washington Post* reported that two years later, in 1987, Hills got Pierce to once again override internal HUD staff objections ("Pierce Let Beverly Hills Set Strict Residency Rule," by Gwen **Ifill**). Hills' client had already built a public housing facility in the wealthy city of Beverly Hills, California, but in the spring of 1987, the developer and the city realized that HUD affirmative action goals would require them to make the apartments available to a large number of non-Beverly Hills residents. Hills was retained by the developer and the city to request a more strict residency requirement. Hills told the *Los Angeles Times* that Beverly Hills officials "are perfectly willing to have minorities in the housing units. They just want them to be Beverly Hills minorities."

The then-Assistant Secretary for Fair Housing and Equal Opportunity, Judith **Brachman**, wrote in an internal May 1987 HUD memo that there were three times as many minority applicants for spaces in the project from outside Beverly Hills as from within it and that granting the **Hills/developer** proposal would "seriously disadvantage eligible minority families in the Los Angeles County area." Brachman said, "It would be a serious mistake to reverse our position arbitrarily." Elsewhere in the HUD bureaucracy, Lawrence Goldberger, then Director of Elderly Assisted Housing, supported the Beverly Hills proposal.

Hills again called **Pierce's** Executive Assistant, Deborah Gore Dean, formally requesting a meeting with the Secretary. Hills told the *Washington Post* that her appeal to Pierce was not at all unusual. "If I had been Secretary and there was a debate between my housing office and my equal opportunity officer, I would have wanted to be involved with it."

As it turned out, it was not necessary for Hills to personally appeal to Pierce. Dean sent Assistant Secretary for Housing Thomas T. **Demery**, and Brachman, a memorandum saying that Pierce had "reviewed the issue" and decided to grant the Beverly Hills request to impose a stringent residency requirement. According to the *Post*, Dean notified Hills that a face-to-face meeting with Pierce thus would not be necessary.

## Deborah Gore Dean and Carla Hills

Dean controlled access to Secretary Pierce and was his top assistant from 1984 to 1989 and since has emerged as one of the central figures in the HUD controversy. Dean refused to testify before Congress, citing the Fifth Amendment. Dean, Pierce and other HUD officials have for months now been the focus of an Independent Counsel investigation.

Around the time of the Beverly Hills policy reversal, on May 15, 1987, Carla Hills sent a "Dear Debbie" letter to Dean: "I cannot thank you enough for the effective way in which you have handled issues that we have placed before you. Your questions are thoughtful and penetrating. People like you add luster to public service in a very meaningful way. It has been a personal pleasure for me to get to know you." The note, on Weil, Gotshal & Manges stationary, was signed "Carla."

Following her Congressional testimony, there was the feeling among members of Congress that Hills' HUD lobbying was less troubling than that of other well-known Republicans who received large sums of money for their access to Secretary Pierce. While she had had undeniable access to the highest levels of HUD and Secretary Pierce, at least her fees had been collected based on a straight hourly basis, and she had pushed her clients' cases up the HUD staff ranks, through proper channels.

Hills' appearance before the House Government Operations Subcommittee on Employment and Housing generally seemed to assuage and impress the Members. For example, although Rep. Charles Schumer (D.- N.Y.) said that "to the outside observer it seemed like your main purpose was getting through and getting through quickly to Samuel Pierce." Schumer and others also described Hills as a "good person" and said it was "a shame that you had to be the one in the middle of this."

And so, just as Congress was not harshly critical of Hills' conduct, her HUD-lobbying activities are also considered outside the purview of the Independent Counsel's current investigation.

Hills told the Center that her HUD work constituted a small portion of her entire legal and corporate workload in the mid-Eighties. In addition, she said, "I was acting as a competent housing lawyer in each of those instances, representing my client to the best of my ability, and getting my regular hourly compensation for doing so—**nothing** outlandish, but regular compensation. I do not think I achieved anything more for my client than a highly competent housing lawyer could achieve. I worked through the system, through those who were assigned. I never went directly to the **top**, and I argued my case just as a housing lawyer ought to do. And I stress OUGHT to do. And when I sought to have an audience with the Secretary, I did so in a professional way. You should know that I had no personal relationship at all with the Secretary [Pierce], although he addressed me by my first name because that was my style when I was at HUD as it is here [USTR]. I have never addressed him by his first name. It was a purely businesslike proposition."



## ROBERT STRAUSS

For two decades Robert S. Strauss has been a respected, colorful figure in Washington, and from 1977 to 1979, he served in President Jimmy Carter's Cabinet as the Special Trade Representative.

Born in **Lockhart**, Texas on October **19, 1918**, Strauss grew up in Stamford, Texas. He studied "liberal arts" at the University of Texas, and later graduated from the University of Texas Law School in 1941.

During World War II, Strauss was an agent for the Federal Bureau of Investigation in Washington, Ohio, Iowa and Texas.

In January 1946, Strauss entered private law practice, and founded the firm which became Akin, Gump, Strauss, Hauer and **Feld**, with offices in **Dallas**, Washington and Brussels. Today, the Washington office of Akin, Gump employs 600 people.

Strauss met John B. **Connally** at the University of **Texas**, and later worked for his successful gubernatorial campaign as a key fundraiser. Connally later appointed Strauss to the state banking board and helped the affable Dallas millionaire businessman and lawyer get appointed to the Democratic National Committee.

Strauss has always been a prodigious fundraiser. As Treasurer of the Democratic Party, Strauss reduced the Party's 1968 debt of \$10 million to \$2 million.

As DNC treasurer Strauss a \$50,000 cash contribution to the Democratic Party from Ashland Oil for the 1972 presidential campaign. Federal law then prohibited corporate contributions in federal elections. In 1975, the Watergate special prosecutor's office said it would not prosecute Strauss on charges of accepting an illegal campaign contribution because of "problems posed by the statute of limitations." Ashland, however, pleaded guilty to making an illegal corporate contribution, and was fined \$30,000 for the DNC contribution and other illegal campaign contributions.

Strauss served as Chairman of the Democratic National Committee from 1973 to 1976. Strauss reportedly favored Senators Henry Jackson, Hubert Humphrey and Lloyd Bentsen, in that order, for the Democratic nomination. As Carter triumphed through the primaries and caucuses, Strauss supported him and helped organize a successful party convention in New York City, and subsequent fall campaign.

As Carter had become President-elect, Strauss had become one of the closest "non-Georgians" to the former Governor, establishing rapport with two key Carter advisers, Charles **Kirbo** and Hamilton Jordan.

By February 1977, Strauss had begun to focus on returning to his law firm. He had taken on new clients, and had accepted election to the Boards of Directors of Xerox and **Braniff**. As he recounted in an interview with the **Center**, "I was anxious to go back to private life. I had no thirst for public life." If he did have a thirst, some have said it might have been for Treasury or State in the Carter Cabinet.

The Carter Administration began to settle upon Strauss as the most logical choice for Special Trade Representative. On February **23, 1977**, Carter called Strauss to the White House and asked Strauss to take the job, according to the *Washington Post*, ("Politics of Trade Post," by Robert Kaiser, **3/13/77**, p. 1). Carter asked for an immediate **reply**, but Strauss said he would need a day or two to think about it.

Strauss then received a telephone call at home at night from Russell Long, the powerful chairman of the Senate Finance Committee. Long told Strauss that he had two options. "He put it to me this way," recalled Strauss.

"Would you like to be a hero and I said, 'Russell, I sure **would.**' He said, 'You take that job and me and Lloyd [Bentsen] and Bob Dole and all of us over here we'll help you to be a real **hero**'—he says 'HEEER-RO.'

"And he said, 'If you don't, we gonna run you out of town.' I said, 'Russell, you've explained that to me a lot clearer than the President **did.**'"

Strauss accepted the appointment, and was confirmed easily by the Senate. At the time, **Strauss—who** has always gotten along quite well with the news **media—was** described by the New York Times in a "Man in the News" profile as an "Ebullient Political Manipulator."

"The reason I had an interest in it [STR] is Joe Kraft, the columnist felt that was one of the most significant jobs in government and he felt that that was one of the jobs I was particularly well-suited for. It didn't have a big bureaucracy in it and a fellow who operated in creative ways and independent thinking could get something done."

In those earliest days, it became apparent that Strauss had atypical cachet and status in the Cabinet-level position. On March 11, President Carter announced that he had approved an exception to his conflict-of-interest guidelines for Strauss. Strauss placed his 30-percent stock interest in the family-owned Strauss Broadcasting Co., and his stock in the Valley State Bank, into a "blind" trust.

The STR position had only recently been elevated to Cabinet rank, but Strauss believed additional measures needed to be taken to ensure his authority in the trade world. "I had sufficient political instincts to know that unless you were clothed with a great deal of authority you couldn't get anything done. In the end I made a deal with Carter whereas I spoke for trade, the Secretary of State, the Secretary of Treasury, and everybody else. I was the spokesman for trade and Carter sent around a memorandum the day I was sworn in to various Secretaries involved in that which said 'This is to advise you of the following: Bob Strauss will now be the spokesman for the Administration on **trade.**'... I have that memorandum at home in my scrapbook and I was stunned by it."

Probably no Trade Representative since 1962 has ever enjoyed the influence and access to the President that Strauss did in the position.

"Carter understood the trade issues and he could talk about them and when I would get in an argument with the Prime Minister of France, the President of France, I'd say [to President Carter], 'Should I shut up?' And he'd say, 'No, go **ahead.**' ... And I could go in and out of that I negotiated directly with [Chancellor] Helmut Schmidt and [former Prime Minister James] Callahan and when people came to town they came to the STR office, so it was a focal point of government. I was fortunate that I had relationships with the American business community, the labor community, and they went across Democratic and Republican lines, and when the chairman of U.S. Steel came to town, he came by to see the STR, and when the chairman of the U.S. Business Roundtable came to town, he came to see the STR.

"I was always a quick study, never a deep study. I knew my strengths and weaknesses. I knew how to make a noise like a trade lawyer and I knew I didn't have time to become one."

During his two-and-a-half year tenure, Strauss successfully concluded the Tokyo Round of Multilateral Trade Negotiations and directed its passage through Congress, culminating in the Trade Act of 1979.

In 1979, Strauss was named to be the President's Personal Representative to the Middle East Peace Negotiations.

In 1981, he was awarded the Presidential Medal of Freedom, the nation's highest civilian award.

Akin, Gump has represented a long list of domestic clients, including Xerox; Dow Chemical; Goldman, Sachs; Gulf Oil; Archer-Daniels-Midland, Texaco and many others.

The firm has also represented foreign clients, including the People's Republic of China, **Frupac** International (Chile); the Canadian Embassy; West Indies Rum & Spirits Producers; Fujitsu; and others.

Strauss has never registered as a foreign agent at the Justice Department, although his firm has been registered for years. Strauss has always denied that he is a lobbyist or a foreign lobbyist. There was unconfirmed speculation in the Eighties that he had worked as a paid adviser to Toyota.

Strauss told the Center that Toyota did retain Akin, Gump in the mid-Eighties for "six months or a **year**," and that "Toyota asked me if I would be willing to meet with their Board of Directors" in Tokyo. Strauss discussed general political and economic issues on that occasion.

A few years later, in 1989 to today, Toyota retained another former U.S. Trade Representative, William Brock, who has also spoken with top Toyota officials in Tokyo.

"Of course being in government service is of benefit, whether you're a businessman or a professional person, if you have a major **success**. . . . I certainly think I got far more out of my government service than I contributed."

"**But** . . . when I left the government I didn't come to this office until I'd been out of government for a year and when I came back I suggested that what Chinese and Japanese clients we had, we ought to get rid of for a while because I didn't want the appearance of anything, I didn't want the kind of stories that you now see written\_\_\_\_

"And I have never lobbied for a Japanese concern and I don't have any Japanese clients, and I don't get **any**—I could get all I want if I wanted to get them, but **I've** been to Japan once in the past five years, and that was to give a **speech**. . . .

"I don't see anything wrong in that. After a couple years, we started taking a few Japanese clients. We don't happen to have many. But **it's** tough enough getting good people in government as it is, and if government service is going to preclude you from your profession or your business, you're going to get even worse people [in government]."

When Strauss was interviewed by the Center, the *book Agents of Influence* (How Japan's Lobbyists in the United States Manipulate **America's** Political and Economic System) by Pat Choate, was just about to be released. Strauss brought the subject up.

"Someone asked me to comment on it recently, and I said well I'm not going to comment on it, I don't want to add to the forum for the book. But my judgement is, these are views he honestly holds, even though he's a bit of a zealot, and that he raised a number of troubling issues but he just brought very poor conclusions to them and inaccurate factual statements to it."

Days later, a short item about the book appeared in U.S. News and World Report, reporting that while STR Strauss had signed a secret side letter with the Japanese government which Choate alleged was detrimental to the American television industry. The Strauss letter is intriguing; the information presented by Choate in his book is compelling.

On September 27, 1990, Choate testified about his research and findings before the Senate Commerce Committee. At the start of the hearing, several senators spoke up in strong support of Strauss as a man of impeccable integrity, and a letter from Strauss' Deputy **USTR**, Alan Wolff, was read aloud to the packed committee room. It was no coincidence that the senators, and **Wolff's** letter, in unison, refuted **Choate's** claims. Choate held fast to

his position, and in fact wrote an article elaborating upon the issue further that Sunday in the Washington Post Outlook section ("Japan and the Big Squeeze," 9/30/90, p. D1).

In late November, it was widely reported that MCA and Matsushita had retained Strauss' law firm, Akin, Gump, in Matsushita's controversial \$7.5 billion acquisition of MCA.

## CLAYTON K. YEUTTER

Clayton Keith Yeutter was the U.S. Trade Representative from 1985 to the end of Ronald Reagan's second term in January 1989. **Today**, he is President Bush's Secretary of Agriculture.

Yeutter declined to be interviewed for this study.

Yeutter wrote in a letter to the Center, "I have nothing to hide! I simply have to limit interviews this year if I expect to stay on top of my job. With the Farm Bill and the Uruguay Round agricultural negotiations coming to a head almost simultaneously, I am handling about a triple workload in 1990."

Born in Eustis, Nebraska on December 10, 1930, Yeutter (pronounced **YITE-er**) received his B.S. from the University of Nebraska in agriculture in 1952 and was named the outstanding animal husbandry graduate in the nation.

Yeutter served in the U.S. Air Force during the Korean War, from 1952 to 1957.

He received his law degree, cum **laude**, in 1963 and his Ph.D. in agricultural economics in 1966, also from the University of Nebraska.

From 1960 to 1966, Yeutter taught agricultural economics at Nebraska.

From 1966 to 1968, Yeutter was Executive Assistant to the Governor of Nebraska, when he became Director of the University of **Nebraska's** mission in Bogota, Colombia. He remained with the Bogota program until 1970, which is directed by six **midwestern** universities to upgrade agricultural teaching, research and extension efforts in Colombia. It was reportedly during this time that Yeutter learned to speak Spanish and developed an interest in international trade.

From 1957 **on**, Yeutter has operated a 2,500-acre ranch and cattle-feeding enterprise in central Nebraska.

On August 12, 1970, Yeutter joined the Department of Agriculture in Washington, as head of the Consumer and Marketing Service (later changed to Agricultural Marketing Service). He left the Department in 1972 to join President Nixon's Committee for the Re-Election of the President.

On January 4, 1973, the White House announced that Yeutter had been nominated by President Nixon to be Assistant Secretary of Agriculture for Marketing and Consumer Services.

From March 1974 to June 1975, Yeutter was Assistant Secretary of Agriculture for International Affairs and Commodity Programs. It was in this capacity that Yeutter helped oversee the rapid expansion of U.S. grain exports.

From June 1975 to February 1977, Yeutter served as Deputy Special Trade Representative to STR Frederick Dent.

Yeutter briefly became a senior partner of the law firm of Nelson, Harding, Yeutter & Leonard in Lincoln, Nebraska.

In 1978, Yeutter became President of the Chicago Mercantile Exchange, the world's second largest futures market. The CME conducts futures trading in all the major international currencies, interest rate contracts for **Trea-**

surety bills, bank certificates of deposit, and Eurodollars; stock indices; and agricultural contracts, such as cattle and hogs. Yeutter was very involved in international affairs there for the next seven years, and during his tenure, the Mercantile Exchange's volume more than tripled, to 44 million contracts in 1987.

In 1985, President Reagan nominated Yeutter to succeed William Brock as U.S. Trade Representative.

### **Lake-Katz-Walker Transition**

Yeutter asked William Walker, Julius **Katz** and James Lake, to assist him in his transition at USTR. As detailed earlier in this REPORT, all three men came from the private sector and had been representing foreign and domestic clients with international trade interests. Within months of assisting Yeutter set up operations at USTR, Walker and Lake landed lucrative contracts with major Japanese commercial interests. Katz went on to head the Government Research Corporation which did public policy analyses for 28 foreign clients in 1988 alone, including the Japan Trade Center, **Toyota**, and **Cartier** International.

Over the years, Lake, Katz and Walker have told journalists that their efforts assisting Yeutter were well-intentioned and unremarkable, especially since their reorganization recommendations were not followed. However, some critics of U.S. trade policy and USTR, including former USTR officials, regard the episode as ill-advised. Yeutter himself has never been quoted in the past about the matter.

As it turns out, he saw nothing untoward about three private sector friends with foreign ties organizing and staffing USTR. Yeutter told the Center, in a letter:

"As you will recall, we were facing a gigantic trade deficit in 1985, with enormous political unrest attendant thereto. For that reason, it was imperative that I hit the ground running. That, in turn, meant that the transition had to be short. Since I was in Chicago . . . I needed immediate counsel from people on the Washington scene. And that had to come from individuals who could spend time working on my behalf, with little or no input from me. The answer was to identify people in whom I had total confidence, and who were knowledgeable on the Washington, D.C. scene, the trade front, or both. The threesome of Lake, Katz, and Walker fit those criteria, and that's why I asked them to help out.

As you may know, my friendship with Jim Lake goes back almost 20 years, to when he was my Deputy Assistant Secretary at USDA. Bill Walker and I were fellow Deputy **STRs**, and Julius Katz and I worked together when we were both Assistant Secretaries (at USDA and **State**, respectively) in the 1970s. All three performed an invaluable service to me during my transition to Washington, D.C., at no cost to the government. They should be commended for that kind of public spirit and dedication."

### **A Tumultuous Time for Trade**

On Yeutter's watch, the U.S. budget and trade deficits were unprecedented, and so was concern throughout the country for a more aggressive U.S. trade policy. The Reagan Administration found itself under considerable pressure to respond in some way, effecting a policy shift away from, to quote Clyde **Farnsworth** of the *New York Times*, the earlier, "**laissez-faire**, free trade purism" of the early Eighties.

Yeutter, along with Treasury Secretary James Baker and Commerce Secretary Malcolm **Baldridge**, began to push for a new direction, and in September 1985, Ronald Reagan delivered a major address which signaled a more adversarial trade policy.

If other nations did not open up their markets to U.S. products, then **Washington—for the first time—threatened** to take legal action to close the hugely lucrative American market to individual, offending nations. Probably no U.S. Trade Representative has fought unfair trade practices abroad as aggressively as Yeutter and his staff.

But Ambassador Yeutter was active on many trade fronts. He helped get important trade legislation through Congress. He was instrumental in setting the negotiating agenda for the Uruguay Round talks of the General Agreement on Tariffs and Trade (**GATT**). Yeutter also successfully negotiated and concluded a free trade pact with Canada.

The New York Times described Yeutter as **“one** of the more effective holders of the key Cabinet-level trade office.” It is ironic that Yeutter never had a particularly close relationship with Ronald Reagan, since previously, the most effective Trade Representatives seemed to need that element as an essential ingredient to success.

As Yeutter described the anomaly, “I was not close to the President when I came **in . . .** I barely knew him at that **point**. But the question of generating credibility with him proved not to be a problem at all. **First**, because the access was attainable any time I needed it. Second, I didn't always need it. **I’ve** always felt that a Cabinet officer's challenge is to do the job. If he needs a lot of help from the President, he or she is probably not doing the job very well.” (“Negotiating New Directions for American **Trade**,” by Clyde H. **Farnsworth**, *New York Times*, September 29, 1988).

American agricultural interests are an important factor in the U.S. trade balance, and Yeutter spent much time attempting to eliminate foreign barriers to U.S. agricultural exports, especially in Japan, Korea and Western Europe.

## **Tobacco**

During the Yeutter USTR period, one of the industries which reaped hundreds of millions of dollars from the newly-opened markets in Asia, was tobacco, as discussed earlier in this REPORT. Japan, Taiwan and South Korea all opened up their markets, and the two U.S. companies lobbying the hardest for these changes were Philip Morris and RJR Nabisco.

According to the financial disclosure report filled out and signed by Clayton Yeutter his next to last day in office as the U.S. Trade Representative, he had acquired stock in two tobacco **companies—stock** not held at the time he joined the USTR in 1985. Yeutter reported stock in RJR Nabisco worth \$15,000,450,000, and stock in Philip Morris for a Trust Account in his daughter's name, Laura Yeutter, valued in the category of \$15,000-\$50,000.

There is no public record of any concern expressed by Ethics officers or the USTR General Counsel over the possible appearance of a conflict of interest. In fact, it is likely USTR officials were unaware of Yeutter's newly-acquired holdings.

What apparently was not perceived as a potential conflict issue at USTR, *became* an issue as Clayton Yeutter was about to become Secretary of Agriculture. On January 19, 1989, **after** conferring with ethics **officials**, Yeutter wrote in a letter to Frank Nebeker, Director of the Office of Government Ethics:

“I presently own shares in RJR Nabisco, which are being managed on my behalf as part of the Northern Trust Investment Management Account. Also, accounts being managed for my dependent children currently include shares of Philip Morris and ConAgra. Since all three of these firms, RJR Nabisco, Philip Morris and ConAgra, are widely diversified enterprises with substantial and varied agricultural interests and subsidiaries involved in **production**, processing, and dis-

tribution of agricultural and related products, I believe these ownership interests could give rise to an appearance of a conflict of interest. Therefore, I pledge that, upon my confirmation to serve as Secretary, I will divest myself of ownership interest in RJR Nabisco, and take steps as well to assure that the shares of stock in Philip Morris and ConAgra presently held by my dependent children are likewise sold." [Senate Committee on Agriculture, Nutrition and Forestry, "Nomination of Clayton Yeutter," February 2, 1989, p. 73).

Six days later, the Chairman of the Senate Agriculture Committee, received a letter from the Director of the U.S. Office of Government Ethics. Frank Q. Nebeker informed Senator Leahy that: "Mr. Yeutter and the ethics officials of the Department have advised us that he will divest interests in RJR Nabisco, Philip Morris, and ConAgra . . . Subject to these commitments, it appears that Mr. Yeutter will be in compliance with applicable laws and regulations governing conflicts of interest." [Senate Committee on Agriculture, Nutrition and Forestry, "Nomination of Clayton Yeutter," February 2, 1989, p. 71].

The actions and policies of USTR under Clayton Yeutter had helped Philip Morris and RJR Nabisco reap an enormous bonanza which brought those companies several hundred million dollars of added revenue in just a few years. If Yeutter and the Office of Government Ethics thought there was enough of a conflict issue in owning the stocks to require Yeutter to sell them as a condition to becoming Secretary of Agriculture, why was there not similar sentiment and sensitivity while he was the U.S. Trade Representative?

Secretary of Agriculture Yeutter explained the tobacco stocks in an October 31, 1990 letter to the Center:

"The investments in tobacco industry firms were totally irrelevant to what was happening at USTR, and there was no conflict of interest involved (or even an appearance of a potential conflict for anyone who understood the investments). Most of those investments were made by Northern Trust for my Chicago Mercantile Exchange deferred compensation program. All investment decisions were totally outside my direction. My own knowledge of those investments came from receiving periodic accounting reports.

The other investments were in the Laura Yeutter Trust, which was established by my parents for our children (their grandchildren, of course) many years ago. I have formally served as trustee of that account through the years, but I cannot benefit in any way from either the corpus or the earnings. All must eventually be distributed to our children."

Despite the explanation, the question still remains: if it was a **conflict** problem as Secretary of Agriculture, **why**—in light of the tobacco inroads made by USTR in **Asia**—**weren't** his tobacco stocks a conflict problem during his USTR tenure?

### **Reception Sponsored by Philip Morris**

During the inaugural events for George Bush in January, 1989, Philip Morris, Inc., spent thousands of dollars sponsoring a reception January 18 in Clayton Yeutter's honor. USTR spokesman Roger Bolton told the *Washington Post* that the reception was "**viewed** here as a thank you for his efforts on behalf of the tobacco industry at large while he was U.S. Trade Representative." ("Yeutter Fete Sponsored by Philip Morris, Acceptance Raises Ethical Questions," by Charles R. Babcock, *Washington Post*, February 2, 1989).

George Knox, a spokesman for Philip Morris, told the Post, "Our company is the largest processor of agricultural products in the United States with Kraft, General Foods, Miller Brewing and the tobacco division. So we thought it would be nice and appropriate to celebrate the selection of an eminently qualified man for the position of Secretary of Agriculture."



As *Common Cause Magazine* ("Smoking Gun," April, 1989, p. 9) reported about the affair sponsored by Philip Morris, "The corporate giant had good reason to celebrate. Shortly after the festivities it announced that its international tobacco revenue had risen 15.4 percent" to roughly \$8 **billion—in** 1988.

During his confirmation hearing to become Secretary of **Agriculture**, Yeutter said that when the idea first came up for an inaugural week reception, "it did not ring any conflict-of-interest bells," because he was at that time planning to leave government and return to private life.

However, "**when** that situation changed and the President asked me to become his nominee as Secretary of Agriculture, we probably should have reconsidered that [reception] because of my expected continuation in government. **Frankly**, I just didn't think about it."

Yeutter told the Center: "I was so busy in (the) transition that it just **didn't** enter my personal radar screen . . . While there could have been a perception of **conflict**, there in fact was none."

### Kim Yeutter

At that same confirmation hearing, Yeutter introduced his family, including his daughter Kim. He said that she and her husband "hope to work for an American company or companies in Tokyo so that Kim can polish her Japanese language skills over the next 3 or 4 years." [Senate Committee on Agriculture, Nutrition and Forestry, "Nomination of Clayton Yeutter," February **2, 1989**, p. 3)

In fact, today both of them work for separate American companies in Tokyo. Kim Yeutter's activities in Tokyo and her close relationship to Japan **generally** while her father was the U.S. Trade Representative, was a topic of conversation in Washington in the late Eighties, albeit largely **unreported**, and was chronicled by the Japanese press in Tokyo.

In the summer of 1987, Kim Yeutter had an internship at Nissho **Iwai** Corporation, a major trading company and one of Japan's largest corporations. At the end of her 10-week internship, she was photographed and interviewed by the media in Tokyo about her impressions of Japan.

According to the *Tokyo Shimbun* (August **7, 1987**), "Nissho Iwai [the company which Kim Yeutter then worked for] has been paying careful attention to her as the daughter of a "**VIP**" in the U.S. government." Nissho **Iwai's** International Team Manager Koichi **Kawakita** told reporters that Kim Yeutter had had a "respectably positive attitude for a trainee" and was cheerful and well-liked by everyone.

According to Kim Yeutter, "I do believe there are non-tariff trade barriers. Aside from historical backgrounds and human relationships, I think Japan's social structure itself is what works as an obstacle to foreigners. But it's **changing—thanks** to Japan's effort to open its markets."

Kim Yeutter told *Yomiuri Shimbun* (August **7, 1987**) "If you see emotional or nationalistic attitudes in the United States, that's probably because of the influence of the U.S. Congress. My Dad believes in free and fair trade. Free trade will benefit Japan and general trade companies as well."

She told the *Mainichi Shimbun* (August 7, 1987) "Neither my Dad nor President Reagan is a protectionist. Japan can cut into the U.S. market, which is how general trade companies should be making profits."

The only mention in the American press of Kim Yeutter's work for Nissho Iwai while her father was the U.S. Trade Representative appeared in the *Wall Street Journal* two and a half years after the fact ("Familiar Faces: Japanese Trade Negotiators Know Their Adversaries in the **U.S.—Often** All Too Well," by Jill Abramson and

Eduardo Lachica, February 23, 1990, p. A4). The context in which the Yeutter-Nissho Iwai subject was presented: "Even the most notorious `Japan-bashers' haven't accused the USTR of being in the pockets of the Japanese. But they say cozy relationships involving USTR officials send the wrong message to Japan...."

Today, Kim Yeutter works for Eastman Kodak in Tokyo; her husband, John Bottimore, works for Honeywell there. In 1989, before moving back to Tokyo, Kim Yeutter worked briefly for the Japan Center for International Finance, in Washington. She did research about Japanese investment in the United States.

According to Clayton Yeutter, any reportage of his daughter Kim's "Japanese experiences" is "unfortunate and very unfair to her . . . I do not perceive why they are of any relevance because the children of public servants should be able to lead their own lives."

Indeed, former Trade Representative Clayton Yeutter generally didn't appreciate the questions posed by the Center: "I regret having to clarify matters such as this. Some of us try scrupulously to avoid conflicts of interest, and some of us are making incredible personal sacrifices to serve in government. One of the negative rewards of public service today comes from having to respond to matters like this."

DEPUTY UNITED STATES  
TRADE REPRESENTATIVES

## KENNETH A. GUENTHER

Kenneth Guenther was the Deputy Special Trade Representative from August 1974 to July 1975. For a few months, between **STR** William Eberle and Frederick Dent, Guenther was the Acting Special Trade Representative.

Born in Rochester, N.Y., December 1, 1935, Guenther received his bachelor's degree from the University of Rochester in 1957, majoring in political science. He studied for a year at the Johns Hopkins University School of Advanced International Studies in Washington, D.C., and studied for a year at the University of Rangoon (Hopkins Center) in Rangoon, Burma. Guenther also studied at Yale University Graduate School.

In 1960 he left Yale and joined the U.S. Department of Commerce in Washington. In June 1965, he joined the State Department Foreign Service. From February 1966 to February 1968, Guenther was posted in Chile, and later, in Washington assigned to United Nations Affairs.

From 1969 to 1973, Guenther served as economic assistant to Senator Jacob **Javits** (R -N.Y.). He then served as a presidential appointee in the Treasury Department under George Shultz.

In July 1974, Special Trade Representative William Eberle approached Guenther to join **STR** as Deputy. Guenther knew the Senate well, and in fact played a role getting the historic Trade Act of 1974 passed in late November of that year.

For a few months after that, Guenther was "a young civil servant in charge of STR," until Dent became the STR in the spring of 1975. He tried for the Deputy STR position in Geneva, and when that didn't materialize, Guenther actually left the trade field altogether.

In 1975, Guenther joined the Federal Reserve **Board**, where he served as an Assistant to the Board of Governors, reporting directly to Chairmen Arthur Burns, G. William Miller and Paul Volcker.

While at the Federal Reserve, Chairman Arthur Burns awarded Guenther the Federal Reserve's Outstanding Achievement Award. President Jimmy Carter awarded Guenther a pen used in signing the historic Depository Institutions Deregulation and Monetary Control Act of 1980, for his work in securing passage this legislation.

Guenther left government December 13, 1979.

Since 1980, he has been with the Independent Bankers Association of America. In 1980, he served as Associate Director in charge of the Washington office, and since 1982, Guenther has been the Executive Vice President of **IBAA**.

Guenther volunteered that he has "never earned a penny from a foreign interest. I represent U.S. community banks."

## ROBERT HORMATS

Robert **Hormats** served as Deputy U.S. Trade Representative from 1979 through May 1981 with the rank of Ambassador. In that position, Hormats was responsible for formulating and implementing U.S. foreign economic policies. Today, Hormats is Vice Chairman of Goldman Sachs International. He is highly regarded both inside and outside government for his views on U.S. economic and trade policy. Hormats is widely quoted in the media and is often called to testify before Congress on economic and trade issues.

Hormats was born in Baltimore, **Md.** on April 13, 1943. He was educated at Tufts University where he received an A.B. in 1965 with a concentration on economics and political science. In 1966 he received his **M.A.** in economics and political science and in 1969, a Ph.D. in international economics from Tufts' Fletcher School of International Law and Diplomacy.

Hormats began his career in government in 1969 at the National Security Council where he served eight years. His first position was Advisor to the NSC on International Economic Affairs. In 1974 he was named Senior Staff Member for International Economic Affairs. In this capacity Hormats was senior economic advisor to Dr. Henry Kissinger, General Brent **Scowcroft** and Zbigniew **Brzezinski**. He provided policy advice and coordinated **interagency** positions on **monetary**, trade, development and energy issues. He also played a major role in preparation for the economic summits in Rambouillet, Puerto Rico and London.

In 1977, Hormats moved to the State Department where he served as Deputy Assistant Secretary of State for Economic and Business Affairs. In that position, Hormats prepared for the president's participation in the Bonn and Tokyo Economic Summits, and chaired the U.S. delegations to the U.N. and the Organization for Economic Cooperation and Development (OECD). He also prepared and coordinated U.S. economic policies in Europe, Japan and other countries.

In 1979, Hormats moved to the office of the U.S. Trade Representative where he served as Deputy **USTR** with the rank of Ambassador. In that position Hormats was responsible for development and implementation of U.S. trade, commodity, and investment policy. He chaired the Trade Policy Review Group and U.S. trade delegations in negotiations with the European Community, Japan, Canada, Mexico, Brazil, Nigeria and other countries, and was a member of the U.S. Delegation to the Venice Economic Summit.

In an interview, Hormats said that the biggest challenges facing him and the agency were implementing the trade agreements reached in the Tokyo Round and strengthening enforcement of those agreements. He also played important roles in building closer relations with the EEC, which was just then becoming a stronger force on the world trade scene, and resisting the Soviet grain embargo, which many saw as more harmful to the U.S. economy than the Soviet Union's.

In January 1981, Hormats returned to his former position as Assistant Secretary of State for Economic and Business Affairs. Hormats was responsible for formulation and implementation of U.S. foreign economic policies in areas which included international finance, trade and commercial affairs, international resources and food policy, international energy policy, economic development and transportation and telecommunications. He also participated in preparations for the economic summits in Ottawa, Cancun and Versailles.

Hormats left the State Department in August 1982, and in November 1982 joined Goldman, Sachs & Co. as Vice President of the Investment Banking Division and Director of Goldman Sachs International. In August he was promoted to his current position as Vice Chairman of Goldman Sachs International. Hormats is primarily responsible for developing and carrying out Goldman **Sachs'** investment banking business in Western Europe and Canada. Hormats says he underwrites stocks and bonds in the European, Canadian and U.S. markets for

both domestic companies which want to do business overseas and foreign companies looking for investment opportunities in the United States.

The international division at Goldman Sachs is one of its most important, and fastest growing. A recent Washington Post article reported that Goldman Sachs' "well-established" position in Western Europe will benefit the company once the EEC establishes a single market in 1992. Goldman Sachs is also looking for ways to expand its investments in the Far East, in countries such as Singapore, Taiwan, Hong Kong and Korea, and in Latin America.

Hormats received the Arthur Flemming Award as one of the outstanding young people in government in 1974. In 1987 he was awarded the Legion of Honor by France. His most recent publications include *American Albatross: The Foreign Debt Dilemma* and *Reforming the International Monetary System*. He has published numerous articles in journals which include *Foreign Affairs*, *The New York Times*, the *Washington Post*, *The Wall Street Journal* and the *Financial Times of London*.

Hormats was a visiting professor at Princeton University in 1983. He is a board member of the American Council on Germany, the Overseas Development Council, the Atlantic Council, The Fletcher School of Law and Diplomacy, and the Columbia University School of International Affairs. He is a member of the Trilateral Commission, Chairman of the Council on Foreign Relations Study of Europe 1992, Vice Chairman of the Council's Groups on European-American Relations and a member of the advisory board of *Foreign Policy Magazine* and *International Economics Magazine*.

## JULIUS L. KATZ

Since early 1989, Ambassador Julius **Katz** has been one of three Deputy United States Trade Representatives to **Carla Hills**, the U.S. Trade Representative.

Born March 3, 1925 in New York, Katz received his degree in international relations and economics from George Washington University, where he did graduate studies in economics.

Katz entered the Department of State in 1950, and worked there until 1979. For the first 13 years, he worked in Washington specializing in Eastern European Affairs. He held the positions of Deputy Assistant Secretary for International Resources and Food Policy, Senior Deputy Assistant Secretary of State, and Assistant Secretary of State for Economic and Business Affairs. During his State Department career, Katz led numerous U.S. delegations in negotiations on trade, commodity and transport matters.

From 1980 to 1985, Katz worked in the financial services industry in New York, as Chairman of **Donaldson, Lufkin & Jenrette**, Inc. According to Katz, "These were guys who played with real chips," a firm whose customers were large institutions, professional traders, speculators, investing large sums of money. The firm's major clients were both foreign and domestic.

From 1985 to 1987, Katz returned to Washington, and served as Vice President of The Consultants International Group, Inc., a firm which does public policy consulting for foreign and domestic clients. Katz told the Center he did not register as a foreign agent with the Justice Department because he was advised by counsel that it was not necessary.

In 1985, as Clayton Yeutter assumed USTR, Katz was one of three men outside government asked to work as consultants in the transition, helping Yeutter set up his operation.

From 1987 to 1989, Katz was Chairman of the Government Research Corporation (**GRC**), which did public policy analysis for numerous domestic clients, reportedly including Chrysler, Boeing and Atlantic Richfield, and also several foreign clients. In 1988, GRC foreign clients included **ADIG-Investment** GmbH; the Government of Alberta; Alexanders **Laing & Cruickshank**; Bongrain S.A.; Caisse des Depots et Consignations; **Cartier** International Cie; Casino; Centre National Pour la Promotion des Produits Agricole et **Alimentaires** (CNPA); Chanel **Parfums**; **Dresdnerbank** Investment Management **Kapitalanlage-gesellschaft** mbH; European Investment Bank; F & C Management Ltd.; Federation Nationale des **Travaux** Publics; Friends' Provident Life Office; General Biscuit Brands; Groupe BSN; Hachette, S.A.; Havas; Hitachi Research Institute; Japan Trade Center; Louis Dreyfus Company; Office de Vulgarisation **Pharmaceutique**; Phillips & Drew; Promodes; Public Affairs International; Scottish Equitable Life Assurance Society; Sidamer Corporation; SNA, Inc.; and Toyota Corporation.

GRC was registered as a foreign agent, and Katz himself registered as a foreign agent with the U.S. Department of Justice in August 1988, describing his services as "monitoring, analyzing, and advising clients on government policies and political developments affecting business activities."

From 1985 until his nomination in 1989, Katz was also a paid consultant to USTR.

When asked about the nature of his consulting for USTR, Ambassador Katz told the **Center** that in 1985-86, "I chaired a group [within USTR] on dispute settlement on the **GATT**."

In 1987, Katz said he served as chairman of one of the negotiating groups "on the functioning of the **GATT**" in the Uruguay Round.

When asked if the dual roles of the Government Research Corporation client representation, and paid consultation for **USTR**, posed a conflict of interest problem, **Katz** said he thought it did not.

"**These** issues were purely international and institutional," relating to **GATT**.

In February 1989, it was announced that GRC had been acquired by one of the largest lobbying firms in Washington, Hill and **Knowlton**. The company has one of the thickest Foreign Agent Registration Act files at the Justice Department, and regularly represents major foreign clients, lobbying for them before Congress and the Executive Branch.

When the **GRC-Hill** and Knowlton merger occurred, **Katz's** role was to develop a worldwide trade practice. However, he never did much work for Hill and Knowlton because he was almost simultaneously chosen as one of **Hills'** Deputy USTRs. Katz said he received "one or two paychecks" from the company.

However, as *Legal Times* reported (April 10, 1989, p. 4), Hill and Knowlton seemed to consider Katz perhaps more a part of its senior management structure than Katz himself did. At the time of the announcement of Katz's USTR nomination, James Jennings, manager of the Hill and Knowlton Washington office, circulated a memo on March 23, 1989, to other H & K company executives: "I thought you all might want to write Jules a note of congratulations. Obviously he is with us until his confirmation, and perhaps he will return after a stint with USTR."

Katz was and remains unhappy with the *Legal Times* story. Katz says he "didn't appreciate" that the memo itself was written. "You can see how people would misinterpret it."

Upon becoming Deputy USTR, and being confirmed by the United States Senate, Katz submitted a Conflict of Interest Statement to USTR General Counsel Joshua Bolten on June 12, 1989. Katz said before taking office, he would liquidate his holdings in Occidental Petroleum and Texaco, and he would recuse himself "for one year" from any dealings with Hill & Knowlton; particular matters involving the American Association of Exporters and Importers; particular matters involving two significant former clients, A.C. Israel Enterprises and the Executive Council on Foreign Diplomats; particular matters involving Detroit Edison, American Electrical Power and Potomac Electric Power and from particular matters involving electricity imports. He said he would recuse himself during his tenure as Deputy USTR from particular matters relating to the National Coffee Association or the International Coffee Agreement, and also from particular matters involving Donaldson, **Lufkin & Jenrette**, Inc. In addition, "because of my participation in a limited partnership venture capital fund open only to certain current and former DLJ employees, I will seek a [conflict of interest] waiver from the U.S. Trade **Representative** . . . to deal with matters that affect the financial services industry generally."



## ROBERT LIGHTHIZER

From 1983 to 1985 Robert Lighthizer served as Deputy U.S. Trade Representative. In that position, **Lighthizer** was responsible for the coordination of agricultural, investment, and industrial and services trade policies. Lighthizer also served as vice chairman of the Board of Directors of the Overseas Private Investment Corp. and represented the agency before the Board of the **Import/Export** Bank.

Lighthizer was born October 10, 1947 in Ashtabula, Ohio. He attended Georgetown University and graduated with a B.A. in 1969 with majors in government and economics. He received his J.D. from Georgetown University Law Center four years later in 1973. For the next five years Lighthizer practiced law at **Covington & Burling**, a firm well-regarded for its international trade practice. In 1978 he joined the Senate Finance Committee where he worked as Chief Minority Counsel until January 1981 when he became Chief Counsel and Staff Director for the committee under the chairmanship of Sen. Robert Dole (**R-Kansas**).

In 1983 Lighthizer was named Deputy U.S. Trade Representative. In that position he was responsible for, among other things, negotiating steel import restraint agreements with major supplier countries, the 1983 grain agreement with the Soviet Union, and other agricultural and steel cases.

Lighthizer stayed with the agency until 1985 when he left to join the Washington office of the New York law firm of Skadden, **Arps**, Slate, **Meagher & Flom**. Justice Department filings show that one of the first clients Lighthizer took on at the firm was the Brazilian government's Sugar & Alcohol **Institute**, which had a dispute with the U.S. over ethanol imports. Lighthizer says he never received a retainer nor did any substantial work for the group. *Washington Representatives* and Justice Department FARA reports show that the firm also has represented the British Airports Authority; **Clal** Israel, an Israeli corporation which manufactures and markets metal, electronics, textiles and cement; Hoylake Investment, Ltd., a Bermuda business which was interested in a takeover of B.A.T. Industries; and the Government of Jamaica in a dispute over land confiscated from U.S. developer John Rollins.

In an interview, Lighthizer said he did minimal work for Clal Israel, but did substantial legal work for Hoylake and the Government of Jamaica, both of which were not trade cases. Lighthizer also says he has done some tax legislation work for **Akzo** America and legal work for the Taiwan Tableware Manufacturing and Exporting Association in a 201 case involving knives.

## DAVID R. MACDONALD

From early 1981 to April 1, 1983, David Macdonald served as Deputy U.S. Trade Representative with the rank of Ambassador. As the Washington-based Deputy U.S. Trade **Representative**, Macdonald was Ambassador **Brock's** second-in-command and assumed responsibility for trade policy coordination for the U.S. government. In that role, he chaired the interagency Trade Policy Review Group. In addition, Macdonald led a number of U.S. trade negotiations throughout the world, particularly with Japan. He also headed the U.S. delegation to the Organization for Economic Cooperation and Development Steel Committee and was the U.S. representative to the Consultative Group of 18, the **GATT's** steering panel.

Born November 1, 1930 in Chicago, Illinois, Ambassador Macdonald received a B.S. degree from Cornell University in 1952 where he majored in Industrial and Labor Relations. He earned a J.D. degree from the University of Michigan Law School in 1955. He was elected to the Order of the Coif and was in the **Barrister's** Society. In 1955 Macdonald joined the Army and was stationed in Germany until 1957.

Macdonald began practicing law in 1957 at **Kirkland** Ellis, a **firm** in Chicago. He was elected a partner in 1962 and left the firm later that year to join Baker and **McKenzie**, also in Chicago.

He worked there until May 1974, when he was appointed Assistant Secretary of the Treasury for Enforcement, Operations, and Tariff Affairs. In that position he supervised the administration of the Countervailing Duty Law, the Antidumping Act, and other international trade statutes. He also supervised the Secret Service, Customs Service, Bureau of Alcohol, Tobacco and Firearms, Bureau of Engraving and Printing and the Mint. Macdonald received the Department's Exceptional Service Award.

In September 1976, Macdonald was nominated by President Ford to be the Under Secretary of the **Navy**, where he served until February 1977. There he was awarded the Defense Department's Medal for Distinguished Public Service.

Macdonald was named co-chairman of the Tax Subcommittee of the Republican National Committee's Economic Affairs Council in 1979, having served the Committee since 1977. This was the first official Republican entity to endorse the Roth-Kemp tax reduction bill.

In 1981 Macdonald moved to the office of the U.S. Trade Representative as Deputy USTR. In that position Macdonald was responsible for managing the internal functions of the office and handling negotiations. He also filled in for Brock whenever necessary. Macdonald was principally responsible for negotiating with the Japanese.

On March 31, 1983, Macdonald went back to Baker and McKenzie, but this time to their Washington office where he remains today. He works almost exclusively in the corporate area (mergers and acquisitions) and heads up their Corporate Department. Macdonald has registered with the Justice Department as a foreign agent. His clients have included the Textile Garment Manufacturers Association of Uruguay and the government of the Republic of Seychelles.

## HARALD B. MALMGREN

Dr. Harald B. **Malmgren** in two separate stints served under three Presidents in various capacities in the Office of the Special Trade Representative. From 1972 to 1975, he was Deputy Special Representative for Trade Negotiations, with the rank of Ambassador.

Born in Boston on July 13, 1935, Malmgren studied at Rensselaer Polytechnic Institute for a year and then transferred to Yale, where he received a B.A. **summa cum laude** in economics in 1957. He did some graduate study at Harvard and in 1961 received his doctorate in economics from Oxford University.

In 1961, Malmgren was Assistant Professor of Mathematical Economics at Cornell University.

In 1962, he came to Washington as one of Secretary of Defense Robert McNamara's "Whiz Kids," working for the Institute for Defense Analysis.

In December 1964, Malmgren moved over to the new Office of the Special Trade Representative. **Malmgren's** position was Senior Economic Adviser.

Later, when **Herter** died in **office**, Malmgren worked as a liaison between **Herter's** successor, William M. **Roth**, and Deputy Special Representative Michael Blumenthal in Geneva, in connection with the Kennedy Round world trade negotiations. Malmgren negotiated matters involving worldwide anti-dumping codes. In 1967, at the age of 32, Malmgren was the lead negotiator for a wheat agreement with the Soviet Union. He also spent some time in Geneva, and began to develop an inventory of non-tariff trade barriers preliminary to creating international trade codes of conduct. By the time he left STR in the late spring of 1969, Malmgren was the Chief of Operations.

Later that year, he became a Senior Fellow of the newly-formed Overseas Development Council (ODC), in Washington.

From 1965 to 1971, Malmgren was an Adjunct Professor at the Johns Hopkins University School of Advanced International Studies. He has also taught at Georgetown University (1964-65 and 1982-86) and George Washington University (1976-77).

In 1971, he formed his own company, "Malmgren, Inc." His clients were business and banking groups, for whom he wrote "think papers" about international economic developments. He also was a part time adviser to the Senate Finance Committee, and wrote papers for the Atlantic Council and other groups.

From 1972 to 1975, Malmgren became the President's Deputy Special Representative for Trade Negotiations, with the rank of Ambassador.

In the spring of 1975 and 1976, Malmgren was a Fellow of the Woodrow Wilson International Center for Scholars at the Smithsonian Institution. He also advised the Senate Finance Committee again during this period.

By the summer of 1977, he went back to consulting.

On April 10, 1978, *Washington Post* reporter George Lardner wrote in a page 1 article that Malmgren and his firm had sent a marketing letter to a small number of corporate clients suggesting it had an influential relationship with a senior **senator—Abraham Ribicoff—**on the Finance Committee. Malmgren and Jeffrey **Salzman**, a Malmgren, Inc. consultant who, like Malmgren, had previously worked for Ribicoff, sent out a letter to prospec-

tive clients soliciting \$200,000 to represent them in a tax relief bill.

**Malmgren, Inc.** advertised itself in the five-page letter as "in an unusually good position to influence the outcome of the debate . . . and move it in a good **direction**," and pointed out that Malmgren and Salzman had worked for **Ribicoff**.

An angry Senator Ribicoff issued a statement saying, "I am shocked. Both Mr. Malmgren and Mr. Salzman were members of my staff. Period. Mr. Malmgren left my staff on June 2, 1976. Mr. Salzman left my staff on Nov. 30, 1977. They have absolutely no special relationship **with** me and are completely out of line to make such a representation."

Malmgren told reporters, the letter "**was** just bad judgment." (*Washington Post*, April 11, 1978, p. A3)

In 1977 and 1978, in a contentious, litigious **atmosphere**, Malmgren represented **five** Japanese electronic companies attempting to import televisions into the U.S. (Hitachi, **Melco**, Sanyo Electric Co., Ltd., Sharp Corporation and Tokyo Shibaura Electric Co.). He registered as a foreign agent with the Justice Department, and was under contract for \$300,000 a year. Although criticized in the Japanese and American media for the amount of remuneration, Malmgren defended the **sum**, saying, "At that **time**, my time was pretty **valuable**. . . **My** annual salary as a consultant was in that level already. I was probably the highest paid economist around. It was pure economics."

In working for the Japanese electronic interests, Malmgren said, "I was **technically**, in my mind, an arbitrator, a mediator, let's say, but nonetheless, I registered [as a foreign **agent**]."

In 1978, he also registered at Justice for representing the Japan Whaling Association. His contract was for \$100,000 a year.

"Basically their problem was a peculiar one. The Japanese whaling people are quite scientific, **it's** the most scientific fishing activity in the **world**. . . But they have a habit and tradition of killing **whales**. . . The problem was how to explain themselves. And that one I took on, well, I thought, that's an awful subject. I took it on for a number of months, trying to articulate for them in the United States what the case was, from the Japanese point of view, on the substance. But I decided that was an unhappy and thankless task, so I terminated that myself.

"I decided this is not a pleasant subject, not a good way to make a living. I pretty much then stepped out of any such representation work \_\_\_\_ From then on, I stuck to what I would call analysis."

That same year Malmgren registered with Congress and the Justice Department as a representative for Empresa **Minera Del Centro Del Peru** (known as Centromin Peru), a Peruvian, state-owned company. He also registered on behalf of the Embassy of Japan and the Government of **Japan/Japan Trade Center**. Also around this time, Malmgren worked for the Commission of the European Communities.

In 1984, Malmgren represented the Korean Traders Association (**KTA**). Between August 1984 and January 1985, former Deputy USTR Malmgren represented Korean steel interests to various U.S. government officials, for which he was paid \$74,960. Thirty-one separate contacts with government officials were made on behalf of the KTA, from Deputy White House Chief of Staff Richard **Darman**, to USTR William Brock, with whom Malmgren spoke to on August 20, 1984 and December 18, 1984. Including Brock, half of Malmgren's documented communication on behalf of the Korean interests (15 of 31) were to officials from his old agency, USTR.

From 1985 to 1990, Malmgren or his company, **Malmgren, Inc.** did not register as a foreign agent with the Justice Department.

Why? Because, **Malmgren** told the Center, "I haven't done anything **political**—We do **`think** stuff for **clients, analysis**. . . . I've kind of been **diversifying**, I like it that way . . . . I don't like to feel I owe anybody anything. Sort of pride in workmanship, you know?"

Today, Malmgren, Inc. has offices in Washington, London and Brussels. Malmgren personally earns in excess of \$300,000 a year. At least 60 percent of the firm's business is in Europe, representing U.S., Japanese and Canadian clients before the EEC. In Washington, Malmgren said a third of his clients are Asian, a third are U.S., and a third are Canadian or European.

In April, 1990, Malmgren registered as a foreign agent with the Justice Department, as a consultant to the firm Marks, Murose and White. That firm's clients include Sodick, Inc., and Bibby-Ste. **Croix** Foundries, Inc.

In the past, there have been discussions with Justice Department attorneys about whether Malmgren ought to register.

"I had a contract, I still have a contract, with the Japan External Trade Organization (JETRO) in New York. Just to analyze, no political activity." After Malmgren had written a magazine article, the Justice Department questioned whether he should register as a foreign agent for JETRO. The article, said Justice, "could be construed as political activity." But Malmgren balked, and the Justice Department backed down.

"I got quite irritated. Nobody has ever paid me for what I say in public. . . . I write what I wish. I wouldn't take money for a point of view. It's not my game. I'm not a flack, I'm not a p.r. **person**. . . . I **don't** sit at the table and represent anybody, but I'll tell you who does, is Goldman Sachs, Solomon Brothers, Morgan Stanley. . . . I'm an analyst, and sometimes I give advice of that type, debt servicing or something. If you really want me to register for every damn thing I do, then you register all of them first, and I'll be glad to get in line. Well, they saw the point—Dammit, don't single me out, because I happen to live in Washington."

Since 1976, Malmgren has received \$702,250 from JETRO for primarily economic **analysis**—\$313,750 in consultant fees since 1986. The Japanese reported these "consultant" payments to Malmgren to the Justice Department, but Malmgren never has.

While the discrepancy in the disclosure documents might appear to be a possible violation of the Foreign Agent Registration Act to some people, in general the former Deputy **USTR** maintains that "I've been very careful" in terms of registering. He said the Foreign Agent Registration Act is an "ambiguous law," and that just what exactly constitutes political activity is "unclear."

## ALONZO L. MCDONALD

**Alonzo L. McDonald** served as Deputy U.S. Trade Representative and Ambassador in charge of the U.S. Delegation that concluded the Tokyo Round of Multilateral **Trade** Negotiations in Geneva from 1977 to 1979.

McDonald declined to be interviewed for this study.

McDonald was born August **5, 1928** in **Atlanta, Ga.** He attended Emory University and graduated with an A.B. in journalism in 1948. He received an M.B.A. with distinction, from Harvard University in 1956. After college, McDonald also worked as a retailer in Atlanta, an advertising and promotion manager for television and radio shows in New York, and a reporter for *the Atlanta Journal*.

Following graduation from Harvard, McDonald served **Westinghouse** Electric Corp. as a Regional Manager, and later as the Western Zone Manager in the air conditioning division.

After four years with Westinghouse he joined **McKinsey & Company, Inc.**, a leading international **consulting** firm. His service included assignments as an Associate in New York, a Principal in London, Managing Principal in Zurich and Managing Director (senior managing partner) of the Paris office. He later returned to New York as Managing Director of the **firm** worldwide. Until he entered government, McDonald's career with McKinsey spanned **17** years.

In 1977 McDonald was named Deputy Special Trade Representative and Ambassador in charge of the U.S. Delegation that concluded the Tokyo Round of Multilateral Trade Negotiations in Geneva. In 1979 he became Acting U.S. Special Trade Representative in Washington, D.C.

He was named Assistant to the President of the United States and White House staff director in 1979, remaining in the White House until 1981 when he joined the faculty of the Harvard Business School. Later that year he moved to the **Bendix** Corporation as President and Vice Chairman.

In 1983 McDonald became chairman and CEO of the **Avenir** Group, a private firm of development bankers and counselors which he founded. **Avenir** has acquired and oversees a group of industrial enterprises for its private investors.

## WILLIAM R. PEARCE

From 1971 to January 1974, William Pearce was Deputy Special Trade Representative for trade negotiations in the Office of the Special Trade Representative with the rank of Ambassador.

Pearce was born August 12, 1927 in Coral Gables, Florida. He graduated from the University of Minnesota in 1952 with a B.S. in law. Later an L.L.B. during a four-year program at the university.

In 1952, Pearce joined **Cargill, Inc.**, a large, multinational agricultural corporation, in its law department. He moved to the firm's Public Affairs Department in 1957 and was elected a vice president in 1963.

Pearce resigned from his position at Cargill to become Deputy Special Trade Representative in December 1971. At that time, he had also been offered a position as Assistant Secretary of State, but turned it down to work at **STR**. Pearce arrived at **STR** one week after the Smithsonian Agreement was signed and worked at STR during the Kennedy Round. Originally, Pearce was hired to handle domestic issues, but he “**wound up** developing the legislation for the Tokyo Round trade negotiations as well.”

In his opinion, **Pearce's** most important work at STR was his participation in the successful passing of the Trade Act of 1974. Pearce was also a member of the task force within the organization and chaired the U.S. Trade Delegation in 1972. Yet Pearce told the Center, “it was a very difficult time to be in the Administration, being smack in the middle of Watergate.”

As a Deputy Special Trade Representative, Pearce had the opportunity to attend meetings in Geneva and he gradually achieved high visibility in the trade field. Pearce left STR in January 1974. “When I went to STR, my career was already underway at Cargill. I left Cargill knowing I would come back.”

He became a corporate Vice President in 1974 with Cargill and was elected to **Cargill's** Board of Directors in April 1988. He has been Senior Vice President since July 1986.

Cargill Inc. is a family-owned business and the largest privately owned corporation in the United States. The company started out marketing grain, feed, corn, milling facilities, cocoa processing and like commodities, but is now also involved in steel. Cargill is associated with the World Trading Business headquartered in Geneva. Forty percent of Cargill's assets are located abroad and the company is involved in trade all over the world.

Throughout his career, Pearce has served on numerous councils and committees. Currently, he is a trustee of the Committee for Economic Development. He is a director and member of the Executive Committee of the U.S.-Japan Business Council, the Bretton Woods Committee and a member of the Council on Foreign Relations. In the past, he has served on the Education Committee of the Japan Society and was a member of the Trilateral Commission, among others.

## MICHAEL SAMUELS

Michael Samuels spent three years as Deputy U.S. Trade Representative and U.S. Ambassador to the **GATT** in Geneva from 1986 to 1989.

Samuels was born in 1939 in **Youngstown**, Ohio. He holds a B.A. from Yale where he majored in American Studies; an **M.A.** in Education; and a Ph.D. in African History. He received both from Columbia **University**, the latter in 1969. While doing his doctoral work, he lived in Great Britain, Portugal, and Angola. From 1962 to 1964 he taught in a secondary school in Nigeria.

From 1968 to 1970 he served as the Director of African Programs at the Georgetown University Center for Strategic and International Studies (**CSIS**). In 1970, he joined the State Department Office of Congressional Relations. Samuels worked in the office of the Deputy Secretary of State from early 1973 to May 1974. That critical spring, in the full throes of Watergate, Samuels served a brief stint on detail to the Nixon White House. From 1975 to 1977 he served as U.S. Ambassador to the Republic of Sierra Leone. From 1977 to 1981 he was Executive Director of CSIS, in charge of Third World Studies.

From 1981 to 1986 Samuels was International Vice President of the U.S. Chamber of Commerce, serving as the senior executive and spokesman on international issues. While at the Chamber, Samuels conceived of and was the founding chief executive officer of the Center for International Private Enterprise.

Samuels first entered USTR in March 1986 and was there until May 1989. He represented the U.S. interests in the GATT negotiations. His most important achievement while at USTR was helping to launch the Uruguay Round negotiations. Samuels was also responsible for making sure that the U.S. abide by its obligations with regard to the treaty.

In 1989 Samuels joined the lobbying firm of Hill and **Knowlton** as Senior Vice President and Worldwide Practice Director of its International Trade and Economic Development Practice. He was hired specifically to build up its international trade practice, including getting and serving foreign clients.

**Currently**, only 10% of Hill and **Knowlton's** clients are foreign, while the rest are domestic. Within the trade division of the firm, roughly 25% of the clients are foreign. The firm prides itself on the fact that over one-third of their clients are Fortune 500 companies. "They advise companies on how they might do something to help themselves, but they don't actually go to bat for their clients."

A registered foreign agent, Samuels has worked for Maxwell Communications, the National Bank of Hungary, **SIPRI**, and Mazda, in addition to numerous domestic clients.

In late 1990, Samuels' status with Hill and Knowlton changed to that of consultant.

Samuels is frustrated by the current foreign lobbying controversy in Washington, and the inferences about people who take on foreign representation.

"I have only walked in their doors [USTR] once in 16 months. I feel quite inhibited by having worked there . . . because of fear of being accused of sucking at the government teat."



## MICHAEL B. SMITH

In December 1988, Secretary of State George Schultz presented Michael Smith with the Wilbur J. Carr Award. The inscription reads: "Your stature in the international trade policy arena, your mastery of the issues and your strength as a negotiator have made you the most effective trade official of this decade in the United States Government."

Concluding 30 years of government service, and serving three Presidential administrations in the office of the U.S. Trade Representative, the New York Times described Smith as USTR's "institutional memory."

Born June 16, 1936, in Marblehead, Massachusetts, Smith attended Harvard where he studied Scandinavian affairs for a couple years, then majored in government. He graduated in 1958.

He joined the State Department in December 1958 as a Foreign Service Reserve Officer, and for seven months, in Boston, New York and Washington, Smith worked in the Passport Office as an adjudicator. In July 1959, he was sworn in as a Foreign Service Officer.

His first foreign assignment was in the embassy in Tehran, Iran, from 1960 to 1962.

From 1962 to 1964, Smith worked in the American Embassy in Chad.

In 1965 and 1966, he was a staff assistant to the Under Secretary of State for Economic Affairs, Thomas A. Mann.

From 1967 to 1968, he was the Deputy Principal Officer for the American Consulate General in Strasburg, France. In 1969 and 1970, Smith was the Principal Officer to the American Consulate General in Lyon, France.

From 1970 to 1973, Smith was the Chief of Presidential Correspondence for the Nixon White House.

In 1973 and 1974, he was Deputy Chief, then Chief, of the Fibers and Textiles Division at the State Department.

In August 1975, Smith went over to USTR as the Chief Textile Negotiator of the United States, with the rank of Minister. In 1978, Smith was elevated to the rank of Ambassador as Chief Textile Negotiator, a position he held for almost exactly four years.

In August 1979, he became the Deputy U.S. Trade Representative to GATT with the rank of Ambassador, residing in Geneva, Switzerland. He was re-appointed to the position in 1981.

In February 1980, Smith became Deputy U.S. Trade Representative in Washington, continuing with the rank of Ambassador. He held this position until his departure from USTR in late 1988.

After 30 years in the federal government at the highest levels, wined and dined throughout the world, with a government car and driver at his disposal, negotiating billion-dollar agreements affecting entire industries and entire countries, at age 52, Smith resigned.

"I was getting too comfortable. I didn't want to get too intoxicated with power." Although he said he wanted "the challenge of something new," Smith spoke almost wistfully of his USTR days.

His last salary at USTR was \$83,600, and his last day there was October 31, 1988. On November 1, he entered the private sector for the first time, as president of SJS Advanced Strategies, Inc., a trade adjunct to Steptoe and

Johnson, one of Washington's leading international trade law firms.

According to **Smith**, in today's non-government Washington a former Assistant United States Trade Representative makes roughly \$100,000 to \$150,000. Smith now makes between \$150,000 and \$400,000.

When he was leaving government, he told Fortune magazine (January 2, 1989), "I'd like to help companies that can't afford overseas offices. **They've** got to compete internationally."

But **the** word in Washington in his first months as a "trade consultant" was that he was having difficulty getting American clients. He acknowledged that "it's very difficult to get American companies as paying clients." He has been working for American concerns, such as Motorola and Honeywell, but also Japanese, Korean, British and Canadian interests. Smith declined to name his foreign clients. Smith said he has learned that "**foreign** companies are more interested in trade than U.S. companies. That is the real world."

Smith added that, "I'm still struggling **manfully** to represent U.S. companies."

Smith said he provides a "monitoring service" to the foreign companies. "I **don't** do any lobbying for foreign firms. I do not represent foreign firms before the U.S. Government." Although he does work for foreign clients, Smith, until recently, was not registered at the Justice Department as a foreign agent. He spoke disparagingly of the Foreign Agent Registration Act.

At the same time, the retention of a former trade official of Smith's stature and reputation, regardless of what he is hired to do, sends a message throughout the business and government world. Some former officials create the aura of direct access to the highest levels of U.S. **officialdom—with** Smith, it's no illusion.

The day **Carla Hills'** name became known in Washington as Clayton **Yeutter's** successor as the U.S. Trade Representative, Hills met with the President of SJS Advanced Strategies, Michael B. Smith, for a few intense hours, taking copious notes. He still retains his title as **Ambassador**, with his secretary answering the phone for "Ambassador Smith," and his business cards reading, "Ambassador Michael B. Smith." Like senator or governor or president, it is a title which will probably always be a permanent prefix to his name.

"If you have been in government for several years in this **town**, and you leave, and you're not a lawyer, what do you do? You become a consultant," Smith told the Center.

To Smith, the revolving door is a simple fact of Washington life. Smith told the Council for Excellence in Government in a recent interview that "I think the whole issue of conflicts of interest is vastly overblown. **I've** always viewed it as a strength of our political system that people come and go. We need more mobility between the public and private sectors, not less."

A few weeks after being interviewed by the Center for Public Integrity, Smith filed with the Justice Department, as a foreign agent. Smith listed his occupation as "Trade Consultant" and the clients he **or** his firm have worked with include the Canadian Sugar Institute, Nippon Steel Corporation, the Japan Iron & Steel Exporter's Association, Caribbean **ISPAT** Ltd., and the Embassy of Canada.

## WILLIAM N. WALKER

William Walker was the Deputy Special Trade Representative from June 1975 to May 1977.

Born April 3, 1938 in Newton, **Massachusetts**, Walker attended Newton public schools and received his B.A. degree with honors in 1960 from Wesleyan University, majoring in history. He received his J.D. degree from the University of Virginia Law School in 1963.

From June 1963 to September 1969, Walker practiced law with the Chicago firm of Price, **Cushman**, Keck, **Mahin** and **Cate**, primarily dealing with corporate and antitrust matters.

Walker entered the federal government in September 1969, in the federal Office of Legal Services and the Office of General Counsel, at the Office of Economic Opportunity. His last six months there, Walker was the Acting General Counsel.

From May 1971 to August 1972, Walker was Deputy Director of the Office of Consumer Affairs.

In September 1972, Walker became the General Counsel for the Cost of Living Council, a government agency responsible for administering the wage and price controls program. Walker was in charge of the various Executive Orders and federal regulations implementing the wage controls programs.

In January 1974, Walker moved over to the Federal Energy Office, the precursor to the Department of Energy, as General Counsel. Walker was responsible for the petroleum allocation and price control regulations of the Federal government, in the wake of the tumultuous Arab oil embargo.

Within two months of the resignation of President Richard Nixon, Walker was working in the White House, as Director of the Presidential Personnel Office. According to Walker, he advised President Ford on appointments to approximately 5,000 full and part time "**political**," or non-career, positions in the Federal government.

In June 1975, Walker became Deputy Special Trade Representative. He was chief U.S. negotiator in the Tokyo Round of Multilateral Trade Negotiations in Geneva, which involved 92 nations and was aimed at lowering tariffs and reducing non-tariff barriers to world trade. During Walker's STR **tenure**, the Special Trade Representative was Frederick Dent, and the other Deputy STR was Clayton Yeutter.

Walker left government in May 1977. Since October 1977, he has been a partner in the New York-based law firm of Mudge, Rose, Guthrie, Alexander & Ferdon. According to Walker, his practice is focused on matters dealing with international **trade**, commerce and finance.

Walker has had a number of domestic clients over the years, although there has been more publicity from the work he has done for foreign clients.

Walker first registered as a foreign agent at the Justice Department in the early Eighties.

In 1981, Walker and his firm represented Creusot-Loire, S.A., the French steel concern, in connection with proceedings initiated by the Office of Foreign Assets Control of the Treasury Department. **Several** U.S. officials were contacted by Walker on behalf of Creusot-Loire at the State and Treasury Departments, and the Office of the USTR.

From 1982 to 1985, Walker and his firm represented Usinor, S.A., another French **steelmaking** corporation (then

95 percent owned by the French Government). Mudge, Rose represented **Usinor** in connection with countervailing duty and antidumping procedures. In 1982, Walker met with Ambassador David **Macdonald**, the Deputy U.S. Trade Representative; Donald **deKieffer**, the USTR General Counsel; Roger Porter, Assistant to the President; Fred Fielding, Counsel to the President; U.S. Trade Representative William Brock; Deputy USTR Michael Smith; and Undersecretary of State James Buckley on behalf of Usinor.

In 1985, Clayton Yeutter became the U.S. Trade Representative, and he asked Walker Julius **Katz** and James Lake to assist him in his transition. According to Walker, he helped Yeutter "brainstorm his options." During that time, Walker said that he never once discussed his various clients with Yeutter.

"I was acting on my personal behalf as a friend to Clayton. I was seeking to help it [**USTR**] function better. My role was strictly personal." With Walker, Lake and Katz talking to the existing USTR personnel about "reorganization" under Yeutter, as one former official said, "**There** were a lot of anxious people walking the halls." As it turned out, the reorganization recommendations the group made to Yeutter were never implemented, in part because, as Walker put it, "Clayton got swamped."

Yeutter was grateful for the assistance **Walker-Katz-Lake** had provided to him. And inside trade circles it became quite apparent who had the best "access" to the U.S. Trade Representative.

Walker's overseas clients increased substantially in **1985**, and Walker talked with Yeutter about specific issues pertaining to his new clients.

For example, in October 1985, Walker and his firm represented the Japan Aluminum Federation "in dealings with the United States Government and, as appropriate, in negotiations with U.S. aluminum companies with a view to forestalling the filing of a Section 301 petition against the Japanese aluminum industry, contesting such a petition if it is filed and attempting to facilitate a Government to Government resolution of the issues which would be the subject of such a proceeding," according to Justice Department filings. In his proposal submitted to the client and filed at the Justice Department, Walker said "**we don't** expect our fees for professional services to exceed \$200,000."

Also in late 1985, Walker and his firm were retained by the Electronic Industries Association of Japan (**EIAJ**), defending the Japanese electronics interests against a Section 301 petition filed by the U.S. Semiconductor Industry Association. The annual fee: \$200,000, plus expenses.

No former **U.S.** official has been more of a nemesis to the American semiconductor industry in recent years than Walker. For example, in early 1989, according to the *Wall Street Journal* (2/23/90, p. 14), Walker was "instrumental in an intense and successful lobbying effort . . . to keep the Japanese semiconductor industry off the list of products targeted for potential sanctions under the so-called Super 301 provisions of the 1988 Trade Act." Walker personally met with USTR **Carla Hills**, White House official Roger Porter; Chairman of the President's Council of Economic Advisers, Michael Boston; Commerce Secretary Robert Mosbacher and others.

In 1987 and 1988, Mudge, Rose was retained by Toshiba, at the time the Japanese corporation admitted that one of its subsidiaries had illegally sold sensitive technology to the Soviet Union. The **firm** received \$4.2 million from Toshiba for its Toshiba lobbying and unrelated work. Although Walker maintains he was a "minor player" in the Mudge, Rose **effort**, he did contact numerous Executive Branch officials in Washington on **behalf of** Toshiba.

Walker believes that the media and the American public "shouldn't single out foreign interests." Regarding the revolving door to foreign lobbying issue, Walker said he believes there ought to be rules and a "**waiting period**" before former officials attempt to go to work for foreign interests.

Walker has never served on any of the USTR Advisory Committees or been a paid consultant to USTR while

simultaneously representing foreign clients, "unlike some others." Walker said he would have considered such activity to be a conflict of interest and inappropriate.

Throughout the past decade or so of representing overseas clients, Ambassador Walker said "I didn't do anything even close to the line."

For years, Walker has been a leader in the **anti-counterfeiting** movement worldwide. He has written numerous articles about the fraudulent reproductions of commercial merchandise, and the menace that counterfeiting poses to international trade.

## SIDNEY LINN WILLIAMS

Ambassador S. Linn Williams is the current Deputy U.S. Trade Representative in Washington, one of three Deputies to USTR **Carla Hills**, and the most senior **USTR** official responsible for Japan matters.

Williams declined to be interviewed for this study.

Born July 1, 1946 in St. Louis, Missouri, Williams was raised in Oklahoma City, Oklahoma. He received a B.A. with honors from Princeton in 1968, majoring in economics and history at the **Woodrow Wilson** School of Public and International Affairs. Williams graduated from Harvard Law School in 1971, with honors. In 1971, he clerked for a year for Judge **I.L. Goldberg**, with the U.S. Court of Appeals (Fifth Circuit). Williams was a research student at Cambridge University from 1972 to 1974, on a **Fulbright** Fellowship, a National Endowment for the Humanities Fellowship and a Ford Foundation Fellowship.

In 1974, he learned Japanese while working in Tokyo as a "trainee" for the **American/Japanese** law firm of **Blakemore** and **Mitsuki**.

From 1975 until 1981, he was an associate and partner for the Washington D.C. law firm of Leva, Hawes, Symington, Martin and **Oppenheimer**.

He served as Vice President and General Counsel for the Overseas Private Investment Corporation (**OPIC**) from 1981 to 1984.

In 1984, Williams worked for Roderick Hills, the husband of U.S. Trade Representative Carla Hills, at Sears World Trade as Vice President and General Counsel. Williams was with the company from January 1984 to July 1985.

From 1985 until 1989, Williams was a partner for the Los Angeles-based law firm of Gibson, Dunn and **Crutcher**, first working in Washington then Tokyo. Williams advised his clients on corporate matters, financings, joint ventures, licensing and distribution arrangements, mergers and acquisitions, political risk insurance and arbitrations.

Williams opened the Tokyo and Hong Kong offices of Gibson, Dunn and Crutcher and was one of the first American lawyers to be registered in Japan in 1987 under a then-new law permitting foreign lawyers to practice foreign law in Japan.

In 1987 and 1988, according to his 1989 Office of Government Ethics financial disclosure report, Williams represented several American clients, such as Argosy Energy; SRE Development Corporation; Baxter Systems Div.; Cantor Fitzgerald Securities Corporation; Lotus Development Corporation; Raychem Corporation; Sizzler Restaurants International and First City Industries. He also worked for seven Japanese clients, including Information Services **International-Dentsu**; Oriental Finance Co.; Nomura Securities Co.; **PFU**, Ltd.; Nissan Motor Co., Ltd.; Nippon **Englehard**, Ltd.; and Hara, **Akira**.

According to *Legal Times* (May 8, 1989, p.3), Williams sent proposals and policy papers from Tokyo to the Bush presidential campaign in 1988, and he has maintained that it was this which landed him his position with USTR.

During the 1988 presidential campaign, Williams served on the Bush Competitiveness and East Asian issues committees, and prepared papers for both. He was also an early participant and contributor to the Fund for America's future, the earliest of George Bush's **fundraising** organizations.

According to the *New York Times*, Williams, who is married to the former Noriko Kurosawa, was at his home in Yokohama when he received word of his "call to national service." As the *Times* described **Williams**, "In the high reaches of the Japanese government, many officials know both English and the United States. Few senior American officials know Japanese or Japan."

Williams has led the recently-concluded Structural Impediment Initiative U.S. negotiations with Japan for USTR. In late 1990, there were persistent rumors of Williams' imminent departure from the agency.

## ALAN WILLIAM WOLFF

Alan Wolff served in the Office of the Special Trade Representative from 1973 to 1979, first as Deputy General Counsel, then General Counsel, and in 1977 to 1979, as Deputy STR to Robert Strauss.

Born June 12, 1942 in Maiden, Massachusetts, Wolff majored in government at Harvard where he received his bachelor's degree in 1963. In 1966, Wolff graduated from Columbia Law School. He practiced law in New York with the firm of **Pavia** and **Harcourt**, working on commercial law matters such as ship mortgages. Wolff also worked as a staff attorney in Boston with the Boston Redevelopment Authority.

From 1968 to 1973, Wolff was an attorney in the Treasury Department's International Affairs Section.

In 1973, Wolff moved over to the Office of the Special Trade Representative, as Deputy General Counsel. A year later, he was General Counsel, a position he held until 1977. Wolff became Deputy STR, holding the rank of Ambassador, under Strauss in 1977. He was integrally involved in several key negotiations, including the beef and citrus agreements and oversaw the Trade Policy Review Group.

Wolff left government in September 1979, and joined the Washington firm of Verner, **Liipfert**, **Bernhard** and McPherson, where he established an international trade practice with 16 lawyers and economists, including other STR alumni.

One of **Wolff's** first clients there was Nissan. Wolff and his firm were reportedly on a \$200,000 annual retainer from Nissan, and Wolff was registered as a foreign agent. Wolff informed the Justice Department that he and his firm were "counseling Nissan on U.S. and international trade law and representing their interests before U.S. Executive departments and agencies, the Congress and the Courts. Representation will focus, among other things, on U.S. automobile import restrictions."

However, throughout the Eighties to today, nearly **all** of Wolff's clients have been domestic.

In 1985, Wolff moved with Verner, **Liipfert's** international trade group to the Washington offices of the New York-based law firm of Dewey, Ballantine, **Bushby**, Palmer and Wood. Today, Wolff and 26 others comprise the Dewey, **Ballantine** international trade section.

Wolff said he currently has no foreign clients, and "two or three percent" of Dewey, Ballantine's international trade practice is representing foreign interests. In 1988, Wolff filed as a foreign agent for his representation of the West Indies Rum and Spirits Producers' Association.

Of all the former USTR officials dating back to 1974, Wolff has by far been the most visible advocate for U.S. domestic interests in international trade matters. Wolff has represented the Semiconductor Industry Association, U.S. steel producers and U.S. textile interests in several anti-dumping cases, as well as the Forest Products Association and the Coalition for Fair Lumber Imports. Wolff organized the Labor-Industry Coalition for International Trade, which includes corporations such as Corning Glass and B.F. Goodrich, W.R. Grace and the AFL-CIO.

"I tend to be outspoken with respect to wanting to see American industry prosper," said Wolff. For example, on October 25, 1985, at a National Foreign Trade Council meeting on **Japan-U.S.** trade relations, Wolff said that Japan protects depressed industries by creating cartels. In the United States, companies simply fail, thus shrinking "excess productive capacity." Worldwide, "if open markets are going to be maintained on the down end of the cycle, we need to cut production." (*BNA's International Trade Reporter*, 10/30/85, p. 1365).



In recent years, Wolff has become well-known and respected for his literary approach to lobbying. He has written **and/or** been involved in the publishing of several "studies" which have made several of his clients more "intellectually respectable" and provided the substantive underpinning for their efforts to affect public policy in Washington. He co-wrote *The Microelectronics Race, Steel and the State*, and other publications. ("Success That Speaks Volumes: How Alan Wolff Uses Scholarship to Score Lobbying **Points**," *Legal Times*, June 26, 1989, p. 1).

Wolff said that much of the foreign representation in Washington by former trade officials is innocuous. For example, he said, representing someone such as Thai food processors in a GSP petition is clearly "not injuring anybody." There are detailed procedures and regulations concerning trade, and a limited group of specialists in Washington knowledgeable about the various arcane processes, says Wolff.

Wolff does have a concern when former U.S. officials now representing major overseas interests speak out on public policy trade issues. Who knows who represents whom? It is often unclear, Wolff says.

Wolff has the clear sense that the U.S. government does not represent domestic American interests in the area of international trade. He thinks there is a lack in fundamental U.S. trade policy. "If you have no internal compass, if you **don't** believe domestic interests are more important than foreign interests, then you're just a judge" between competing domestic and international interests.

Considering the strong views Wolff holds about domestic **interests**, he still has managed to maintain his credibility in straddling both the most "protectionist" and the most unabashed "free trade" camps. He has written and spoken about how great powers such as the U.S. need strong economic bases. Wolff is on the Advisory Committees of the Institute for International **Economics**, headed by C. **Fred** Bergsten, but also, at the same time, the newly-created Economic Strategy Institute, headed by Clyde **Prestowitz**; two groups with distinctly different approaches to trade. He has been a member of the Advisory Trade Panel of the Atlantic Council, and a trustee of the Japan-America Society. When Pat Choate testified before the Senate Commerce Committee on September 27, 1990, about a secret side letter agreement Choate alleged was seriously detrimental to the American television **industry**, Wolff came to Strauss' defense and wrote a letter to the Committee flatly denying the specific Choate assertions.

## MICHAEL ALAN WOODS

From 1985 to 1987, Michael Alan Woods served as Deputy United States Trade Representative. In those two years, he made significant contributions to many complex negotiations. He negotiated U.S. market access in Portugal and Spain when those countries joined the Common Market, and he brought an end to the practices which allowed subsidized Canadian lumber into the United States. In addition, he directed congressional and public affairs of the USTR office.

Born in Mexico, Missouri in 1945, Woods moved to Washington early on and received his undergraduate degree from American University. He then became a press aide to Richard Nixon during the 1968 presidential campaign, and subsequently worked in the press office of the Nixon White House.

In 1970, Woods left the White House to become a Vice President of Bradley, Woods and Company, a political and economic research firm. He then served for two years as Chief of Staff to the Governor of Missouri.

In late 1974, Woods returned to the White House, this time as Deputy Director of Presidential Personnel under Ford. For the following three years, Woods joined the Defense Department, as an Assistant Secretary of Defense, Defense Department spokesman, and as Civilian Chief of Staff for the Secretary of Defense.

Woods then returned to the private sector. From 1977 to 1983, he served as Vice President of DGA International, a Washington-based consulting firm. From 1983 to 1985, he was Vice President of Technology for Sears World Trade, with a focus on marketing U.S. products in Europe. In 1985 Woods owned, managed and was president of the International Services Corporation, an international marketing and management consulting firm.

It was in 1985 that Woods joined USTR. When he left the agency in 1987, he became Administrator of the Agency for International Development. In that capacity, he directed a \$6 billion program in over 70 developing countries.

Woods also served on the National Advisory Council on the Education of Disadvantaged Children from 1977 to 1980 and on the Board of Trustees of Park College from 1972 to 1975.

Woods died of cancer June 29, 1989 at the age of 43. He was remembered in the *Washington Post* as "a creative administrator with a nimble mind and a sense of humor and a remarkable ability to navigate his way through the bureaucracy."

## **RUFUS HAWKINS YERXA**

**Rufus** Hawkins **Yerxa** is the current Deputy U.S. Trade Representative for **GATT** in Geneva. In that position Ambassador Yerxa is responsible for the activities of the USTR mission in Geneva and represents the United States in GATT negotiation sessions.

Yerxa was born May 6, 1951 in White Plains, N.Y. He received a B.A. in political science from the University of Washington in 1973, a J.D. from the University of Puget Sound in 1976, and an LL.B. from Cambridge University in England in 1977.

**Yerxa's** career began in 1972 as staff assistant to Rep. Brock Adams. In 1977 he became Legal Assistant to the Chairman of the U.S. International Trade Commission. In 1981 he left the ITC to become the Assistant Chief Counsel and Staff Director for the House Ways and Means Subcommittee on Trade.

After serving the committee for eight years, Yerxa left to take his current position at USTR.

G E N E R A L   C O U N S E L

## JUDITH H. BELLO

Judith H. **Bello** served in the office of the U.S. Trade Representative from 1985 until 1989, as Deputy General Counsel and later, General Counsel. Bello has gained a reputation for being a tireless worker and an extremely competent lawyer.

Bello declined to be interviewed for this study.

Bello was born in Alexandria, Va. on May **31**, 1949. She attended the University of North Carolina, where she majored in history and journalism and graduated with a B.A., *summa cum laude*, in 1971. Bello received her J.D. from Yale University in 1975.

In 1977 she began her government service at the Department of State where she worked as an attorney-advisor. In 1982 Bello moved to the Department of Commerce where she gained expertise in the areas of antidumping and countervailing duty laws as Deputy to the Deputy Assistant Secretary for Import Administration.

In 1985, Bello worked for a short time with the law firm of **O'Melveny & Myers**. The firm represented foreign interests which included Santa Fe **International**, British Steel Corp., Japan Iron & Steel Exporters' Association, and the Association of Telephone, Telegraph and Related Telematics Industries, a association of French telecommunications equipment manufacturers. Justice Department filings show that Bello personally worked on the latter account, and made several contacts with officials at **USTR** on behalf of her client.

Later that year, Bello moved over to the USTR's office as Deputy General Counsel. She was appointed General Counsel in 1988. During her tenure at USTR, Bello worked on the Canadian Free-Trade Agreement, which eliminated most of the trade barriers between the U.S. and Canada, the 1988 Omnibus Trade Act, and served as chairman of the Section 301 Committee. She also co-authored "**The Antidumping and Countervailing Duty Laws: Key Legal and Policy Issues.**"

In 1989 Bello, with colleague Alan **Holmer**, joined the law firm of **Sidley** and Austin. The firm, which is known primarily for representing blue chip companies such as AT&T, also represents Canadian companies, the government of the Cayman Islands, a Soviet bank which is seeking to unfreeze its assets in the U.S., and South Korean sweater manufacturers in a dumping case. Bello has said she would stick to representing primarily domestic clients, but she did not rule out the possibility of representing a foreign interest, if the circumstances were right. "Conceivably, if it were a free trade government hiring us to work against a textile quota bill in Congress, that might be comfortable," she told a *Wall Street Journal* reporter last year. (*Wall Street Journal*, January **4**, 1989, p. A10.)

Though **it's** widely believed that Bello has taken on foreign clients, including the South Korean sweater manufacturers, Bello will neither confirm or deny this, writing to the **center**, "My business activities are no longer a matter of public record!" She is not registered as a foreign agent at the Justice Department.

In 1989, Bello also served on President Bush's Commission of Federal Ethics Law Reform, a panel which reviewed issues such as lobbying restrictions by former government employees. In addition, Bello was a visiting lecturer at Yale Law School from 1984 to 1986 and an adjunct professor at Georgetown University Law Center in 1990. She was chairman of the DC Bar International Section's Steering Committee from 1987 to **1988**, and has co-chaired the **Trade** Committee of both the D.C. Bar (1983-86) and American Bar Association (1986-1990), and serves on the Council of the **ABA's** International section. She is also a member of the American Society of International Law and its Board of Review & Development.

## JOSHUA B. BOLTEN

Joshua Bolten is currently the General Counsel for USTR. In this position he is responsible for all legal matters which come before USTR.

Bolten was born in Washington, D.C., in 1954. He received his undergraduate degree in 1976 from Princeton University, where he majored in Public Affairs at the Woodrow Wilson School of Public and International Affairs. He graduated in 1980 from Stanford Law School, where he was editor of the *Stanford Law Review*.

From 1980 to 1981 Bolten served as a law clerk to Judge Thelton Henderson of the U.S. District Court in San Francisco. In 1981, he began his government service at the U.S. State Department in the Office of the Legal Adviser where he provided legal counsel primarily to the Bureau of Inter-American Affairs. In 1983, he also served as Executive Assistant to the Director of the Kissinger Commission on Central America.

In 1984 he practiced international trade law with the Washington, D.C. office of O'Melveny & Myers, where Bolten says he worked on antidumping and countervailing duty cases for a mix of foreign and domestic clients. After a **year-and-a-half** with the firm he moved to the Senate Finance Committee where he served as International **Trade** Counsel until 1989 when he joined USTR.

## ROBERT CASSIDY, JR.

Robert Cassidy served as General Counsel for USTR from 1979 to 1981. In that capacity Cassidy supplied legal advice on international trade matters.

Cassidy declined to be interviewed for this study.

Cassidy was born in Beaumont, Texas on May 16, 1946. He attended Johns Hopkins University where he received a B.A. in political economy in 1968. After graduation Cassidy served in the Army in Korea until 1970. Following his military service, Cassidy attended the University of Pennsylvania Law School where he received a J.D. in 1973.

In 1973, he went to work for the U.S. Senate in the Office of the Legislative Counsel. As Assistant Counsel Cassidy served as Senate draftsman for the Trade Act of 1974 and numerous other tax and trade bills. In 1975, Cassidy became International Trade Counsel for the Senate Finance Committee where he worked on legislation which included the Customs Procedural Reform and Simplification Act of 1978 and the Trade Agreements Act of 1979. He also served as congressional staff delegate to the Tokyo Round of Multilateral Trade Negotiations.

He served the committee four years before joining USTR in August 1979 as General Counsel under U.S. Trade Representative Reubin Askew. In February 1981, Cassidy joined the private sector as an associate in the Washington, D.C., office of **Kaye**, Scholer, Fierman, Hays, Handler. In 1982, Cassidy was promoted to partner with the firm.

Cassidy joined Wilmer, Cutler, & Pickering in 1983, **which**, at the time, was in the early stages of building an international trade practice, according to *Legal Times*. Since then, Cassidy, who is registered as a foreign agent, has represented the European Community in a steel import case and two Japanese electronics firms in a dumping case, as well as American clients such as the American Textile Manufacturers Institute, DuPont, IBM and other companies in trade cases.

**Cassidy**, who was unavailable for an interview for this study, told a reporter for *Legal Times* that he is not uncomfortable representing foreign clients. "These are battles over economic interest, not morality," he says. "We don't believe there is a right side in general. I have never held myself out to be a free trader or a protectionist."

Cassidy has been co-chairman of the Committee on International Trade Law, Section of International Law and Practice, the American Bar Association since 1986.

## DONALD deKIEFFER

Donald deKieffer was General Counsel for the office of the U.S. Trade Representative from 1981 to 1983.

deKieffer declined to be interviewed for this study.

deKieffer was born November 8, 1945 in Newport, Rhode Island. He attended the University of Colorado, where he majored in political science and received a B.A. in 1968. He received his J.D. from Georgetown University in 1971.

From 1969 to 1971 he worked as a professional staff member with the U.S. Senate Republican Policy Committee. In 1971 deKieffer became an associate with Collier, Shannon, Rill & Edwards. In 1974 he was made a partner with the firm. In 1978 he started deKieffer & Associates, a Washington trade firm which had among its clients the Republic of South Africa.

In 1981, deKieffer was appointed General Counsel for USTR where he worked on a variety of issues, including cases against tariffs on Canadian potatoes, subsidies of Common Market wheat flour, and cases against Canada and the European Community before panels set up to adjudicate trade disputes under the General Agreement on Tariffs and Trade.

In 1983, deKieffer left USTR to join Plaia, Schaumburg, a small law firm which specializes in international trade. Justice Department FARA files show that that year deKieffer represented the government of the Republic of Ciskei on immigration policies, and Siemens-Allis, a West German manufacturer. Two years later deKieffer moved to Pillsbury, Madison and Sutro where he still works today. At Pillsbury, deKieffer "has built a successful, five-lawyer, international trade group," according to *Legal Times*. FARA records show that the firm represents the Korean Foreign Trade Association, Cable and Wireless, PLC, and the Asia Satellite Telecommunications Co.

deKieffer is also the author of *How to Lobby Congress*; *Doing Business with the U.S.A.*; *Doing Business With Romania*; and *Doing Business in the United States*.



## CLAUD GINGRICH

Claud Gingrich served as General Counsel at USTR from 1984 to 1985. In that position he provided legal advice to then-U.S. Trade Representative William Brock on all issues which came before the agency, and advice to agency employees regarding U.S. laws which applied to federal workers.

Gingrich declined to be interviewed for this study.

Gingrich was born in Elmira, N.Y., on March 28, 1946. In 1968 he graduated from Cornell University where he received a bachelor of science degree. After two years of military service, he graduated from the University of Michigan Law School in 1972 where he earned his law degree. In 1973, Gingrich went to Europe for a year to study the legal aspects of European integration at the Europa Institute, at the University of Amsterdam.

In 1973, he began his legal career at the U.S. International Trade Commission as Deputy General Counsel and Legal Advisor to the Chairman. Six years later, he moved to the Senate Committee on Finance where he served as International Trade Counsel until 1983.

He then moved to USTR as General Counsel, where he served for two years before going to work in the private sector.

Upon leaving USTR in 1985, Gingrich quickly parlayed his legal and trade experience into a lobbying career with LA Motley & Co., a lobbying and consulting firm which represents various U.S. and foreign firms, including numerous Brazilian business interests. The firm is headed by Langhorne Motley, a former State Department official and former ambassador to Brazil. Gingrich is currently a vice president with the firm.

According to Justice Department documents filed under the Foreign Agents Registration Act, Motley's clients include a wide variety of Brazilian companies seeking increased access to U.S. markets, lower tariffs and assistance with antidumping and countervailing duty cases. Brazilian companies have faced a variety of trade barriers in the U.S., including stiff retaliatory trade penalties imposed by the U.S. in recent years due to the Brazilian government's refusal to grant patent rights to U.S. pharmaceutical companies doing business in Brazil, a policy which has been very costly to U.S. drug firms. Among the foreign clients which Motley & Co. has represented are orange juice exporters, the footwear industry, computer and electronics manufacturers, jewelry exporters, poultry farmers, steel and copper producers, and shipping and aviation companies. The firm has also represented British steel, Philippine sugar and Thai food processing interests.

In addition to his work with Motley & Co., in 1988 Gingrich registered as a foreign agent for consulting work he performed for the law firm of John P. Sears. According to the *Legal Times*, Gingrich advised the firm on unfair trade provisions of the omnibus trade bill before Congress that year. Sears' client was the Japan Automobile Manufacturers Association. Gingrich was also hired by International Business-Government Counselors, Inc., a Washington consulting firm, to work as a "special advisor" to Japan Tobacco, a Japanese government-owned corporation. According to the *Washington Post*, Gingrich was retained because the company saw him as "an expert...because he used to be general counsel for USTR." John McDermid, general counsel for IBGC told the Post, "Japan didn't say we had to hire Claud, but I'm not sure they would have hired the firm if he had not been brought in." ("Foreigners Hiring Reagan's Ex-Aides, Clients Pay Millions for Efforts to Block Administration Policies," by Stuart Auerbach, *Washington Post*, 2/16/86).

Gingrich is a member of the New York State Bar Association.

## ALAN HOLMER

Alan Holmer served at USTR from 1985 to 1989 as General Counsel and later, Deputy U.S. Trade Representative.

Holmer declined to be interviewed for this study.

Holmer was born in New York City on July 24, 1949. He was raised in Oregon. He graduated from Princeton University *cum laud* with an A.B. in politics in 1971. In 1972 he became Administrative Assistant to Sen. Bob Packwood (R-Oregon), with overall management responsibility for his offices in Washington, D.C., and Portland. While working for **Packwood**, Holmer returned to school and earned his J.D. from Georgetown University Law Center.

He **left** the Senate in 1978 to work for the law firm of Steptoe and Johnson, a general practice law firm where Holmer focused on tax, corporate and administrative law. In 1981, Holmer became the Deputy Assistant to the President for Intergovernmental Affairs. In that **position**, Holmer was the White House liaison with state and local government officials.

In 1983, Holmer moved to the Department of Commerce where he served as Deputy Assistant Secretary for Import Administration in the Office of Trade Administration. In that **position**, Holmer has been credited for playing a pivotal role in shaping the 1984 trade bill, persuading Congress to drop key provisions that Holmer contended violated **GATT** agreements and would have harmed U.S. exporting interests.

In 1985, Holmer became General Counsel to the U.S. Trade Representative. In 1987, he was promoted to Deputy U.S. Trade Representative, a position in which he served through February 1989. Holmer told the *Legal Times* that "one of my important accomplishments was to assist in the defeat of a thoroughly irresponsible textile **bill**"—a reference to 1985 legislation which was later vetoed by the President. Holmer also negotiated dozens of bilateral textile agreements during his tenure with USTR.

After bidding from as many as 30 Washington law firms, in 1989, Holmer and Judith **Bello**, who worked together at USTR, announced they would be joining Sidley and Austin, reportedly to launch an international trade practice. His pay was rumored to be more than \$300,000 a year. Bello and Holmer played key roles in the formulation of the 1988 Omnibus Trade Act and the **U.S.-Canada** Free Trade Agreement. The firm is known for representing blue-chip domestic companies such as AT&T, but it also represents foreign interests, such as Canadian businesses, the government of the Cayman Islands and a Soviet bank.

Upon leaving USTR, Holmer and Bello both maintained that they intended to represent predominantly domestic clients. Although it is widely believed that Holmer has represented foreign clients, including South Korean sweater manufacturers, Holmer will neither confirm nor deny that he has worked for foreign clients at Sidley & Austin. Holmer is not registered as a foreign agent.

## JOHN H. JACKSON

John H. Jackson was General Counsel and Acting Deputy Special Representative for Trade from 1973 to 1974, while on leave from his law professorship at the University of Michigan Law School. He resigned from USTR in June 1974 to return to his University position. As General Counsel, Jackson did a great deal of the legal work for the Trade Act of 1974 and the beginnings of the Tokyo Round negotiations.

Jackson was born in 1932 in Kansas. In 1954, he graduated *magna cum laude* and Phi Beta Kappa, from Princeton University, with an A.B. degree from the Woodrow Wilson School of Public and International Affairs. From 1954 to 1956 he was in the U.S. Army. He then attended law school at the University of Michigan and graduated with honors in 1959. From 1959 to 1961 he practiced corporate and labor law in Milwaukee, Wisconsin.

From 1961 to 1966 Jackson was an associate professor and then professor of law at the Boalt Hall School of Law at the University of California, Berkeley. In 1964 he was a Visiting Professor at the University of Michigan Law School, and in the Spring of 1965, a research scholar at the Headquarters of GATT in Geneva.

From 1966 to the present Jackson has been a professor of law at the University of Michigan, with expertise in international economics and trade. During this time, Jackson has taken many leaves to teach and do research in the U.S. and abroad. Jackson is also the Associate Vice President for Academic Affairs at the University of Michigan, responsible for international studies.

Jackson is on the Board of Editors of many international law and trade journals. He has chaired many GATT and other international trade conferences, and was a member of the Advisory Council on Japan-U.S. Economic Relations' Task Force on Trade Laws and Practices. He has been a guest lecturer and has taught seminars and intensive courses here and abroad. From 1976 to 1981 he was a member of the Board of Advisors to the International Project at the Center for Law and Social Policy in Washington, D.C. He is also a member of the American Civil Liberties Union and the Editorial Advisory Board for the World Economy in London.

Jackson was awarded "Honorary Membership" in the Indian Society of International Law in February 1987, and the title of "Honorary Professor" by the University of International Business and Economics in Beijing, China in May 1987. He was a panelist for a Ministerial Panel Discussion held December 1987 in Geneva commemorating the 40th anniversary of GATT.

Jackson is the author of dozens of books, articles, reports and speeches on various subjects in international law and trade policy.

Jackson has served as a consultant to the U.S. Senate Finance Committee on legal matters relating to implementation of the Multilateral Trade Negotiation agreement. At various times Jackson has also been a consultant to GATT, the U.S. Treasury, the Office of the Special Trade Representative, the United Nations Commission on Transnational Corporations, and various law firms, including Arnold & Porter in Washington, D.C.

Jackson is registered as a foreign agent and lobbyist. He has consulted the Ambassador of the Swiss Confederation, the Government of Spain, the Government of Brazil, and the Embassy of the Government of Israel on behalf of the law firm of Arnold & Porter.

## RICHARD R. RIVERS

Richard Rivers served as General Counsel to the Office of the Special Trade Representative from May 1977 to August 1979.

Born June 9, 1942 in Dallas, Texas, Rivers attended public schools and studied at Tulane University in New Orleans where he majored in English. He attended the University of Texas law school for one year before returning to New Orleans to work for an advertising firm.

Rivers found himself gravitating towards public policy issues and politics, and in 1968 he came to Washington, joining the House Majority Whip staff of Rep. Hale Boggs as a legislative assistant and a speechwriter.

In the ensuing years, Rivers said, "I became very interested in international trade issues."

In October 1972, Boggs was killed in a plane crash in Alaska, and Rivers, with a wife and baby, was unexpectedly in search of a job. He had two possibilities: become press secretary for Senator Edmund Muskie (D-Maine) or international trade counsel for the Senate Finance Committee. Rivers chose Finance, hired by Staff Director Tom Vale.

During this period, Rivers assisted in the writing and preparation of the 1974 Trade Act, the law which among other things elevated the Office of the Special Trade Representative to Cabinet-level status.

Also in 1974, having attended classes at night, Rivers received a law degree from Catholic University.

In early 1977, at the beginning of the Carter Administration, Rivers said he was thinking about moving away from government, and that he aspired to work in law firms. However, when Carter selected Robert Strauss to be his Special Trade Representative, Strauss called Rivers around March of 1977, and began a relationship which a few months later resulted in a call from Strauss with a job offer.

Strauss wanted someone who knew Capitol Hill as well as trade issues. He offered the position to Rivers, who accepted. "I was flattered that he'd called," said Rivers. "He said Alan Wolff would be his Deputy, but he needed a General Counsel and I was his choice."

Rivers has never regretted the decision.

"It was the best job I have ever had. The most challenging, the most gratifying—I worked harder there than ever in my life."

During the Tokyo Round of GATT negotiations, Rivers headed the U.S. delegation which negotiated the *Arrangement on Subsidies and Countervailing Measures*, and played a key role in the preparation and enactment of the Trade and Agreements Act of 1979. In the summer and fall of 1979, Rivers served as President Carter's Acting Special Trade Representative, between Strauss and Askew.

Rivers said he probably would have been Deputy USTR, but "I was exhausted and burned out." He joined the Washington office of Robert Strauss' law firm, Akin, Gump, Strauss, Hauer & Feld and began the firm's international law practice. For the past 11 years, he has represented numerous foreign and domestic clients, and now his days consist largely of administrative and marketing work, as well as considerable travel.

As *Legal Times* reported (October 6, 1986, p. 18), Rivers "devised an aggressive strategy for attracting clients,

targeting specific trade problems, and building a coalition of clients around them." For example, service industries and their issues had been somewhat slighted in the major trade negotiations of the Seventies and early Eighties. So Rivers helped organize the Coalition of Service Industries, which includes American Express, Citibank, American International Group, Inc. and other large corporations. Rivers helped place service industry issues on the agenda of the current Uruguay Round of the **GATT** negotiations.

Rivers also has represented AT&T and other U.S. companies in bilateral negotiations with Canada. The corporation lobbied for lower Canadian tariffs on telecommunications equipment. Rivers has also assisted AT&T in establishing a joint venture with Japan and has advised U.S. companies on doing business in that country.

In the spring of 1987, Fujitsu announced its intentions to purchase 80 percent of the **Fairchild** Semiconductor Corporation. Because of the importance of Fairchild high-speed circuitry to the Pentagon, the entire issue quickly became shrouded in national security implications. As Martin and Susan **Tolchin** have written, "**The** impending Fujitsu purchase marked one of the most important foreign investments involving the transfer of cutting-edge American technology, research, and expertise to Japan in decades, and created the first major controversy over a foreign investment." (*Buying Into America*, Times Books, 1988, p. 12).

Rivers strongly opposes the Tolchin account of the Fairchild controversy. "None of this is true or even remotely accurate; it was so valuable a property, so **essential**, that last month (August 1990) National Semi boarded it up and laid off 2000 (people)."

From December 1986 to **December 1987**, Rivers' law firm received \$993,031 from Fujitsu. According to Rivers, most of that sum was actually unrelated to the Fairchild matter. Although Rivers' salary is not available, according to Justice Department records, Rivers shares in the profits of the registrant [Akin, Gump] and receives no direct compensation from the foreign principal."

Fujitsu withdrew its bid to purchase **Fairchild**, unwilling to continue in the face of such public controversy.

Rivers has represented other foreign clients over the years, and has registered as a foreign agent at the U.S. Department of Justice, as has the law firm of Akin, Gump.

According to Rivers, when he left USTR, he strictly adhered to all of the rules and laws about post-employment ethics. He is a specialist in international trade and international trade law, and sees absolutely nothing wrong with representing foreign clients.

He is somewhat exasperated over the foreign lobbying controversy. "I have nothing to be ashamed of. I haven't done anything that comes close to compromising the work I did at USTR. My law practice today has very minimal relevance to what I did in the years of my government service eleven years ago."

CHIEF TEXTILE  
NEGOTIATORS

## CHARLES R. CARLISLE

From 1985 to 1986 Charles Carlisle was the Chief Textile Negotiator for **USTR**.

Carlisle declined to be interviewed for this study.

Carlisle was born on April 11, 1929 in **Marietta**, Ohio. He received a B.A. in economics from the University of Cincinnati and a **master's** degree in Public **Administration** from Harvard in 1963.

He entered the foreign service in 1956 as an international economist for the State Department's Trade Agreements Division of the Bureau of Economic Affairs. In 1958, he was a political officer in Bogota, Colombia. In 1960, he became economic planning officer at the Office of Cuban Affairs and in 1966, he became the senior staff assistant to the Assistant Secretary of State for Inter-American Affairs.

In 1967, Carlisle was the economic officer for the U.S. Mission to NATO in Paris and Brussels. Later that year he was appointed Chief of Industrial and Strategic Materials, Division of the Bureau of Economic and Business Affairs, and in 1969 he became Special Assistant to the Under Secretary of State for Economic Affairs. Carlisle resigned from the foreign service in 1970.

That year Carlisle went to the United Nations as Director of the International Action Branch of the U.N. Conference on Trade and Development. In 1971, he became chairman of the Lead-Zinc Producers Committee. In 1974, he joined St. Joe Minerals Corporation as Vice President. Carlisle stayed with the company until 1983 when he became President of the Man-Made Fibers Producers Association. In **1984**, Carlisle was appointed special negotiator with the rank of Ambassador at the Office of the Assistant Secretary of State for Economic and Business Affairs.

In 1985, Carlisle became Chief Textile Negotiator for USTR, a position which he held for one year before being appointed Deputy Director-General of **GATT** in November 1986. Carlisle is currently with **GATT** in Geneva.

## **WILLIAM H. HOUSTON, III**

William Houston was Chief Textile Negotiator at USTR from 1987 to 1988.

Houston declined to be interviewed for this study.

Houston was born on July 7, 1934. He graduated from Washington & Lee University in 1956 with a B.A. in economics. He received an M.B.A. in 1959 from the University of Mississippi. While attending school Houston also served in the Army from 1956 to 1957.

In 1959, Houston became a salesman for Cool & Co. From 1960 to 1962 he worked at the Staple Cotton Co-Op Association. He then went to LT Barringer & Co. where he served as Administrative Assistant to the President until 1974. In 1969 he also began farming in Mississippi which he continued up until 1985. In 1986, Houston became a Research Consultant for Sparks Commodities. Later that year he was named Deputy Assistant Secretary for Textiles and Apparel at the Department of Commerce. In 1987, Houston moved to the **USTR's** office where he served as Chief Textile Negotiator.

After negotiating U.S. interests in the international textile arena, Houston began looking for work in the private sector. In 1988, he contacted a number of law firms, including Anderson, **Hibey**, Nauheim & Blair; Bogle & Gates; Sandier & Travis; and Westpoint-Pepperel. Houston also looked for work with his old employer, Sparks Commodities, as well as Liz Claiborne. He eventually left USTR in October 1988 to work for Bogle and Gates, with the firm's international branch, Washington Trade Link.

Washington Trade Link is registered as a foreign agent. According to Justice Department filings in 1989 and 1990, Houston and the company represented textile manufacturers from Turkey, Indonesia, Hong Kong, Mexico, the Philippines, and India for the purposes of increasing each country's market share in the U.S. Contact with the Office of the U.S. Trade Representative was listed as one strategy in attaining that goal.



## **RICHARD H. IMUS**

Richard **Imus** was the Chief Textile Negotiator at USTR from 1984 to 1986, and was responsible for development and coordination of U.S. textile trade policy, as well as negotiating numerous agreements.

Imus was born on August **12, 1938** in San Francisco, California. He graduated Phi Beta Kappa from Stanford University in 1960 with a B.A. in history. He received an M.A. in history in 1961 from the University of California at Berkeley.

Prior to working at USTR, Imus was in the foreign service with the Department of State. He served as an Officer in **Washington, D.C.**, Australia, Israel, **Lebanon**, Saudi Arabia, Kuwait, and New Zealand. He also served as Chief of the Textiles Division in the Department of State before joining USTR.

In 1986, Imus returned to the State Department where he was stationed in Washington, D.C., and Germany before retiring from government in 1990. He is currently registered as a foreign agent for Daimler-Benz, the manufacturer of the Mercedes-Benz. Imus says he is not a lobbyist for the company, but heads their government relations office where he says he keeps tabs on government policies and legislation that might affect the company.

## RONSORINI

Ron Sorini is the current Chief Textile Negotiator, appointed by **Carla** Hills in April 1989. The appointment came just five months after Sorini had left the government to join a private firm. Those five **months**, however, were Sorini's only sojourn into the private sector. He has spent the rest of his career in the Executive Branch.

Sorini was born in **Brookfield**, Illinois, July 7, 1955. He did his undergraduate work in political science and history at the University of Illinois/**Urbana**. He received his B.A. in 1978 and enrolled in graduate school at Georgetown University. There he earned an **M.A.** in international affairs (1980).

After receiving his M.A., Sorini served as an International Trade Specialist with the Department of Commerce. His duties there included one year as a Research Assistant for the Law of the Sea Delegate.

In 1983, Sorini joined the office of the USTR. He served as Assistant Chief Textile Negotiator from 1983 to 1984, and then Deputy Chief Textile Negotiator until 1988. He also served as Chief U.S. Negotiator to the GATT Surveillance Body in Geneva from 1987 to 1988.

In October 1988, Sorini left USTR. He went with Bill Houston, then the Chief Textile Negotiator, to Washington Trade Link, the trade subsidiary of Bogle and Gates. Clients of the firm include textile manufacturers from Turkey, Indonesia, Hong Kong, Mexico, the Philippines, and India for the purposes of increasing each country's market share in the U.S. Contacts with the Office of the U.S. Trade Representative was listed as one strategy in attaining that goal.

Sorini was at the company just five months before he returned to USTR as its current Chief Textile Negotiator. At least one senator was critical of Sorini at confirmation hearings. Sen. Terry **Sanford** (D-N.C.) accused Sorini of "economic betrayal" for his work with Bogle & Gates, according to *Legal Times*. Sorini, who was not registered as a foreign agent, denies having worked for foreign clients.

## DONALD K. STEINBERG

Donald Steinberg was the acting Chief Textile Negotiator at USTR from 1988 to 1989. He served as the President's advisor for textile trade policy and negotiated agreements with Korea, Turkey, **Bangladesh**, Peru, and ten other countries. He also coordinated U.S. policy in the **GATT** Textiles Negotiating Group.

Steinberg was born on March 25, 1953 in Los Angeles, California. He received a B.A. in economics from Reed College in Oregon in 1974, and an M.A. in international economics from the University of Toronto in 1975. He later received an M.S. in journalism from Columbia University in 1984.

From 1975 to 1978, Steinberg was an Economic Officer at the U.S. Embassy in the Central African Republic. In 1979 he served as Commercial Attache at the U.S. Consulate General in Rio de Janeiro, Brazil. In 1981 he became First Secretary for Economic Affairs at the U.S. Embassy in Kuala Lumpur, Malaysia. From 1984 to 1986 he was the Deputy Chief of Mission at the U.S. Embassy Port Louis, Mauritius.

In 1986, Steinberg moved to Washington, D.C., and worked for Rep. Richard Gephardt (D-Mo.) as an Advisor for Foreign Affairs. There he participated in drafting and management of the Omnibus Trade Act of 1988.

Steinberg then moved over to the State Department in 1987 as the Textiles Division Chief in the Bureau of Economic and Business Affairs until moving to USTR in 1988.

Since 1989, Steinberg has been the Senior Foreign Officer with the rank of Counselor and is serving as Senior Policy Advisor to the Majority Leader in the U.S. House of Representatives under the Pearson Fellowship Program. He is responsible for foreign affairs and defense issues. His duties include drafting legislation, aiding committees involved with foreign and defense policy and preparing speeches and opinion pieces. He also acts as lead staff member of the bipartisan House Arms Control Observers Group.

Steinberg was contacted only briefly, as he was on his way to Johannesburg, South Africa where he will be positioned for the next three years.

Steinberg's many honors and awards include the Pearson Congressional Fellowship, U.S. Department of State, 1989, and an American Participant Lectureship, U.S. Information Agency, 1987, with which he lectured in West Germany, Italy, and Austria on U.S. trade policy on behalf of the U.S. government. He received a Congressional Foreign Affairs Fellowship from the American Political Science Association (APSA) in 1986, and was selected by the State Department and APSA to participate in a seminar at Johns Hopkins School of Advanced International Studies on the role of Congress in foreign affairs.

As a journalist, he won the Joseph Pulitzer Traveling Fellowship from Columbia University, and the George A. Hough Award for Excellence in Print, both in 1984.

## HENRY REITER WEBB

Henry Reiter Webb was the Chief Negotiator for Textile Matters at the Office of the U.S. Trade Representative, with the rank of Ambassador, from June 1980 to July 1981.

Webb was born on January 7, 1929, in Memphis, Tennessee, where he later attended Rhodes College majoring in both mathematics and philosophy. He earned a Juris Doctor degree from American University in Washington, D.C., graduating *magna cum laude* and valedictorian of his law school class. Webb did not take the bar exam until 21 years later. Instead he went to work for a C.E. Theobald & Son, a cotton merchant in the South, from 1951 to 1954. From 1954 to 1961, he worked at the Cotton Division of Agriculture Marketing Service at the Department of Agriculture. From 1961 to 1979, Webb held a wide variety of assignments with increasing levels of responsibility, including diplomatic assignments in London and Cairo with the Foreign Agricultural Service (FAS) of the U.S. Department of Agriculture.

From September 1979 to June 1980, he went on loan from the Tobacco, Cotton, and Seed Division of FAS to work at USTR. From June 1980 to July 11, 1981, he was Chief Negotiator for Textile Matters at USTR. He served as principal advisor to the President and Cabinet on trade policy and negotiations concerning textile and apparel. He worked closely with the Departments of State, Treasury, Commerce and Labor, as well as members and staff of the Textile Caucus and the House Ways and Means Subcommittee on Trade, the Senate Finance Committee, and key senators from the principal textile producing states.

The most important work Webb did at USTR was help negotiate the first trade agreement with the Peoples Republic of China. In those days, the USTR office was tight on funds and could not hire Webb permanently, nor could Brock replace anyone. Webb said "on a technicality, I decided to retire to the private sector." His salary was fixed at \$50,112 from the time he started at USTR to when he left.

In 1981, Webb took and passed the bar exam. On October 1, 1981 Webb became the Washington Legislative Counsel for the National Cotton Council of America (NCC). For five years he was responsible for reviewing, researching and advising on administrative, judicial, and legislative developments covering a wide range of tax, regulatory, antitrust, and lobbying concerns for their possible implications on NCC and its members. He prepared and delivered testimony on behalf of NCC to Congress and maintained close contact with appropriate committees in the House and the Senate.

When Webb left the Cotton Council in 1986 he sent out 150-200 resumes to companies involved in trade, but nothing came of it. In fact, he had a curiously hard time finding work. He eventually found a position at the International Law Institute (I.L.I.), an executive training and development firm designed principally for executives and officials from developing countries. Webb was responsible for curriculum development, marketing, and administrative management of an extensive program of training seminars covering international finance, law, technology, trade, business and economics. Approximately a year later, in July 1988, the firm went bankrupt and Webb had to find work again.

He found employment at Hyatt Legal Services in Falls Church, Va., where he is currently employed. Webb practices family law, personal bankruptcy, workers compensation, wills and estates, and real estate law. He does no work in the international or trade area.

ASSISTANT UNITED STATES TRADE  
REPRESENTATIVES

## **PETER F. ALLGEIER**

Peter F. **Allgeier** is the current Assistant **USTR** for Europe and the Mediterranean. In this **position**, **Allgeier** has responsibility for developing U.S. trade policy toward Africa, the Middle East, the Pacific and developing countries in Asia. He also has primary negotiating responsibility for U.S. trade issues with Korea and Hong Kong.

Allgeier was born in New Jersey on April 17, 1947. He attended Brown University for his undergraduate years where he graduated *cum laude* with a B.A. in international relations. He then attended Harvard Divinity School for two years as a Rockefeller Fellow. Next, he attended the School of Advanced International Studies at Johns Hopkins University. There he earned an MA in international relations in 1972. Allgeier completed his education by attending the University of North Carolina as a Carolina Fellow. He received a Ph.D. in economics in 1977. During his last two years in North **Carolina**, Allgeier served as a visiting professor at Duke University.

Upon receiving his Ph.D., Allgeier moved to Washington, D.C., and joined the U.S. government civil service. He was an international economist with the Agency for International Development from 1977 to 1980. He then joined the Office of the U.S. Trade Representative as an international economist. In 1981, he became a Deputy Assistant USTR (Pacific, Asia, Africa, and **North/South**), and in 1985, Assistant USTR for Asia and the Pacific. Allgeier moved into his current position in 1989.

## HARVEY E. BALE, JR.

In 1986, Assistant Trade Representative Harvey Bale became the first USTR official to receive the federal government's Distinguished Service Award. Signed by Ronald Reagan, the Award reads: "The President of the United States of America has conferred on Dr. Harvey E. Bale, Jr., the rank of Distinguished Executive in the Senior Executive Service for sustained extraordinary accomplishment in management of programs of the United States Government and for leadership exemplifying the highest standards of service to the public, reflecting credit on the career civil service."

Born May 18, 1944, in Philadelphia, Bale majored in economics at Temple University, where he received his B.A. (*cum laude*) in 1966. He received his M.A. in economics from the University of Maryland in 1970, and his Ph.D. in international economics and finance from Maryland in 1972.

Bale was a full time instructor at Maryland from 1970 to 1971, and taught part time from 1971 to 1975.

In 1971, he was an industry economist for the National Oceanic and Atmospheric Administration in the Department of Commerce.

From 1972 to 1975, Bale was the director of the trade policy research staff in the Office of International Trade Policy, in the U.S. Department of Commerce.

In 1975, Bale was detailed by Commerce to the Special Trade Representative's office, and went to Geneva as the senior member of the U.S. negotiating team to the Tokyo Round of Multilateral Trade Negotiations. He negotiated with European delegations, and was the U.S. delegation's chief economist. At this time, STR had no international office, and Bale's paychecks actually came from the State Department in Paris.

Bale was in Geneva until 1979, when he became Deputy Assistant STR for Policy Development, and the STR Chief Economist in Washington.

In 1981, Bale became Assistant U.S. Trade Representative for International Investment Policy. In that position, he coordinated and developed U.S. international investment policy, planned and executed bilateral investment treaties, and negotiated the liberalization of trade-distorting investment barriers, including performance requirements. He also advised the USTR on tax, financial and exchange-rate issues.

From 1985 to May 1987, Bale was Assistant U.S. Trade Representative for Trade Policy and Analysis.

In May 1987, Bale left USTR and the government and joined Hewlett-Packard as International Public Policy Manager. His salary went up approximately 25 percent, which would place his annual income in the vicinity of \$100,000.

In May 1989, Bale left Hewlett-Packard and became Senior Vice President of the Pharmaceutical Manufacturers Association in Washington.

He is the author of several articles on U.S. international investment policies, U.S.-Canadian economic relations and foreign investment policies.

## CHARLES BLUM

Charles Blum served for eight years in the Office of the U.S. Trade Representative. From 1985 to 1988 he was Assistant U.S. Trade Representative for Multilateral Trade Negotiations. **Earlier**, as Assistant **USTR** for Industrial and Energy Trade Policy, Blum negotiated major portions of the voluntary restraint agreements on steel as well as the specialty steel orderly marketing agreement with Japan. He traveled extensively in both positions and served as U.S. spokesman in meetings of the **GATT**, the Organization of American States and the U.N. Economic Commission for Europe.

Blum was born on May 20, 1945, in New York City. He earned a **B.A., *magna cum laude***, in history from Eastern College and an M. A. in international affairs from the University of Pennsylvania. He received a grant and **fellowship** to get a Ph.D. there and completed all of the requirements except his dissertation.

Originally, Blum planned on being a professor. But in 1970, when he found that no one was hiring, he took the foreign service exam and passed. From 1971 to 1980, he held posts as a political officer in the Dominican Republic, political officer and labor attache in El Salvador, coordinator of the Lao Refugee program, and economist in the State Department's Office of International Trade. From 1975 to 1976 he was Associate Watch Officer in the State Department's Operations Center. For his work on steel trade policy he received the State Department's Superior Honor Award in 1979. While at the State Department, he became the anti-dumping liaison with the Treasury Department and worked for two and a half years to help launch the Uruguay Round.

In 1980, Blum was transferred to the State Department's Brazil Desk temporarily. In June 1980, USTR moved him into the civil service. He was first the Director of Steel Trade Policy from June 1980 to September 1981. From September 1981 to April 1984 he was Deputy Assistant USTR. From April 1984 to August 1985 he was Assistant USTR for Industrial Trade policy. In August 1985 he became Assistant USTR for Multilateral Trade Negotiations. He left USTR in February 1988. His last salary at USTR was approximately \$72,000.

Blum left the USTR office in February 1988 and co-founded the firm where he currently works, International Advisory Services Group Ltd. (**IAS**). He is a 50-50 shareholder in the firm with his partner, **Jeffery W. Carr**, and is registered as a foreign agent.

According to Blum, "IAS is a **consulting** firm which provides a broad range of consulting services on international trade policy, investment and negotiation issues to corporate and government clients in the United States, the United Kingdom, **Japan**, Canada, New Zealand, Brazil, and **Indonesia**....As publisher of the '**EuroMarket Digest**' and the '**1992 Sourcebook**,' IAS attempts to prepare American and third country firms for the integration of the European Communities' internal market." Mr. Blum himself concentrates on U.S. trade policy, steel trade, and multilateral trade negotiations.

Blum said that now that he works in the private sector, he basically "does what his clients want him to do." He said roughly 20-25% of his clients are foreign and the rest are domestic. One of his clients is the U.S. Office of the Italian Trading Co., which he said may or may not be considered "foreign."

Blum's main foreign client was a Brazilian company, Siderbras, which **IAS** has represented before the Departments of State, Commerce, USTR, and the Executive Office in connection with international steel trade matters. IAS monitors current steel policy developments affecting steel exports to the U.S. and assists in developing and implementing a strategy to market Brazilian steel.

IAS received a monthly retainer of \$6000 from Siderbras, plus expenses, paid through a U.K. intermediary that did not direct or control the **project**, but was contracted with them until February 1990. Siderbras was liquidated by the Brazilian government and no longer exists, according to Blum.



## ROGER BOLTON

Roger Bolton was Assistant U.S. Trade Representative for Public Affairs and Private Sector Liason from 1985 to 1989.

Bolton was born on June 12, 1950 in St. Louis, Missouri. He attended Iowa State University from 1968 to 1970 and Ohio State University from 1970 to 1972. He graduated with honors from Ohio State with a B.A. in journalism. In September 1972, he began as a newspaper reporter at the Marion (Ohio) Star.

From 1975 to 1977, he was Press Secretary for Congressman Clarence J. Brown of Ohio. In November 1977, Bolton became Brown's Administrative Assistant, a position he held until Brown left Congress in January 1983. He served a short time as the Deputy Director of Government Affairs of the National Transportation Safety Board. In April 1983, Bolton worked as the Press Secretary for the Joint Economic Committee of Congress. In early 1984, he was hired as Director of **Speechwriting** for the Reagan-Bush '84 Campaign.

In November 1984, Bolton became Deputy Assistant Secretary of Public Affairs at the Treasury Department, a position he held until 1985.

In July 1985, Bolton was appointed Assistant USTR for Public Affairs and Private Sector Liaison. Bolton worked at USTR until February 1989. **Officially**, Bolton switched to the White House payroll in March 1988, because he was simultaneously working as Special Assistant to the President for Public Liason and Director, Economic Division. In May 1989, Bolton retired from both positions.

Bolton said that during the time he was at USTR, United States trade policy was in one of the most challenging periods. His single greatest accomplishment was working on the launching the Uruguay Round in September 1986, and preparing its midterm review in December 1988. Bolton also worked on the passage of the Omnibus Trade Bill in 1988. His last salary at USTR was about \$70,000.

Since Bolton left USTR, he has received three very lucrative offers in the private sector, all of which he turned down. He returned to the Department of the Treasury as Assistant Secretary of the Treasury, Public Affairs and Public Liaison, where he is currently employed.

At the Department of the Treasury, Bolton currently makes \$80,000 a year. The offers he turned down would have increased his salary more than two times. Bolton said that he "loves working in the public **sector....I've** been lucky to have had challenging and rewarding positions and basically, I'm hooked on working in government." Yet, Bolton also admitted that he will probably switch to the private sector when his family grows. Bolton does not think that there is a revolving door problem. "If **anything**, it is healthy to switch back and forth from the public to the private sector."

## DAVIDBURNS

David Burns is the current Assistant U.S. Trade Representative for Administration.

Burns was born September 15, 1943 in **Worcester**, Mass. He attended Tufts University and graduated *magna cum laude* with an A.B. in economics in 1965. He later received a master's in public administration from Harvard University.

For 20 years, from 1965 until 1985, Burns served as a Foreign Service Officer with the State Department. In **1985**, he became Executive Director with the State Department's Bureau of Economic and Business Affairs. In 1989, Burns moved to USTR in his current position.

## VICTORIA CLARKE

Victoria Clarke is the Assistant U.S. Trade Representative for Public, Private and Intergovernmental Affairs.

She was born in Pittsburgh, Pa., on May 18, 1959, and graduated from George Washington University in 1982, majoring in journalism.

From the fall of 1979 to August 7, 1981, Clarke worked for the *Washington Star* as an intern/photographer/editorial assistant. During her undergraduate years, Clarke at one point was an intern press assistant in the Office of the Vice President.

Clarke was Press Secretary for a congressional campaign in the Second District of Kansas from June to November 7, 1982.

In February 1983, she became an Executive Assistant in the Office of Legal Policy at the U.S. Department of Justice. She left that position August 15, 1983.

From that date until November 1, 1989, Clarke was Press Secretary to Arizona Congressman John McCain, from 1984 to 1986 when he served in the House of Representatives, and from 1987 to 1989 when McCain had become a U.S. senator.

From November 1, 1989, to the present, Clarke has been the Assistant USTR, principally responsible for dealing with the news media.

## DORAL S. COOPER

**Doral Cooper** joined the Office of the Special Trade Representative in 1978, and in the early Eighties became one of the first women to hold the position of Assistant United States Trade Representative.

Cooper declined to be interviewed for this study.

Born May 26, 1948, in **Plainfield**, New Jersey, Cooper spent her junior year abroad, attending Wagner College in **Bregenz**, Austria in 1969, and received a **B.A.** from Indiana University in 1970, majoring in political science. She studied for a year at the Johns Hopkins **SAIS** Bologna Center in Italy and received an MA degree from the Johns Hopkins University School of Advanced International Studies in 1972. Cooper is proficient in French, Italian and German.

From 1972 to 1975, she was an Economist at the Board of Governors of the Federal Reserve System, specializing in Western Europe, within the Division of International Finance.

From 1975 to 1977, Cooper worked in the Executive Office of the President, for the Council of Economic Advisers as an Economist for international finance and trade matters.

In 1977, Cooper, still within the Executive Office of the President, moved over to the Office of the Special Trade Representative. She was an Economist and Executive Director of the Generalized System of Preferences (GSP) program.

Cooper became a Deputy Assistant STR for Japan and Developing Countries in 1978, a responsibility she held until 1981.

That year she became Assistant U.S. Trade Representative, with primary responsibility for developing and implementing U.S. bilateral and multilateral trade policy and negotiating strategy for Africa, the Middle East, the Pacific Basin and developing countries in Asia. Cooper was responsible for designing U.S. policy for trade aspects of the **North/South** dialogue, including OECD, **GATT** and United Nations meetings. She also administered the GSP program, providing \$10 billion in duty-free imports from developing countries.

In early September 1985, Cooper left government to join the consulting firm of Michael K. Deaver and Associates. One of Cooper's references to Deaver was William Brock. Former White House aide Deaver hired Cooper principally for her Asian **expertise**, having just returned from a trip to South Korea during which he had lobbied the Korean government on behalf of Philip Morris. Deaver had also begun to propose representing the Korean government in Washington. Cooper had been in charge of Korean trade issues at **USTR**.

Within four weeks of joining Deaver and Associates, Cooper traveled to South Korea with Deaver, at which time they successfully proposed that the firm represent the South Korean government in the United States. The one-year contract, later negotiated and **signed**, was for \$475,000. In this period of time, Cooper helped draft letters for the economic advisor to the President of South Korea regarding trade liberalization, and she assisted Deaver in setting up an unusual meeting between Dr. Kim **Kihwan**, the top South Korean trade official, and President Ronald Reagan, so that Kihwan could deliver the letter to the President in person, for full media effect.

Of the four professionals hired by **Deaver**, the most experienced, respected former U.S. trade official was Cooper. In addition to South Korea, the firm landed large contracts with such overseas clients as Saudia Arabia, Daewoo, **Canada**, and Mexico. Negotiations to represent Singapore and Taiwan were canceled following the Deaver indictment.

Cooper's precise salary with Deaver and Associates is unclear. However, in January 1986, the firm had \$3 million in retainer commitments. Cooper and two other Deaver aides, William Sittman and Pamela Bailey, split a \$250,000 bonus and received stock in addition to their regular salaries.

But the good times at Deaver and Associates were short-lived, and soon the entire experience turned into a grim ordeal. The firm's every move was intensely scrutinized. FBI agents interviewed Cooper's friends and former colleagues at USTR. According to the Final Report of the Independent Counsel, Whitney North Seymour, to the United States Court of Appeals, the Deaver firm "had literally hundreds of contacts with the Office of the United States Trade Representative ("USTR") during the period from May 1985 through July 1986. In an effort to track down each of these communications and numerous others that were uncovered in the course of the investigation, the Independent Counsel's staff interviewed more than fifty current and former USTR employees as well as several employees of other departments and agencies." [FINAL REPORT OF INDEPENDENT COUNSEL TO THE COURT PURSUANT TO 28 U.S.C. Section 594 (h)(1)(B), p. 39,40]

She testified before a federal grand jury on October 14, 15, and 23, 1986, and on January 29, 1987. Cooper testified in open court on November, 1987. Weeks later, Michael Deaver was convicted on three federal perjury charges.

Although Cooper declined to be interviewed, in an October 22, 1990 letter to the Center, she stated that she "cooperated with the government, was not a target of the investigation and testified as a government witness. . . . Every contact made by Cooper and others at the Deaver firm to USTR was legal, that was the conclusion of the Independent Counsel."

Between her secret grand jury appearances and her public testimony, the law firm of Crowell & Moring hired Cooper to manage its subsidiary, C & M International. Cooper received an interest as a limited partner in the venture. Non-lawyer Cooper told *Legal Times* (August 17, 1987, p. 12) that she was attracted to Crowell & Moring because she could start her own business with a minimum amount of bureaucracy. The Crowell & Moring press release announcing the joint venture made no mention of Cooper's prior employment with then-indicted lobbyist Michael Deaver (*Legal Times*, April 27, 1987).

Cooper emerged from the Deaver experience unscathed. In March, 1989, she was invited to testify as a trade expert before a subcommittee of the Senate Finance Committee. In April, 1989, she received \$10,000 for "professional services" from the United Nations Conference on Trade and Development. She occasionally has been quoted by BNA's *International Trade Reporter*, *Legal Times* and other publications on trade issues. But perhaps the most telling sign of all is how business has been at Crowell & Moring International.

The company has several clients, many of them foreign, and the firm and Cooper are foreign agents registered at the Justice Department. Cooper and the firm have also been registered as lobbyists at the U.S. Congress.

In 1989, Crowell & Moring International landed the Government of Thailand as a client, and received over \$65,000 to assist Thailand in the "countervailing duty investigation on malleable cast iron pipe fittings currently being conducted by the U.S. Department of Commerce.

Since 1987, Cooper and her firm have represented the Board of Foreign Trade of the Republic of China (Taiwan). In 1989, Cooper and the firm were paid \$187,500. In 1987, 1988, and 1989, Cooper met with her former USTR friends and colleagues and discussed this client, eight separate contacts in 1989 alone.

In 1989, Cooper and her firm represented the Singapore Trade Development Board, and received about \$123,000 in fees. On six separate occasions, Cooper met with her former USTR colleagues regarding this client.

In 1989, Cooper and her firm represented the Korean Foreign Trade Association, and received \$60,000 in fees.

In 1989, Cooper and her firm represented the Samsung Electronic Co., and received \$187,000 in fees.

Other clients represented by Crowell & Moring International since 1987 include the Industrial Research and Development Corporation, the Ministry of Industry and Trade of the Government of Israel, Wacker Siltronic Corporation (owned and controlled by Wacker Chemitronic in the Federal Republic of Germany), the Aerospatiale Helicopter Corp., the Turbomeca Engine Corporation, and the Lukens Steel Company.

Michael K. Deaver and Associates attempted to negotiate contracts or actually signed contracts with Singapore, Taiwan and Korea—Cooper had been in charge of Singapore, Taiwan and Korean trade issues at USTR. Today, Singapore, Taiwan and Korean interests are represented in Washington by Doral Cooper and C & M International.

In 1985, while at USTR, Cooper was the "lead U.S. negotiator" on the U.S.-Israel Free Trade Agreement. In 1987, according to Justice Department documents signed by Doral Cooper as President of C & M International, the firm negotiated a contract to represent the Ministry of Industry and Trade of the Government of Israel.

Despite the Justice Department records, Cooper emphasized in writing to the Center that C & M International does not represent the "official trade interests of Korea," nor does the firm "represent Israel on trade issues in Washington."

Cooper was concerned about how her association with the Deaver firm might be perceived.

Cooper said she "was never under the Deaver 'cloud', but was and is a highly respected trade policy expert who well served the United States for 13 years. . . . I was a public servant for much longer than many others, and received numerous honors for my work. I am very proud of my accomplishments on behalf of the United States. I was not a participant in unethical or illegal activities while with the Deaver firm or at any other time. The Independent Counsel's investigation fully supports that."

When contacted and specifically asked about the post-employment activities of Doral Cooper, Independent Counsel Whitney North Seymour said he felt it would be improper to comment.

## DAVID F. DEMAREST

From 1981 to 1985, David F. **Demarest** served at USTR as Director of Public and Intergovernmental Affairs, and later, Assistant U.S. Trade Representative for Public, Intergovernmental and Private Sector Affairs. In those **positions**, Demarest was chief media liaison for the agency and had overall responsibility for the Private Sector Advisory System.

Demarest was born October 8, 1951 in Glen Ridge, N.J. He attended Upsala College where he majored in history. He received a B.A. in 1973 and later took graduate courses in political science at Drew University.

In 1974, he joined Rep. Millicent **Fenwick's** Republican congressional campaign as a volunteer in the primary election; he became a paid staff assistant during the general election campaign. Following the November '74 election he returned to his hometown and worked for his father who owned a company which sold street sweepers. In September 1975, Demarest began teaching math as a substitute teacher at Passaic County Vocational High School. He stayed until January 1976 when Republican congressional candidate Bill Schluter hired Demarest as his campaign manager in a race for New Jersey's 13th district.

Following the November '76 election, which Schluter lost by a slim margin, Demarest moved to **Washington, D.C.** In early 1977 the Republican National Committee hired Demarest as a Regional Field Coordinator for its local elections campaign division. He held that position for one year and in 1978 was promoted to Deputy Director of local elections for the Eastern division. Following the '78 elections, Demarest was promoted to Deputy Director of local elections for the entire country, a position he kept through 1980. In 1980, Demarest also acted as Special Assistant to then-RNC Chairman William Brock at the Republican National Convention in Detroit, beginning a ten-year professional association between Demarest and Brock.

When Brock was appointed U.S. Trade Representative in 1981 by the Reagan administration he hired Demarest as Director of Public Affairs, a title which was later expanded to Director of Public and Intergovernmental Affairs. In January 1985, Demarest was promoted to Assistant U.S. Trade Representative for Public, Intergovernmental and Private Sector Affairs with a salary of \$60,000 per year. Although lacking a trade and media background, Demarest says Brock hired him because "I was a political person, I understood how politics worked." In his various positions at USTR, Demarest was responsible for all media relations, he acted as liaison between the USTR and state governments, and he coordinated and managed the 45 government Advisory Committees which have interests in USTR policy.

When Brock left USTR to become Secretary of Labor, Demarest went with him. In May 1985, Demarest began serving as Deputy Undersecretary of Labor for Public and Intergovernmental Affairs. In October 1987, Demarest was confirmed by the Senate to serve as Assistant Secretary of Labor for Public and Intergovernmental Affairs. His salary was approximately \$75,000 when he left the Department of Labor in July 1988.

That summer, Demarest joined the **Bush/Quayle '88** presidential campaign as Director of Communications, making a salary of \$80,000. Among his duties was to ensure that the message of the campaign was being effectively implemented and advocated through various vehicles, including the Congress, state legislatures, and other local government officials. In that position he was also responsible for generating the Bush campaign's "Line of the Day" **attacks—catchy** sentences such as the often-quoted line, "read my lips, no more taxes." Following the Bush's election in November 1988, Demarest became Director of Public Affairs for the Presidential Transition Office, a position which paid \$89,000. He is currently Assistant to the President for Communications. His duties include speech writing, preparing presidential press conferences, and acting as a liaison to the media. His current salary is \$96,000.

## JOHN C.L. DONALDSON

John C. L. Donaldson worked as a Deputy Assistant Special Trade Representative from 1973 to 1975. From 1976 to 1980, he was an Assistant Special Trade Representative.

Born in 1928, Donaldson was a native of the Washington, D.C., area, and graduated from George Washington University in 1950. He served in the Navy in 1945 and 1946.

Donaldson worked as a reporter **for** *Business Week* magazine in New York until 1956, when he returned to Washington as a foreign affairs writer with McGraw-Hill World News.

From 1961 to 1963, Donaldson was Washington editor of *Business International* magazine.

In 1963, he joined the U.S. Chamber of Commerce, where he stayed for four years. His positions there included Director of International Business Relations.

In 1968, Donaldson joined the **government**, working first at the Agency for International Development (**AID**) and then at the Overseas Private Investment Corporation. At both agencies, he was a congressional liaison.

Throughout his tenure at the Special Trade Representative's office, Donaldson's responsibilities were congressional and public affairs.

In 1980, Donaldson joined Hill & **Knowlton** as Director of International Government Relations. His work there included information gathering, analysis, advice on trade opportunities, and representing clients to the U.S. government. From 1981 until founding his own consulting business in 1982, he was a vice president of the Gray & Co. public relations firm.

Throughout the Eighties, Donaldson was a foreign agent registered at the Justice Department.

The principal foreign client represented by JCLD Consultancy has been Eurofer, the European steel producers group.

Donaldson died on June 2, 1990.



## MICHAEL DOYLE

Michael Doyle served from 1986 to 1989 as the first Assistant U.S. Trade Representative for Administration in the Executive Office of the President. In that position he managed personnel, financial, computer and general administrative support functions for USTR. He made a substantial contribution in getting the agency ready for the Uruguay Round of Multilateral Trade Negotiations.

Doyle was born September 19, 1941 in Fall River, Mass. In 1964, Doyle received a Bachelor of Arts degree from the University of Rhode Island, where he majored in government. In 1964 and 1965, Doyle received an **Eagleton** Fellowship and attended the Eagleton Institute of Politics at Rutgers University. In 1967 and 1968, Doyle received a scholarship from the University of Pennsylvania, where he studied politics and government. In 1969 he earned a master's in government from the University of Rhode Island.

Doyle began his career with the federal government in 1969 as a management intern with the Economic Development Administration. In 1970, he joined the Office of Policy Coordination where he stayed for three years. In 1973, Doyle moved on to the Bureau of Domestic Commerce where he served as Staff Assistant, Deputy Bureau Director and Acting Deputy Assistant Secretary. Beginning in 1977, Doyle served three years as the Executive Assistant to the Under Secretary of Commerce.

In 1980 Doyle became the first Director of Administration for the International Trade Administration within the Department of Commerce. In that position, he managed a staff of 140 and a budget of \$27 million.

In 1986, he moved to the office of the U.S. Trade Representative where he served three years. In April 1989, Doyle joined the Agency For International Development (AID) as Assistant to the Administrator for Management Services. In that position Doyle has responsibility for procurement, information resource management and general administrative support to the agency.

In addition to his service in government, Doyle has also been active in educational programs. Doyle has served as a member of the National Association of Schools of Public Affairs and Administration, Committee on Internships; the Educational Testing Service selection panel for Presidential Management Interns. He served as cluster leader for 20-plus Presidential Management Interns from 1981 to 1983. In 1985, Doyle received the Public Service Award from the Presidential Management Alumni Group.

Doyle completed the Senior Management Program at Harvard University in 1982 and the Commerce Department's Executive Forum in 1984. Doyle is also a charter member of the Federal Senior Executive Service.

## SUZANNE EARLY

Suzanne Early is the current Assistant U.S. Trade Representative for Agricultural Affairs. In this position she bears most of the responsibility for the coordination of the administration's agricultural trade policy, as well as negotiation of trade agreements with foreign governments.

Early, born in Columbus, Ohio on August 30, 1945, holds both a B.S.(1967) and an M.S.(1969) from Ohio State University. Both degrees are in agricultural economics. Upon graduation, Early joined the Foreign Agricultural Office at the **Department of Agriculture**. Her ten years there included service as Deputy Director, **Economist**, and head of the Livestock Section. While there, she received the USDA Superior Performance Award (1976). In 1979, she became the senior economist on the staff of the Director of Economics in the Department of Agriculture.

In 1980, Early joined the Office of the USTR. She served as Deputy Assistant USTR for Agricultural Affairs and Commodity Policy for her first four years. In 1984, she was promoted to her current position. In addition to her other duties, Early often heads U.S. delegations in consultations and negotiations with foreign governments.

## **ALLEN GARLAND**

Allen Garland served as Assistant Special Trade Representative from 1975 to 1976. He also served as chairman of the Trade Staff Committee from 1973 through 1976.

Garland was born in 1921 in Washington state. He attended Georgetown University and graduated from the University's Foreign Service School in 1948. Garland served in Europe with the Army Infantry in World War II.

Garland spent virtually his entire career with the government, spending 22 years with the Commerce Department. He retired from government in 1976 and joined Theodore R. Gates Associates, an economic consulting firm.

Garland died in 1977.

## **RICHARD W. HEIMLICH**

Richard Heimlich served in the Office of the U.S. Trade Representative from late 1975 to early 1982; from 1977 to 1982 he was an Assistant U.S. Trade Representative.

Born in 1941 in Syracuse, New York, Heimlich majored in government at Cornell and received a B.A. degree in 1962. Years later, in 1971, he received a master's in public administration from Syracuse University on a mid-career Department of Commerce Fellowship.

In 1962, Heimlich joined the U.S. Department of Labor in Washington, where he worked for a few months. From March 1963 until 1975, Heimlich worked for the Bureau of Domestic Commerce within the Department of Commerce. (It was an office which had different names but the same function over the years. In the early Seventies, it was **called** the Bureau of Competitive Assessment under Commerce Secretary Pete Peterson). When he left he was Assistant to the Bureau Director there. His varying roles at Commerce were Statistician, Economist, and Editor of a quarterly journal.

In 1974, Heimlich was selected to go into the Federal Executive Development Program, a seven-week senior executive training program followed by rotating federal assignments. For about three months, he worked at the Council of International Economic Policy, and **then**, at the Office of the U.S. Trade Representative. **USTR** asked him to stay on, and he did.

Heimlich worked for Paul O'Day and all of the Advisory Committees which were set up in 1975. Then he worked with Senior Assistant USTR William Kelly on industrial trade policy issues. From **1977** until early 1982, Heimlich was an Assistant USTR.

In 1982, he joined Motorola in their Washington office as Director for Japan Operations. In 1984, he was promoted to Vice President. In the fall of 1985, he transferred to Chicago with Motorola, as Director for International Strategy. Heimlich develops Motorola's international, regional and country strategies and leads efforts to establish Motorola in emerging Asian markets.

Heimlich was reticent to discuss his private sector entry salary in 1982 when he joined Motorola. His only comment was that Motorola presented him with "a significant opportunity."

## ANN H. HUGHES

From 1977 to 1981, Ann Hughes was Assistant U.S. Trade Representative for Interagency Coordination in the Executive Office of the President. During that time, she was Executive Director of the Cabinet Trade Policy Committee and chaired the Interagency Trade Policy Staff Committee. Most significantly, she managed the tariff negotiations during the Tokyo Round of **GATT** negotiations while at USTR.

Ann Hughes was born on November 24, 1938 in Birmingham, Ala. She received B.A. and M.A. degrees in economics from George Washington University. Beginning as a Presidential Management Intern in 1963, she worked as an International Economist at the Department of Commerce until 1977. From 1977 to 1981 she was Assistant USTR. From 1981 to 1982 she was Deputy Assistant Secretary of Commerce for Trade Agreements. **In** that position, Hughes was responsible for trade policy, Multilateral Trade Negotiations, and **GATT** issues.

From 1982 to the present, she has held the position of Deputy Assistant Secretary for the Western Hemisphere at the Department of Commerce. In this capacity, she directs the Department's activities on trade and investment policy and on commercial and economic relations with countries of the region and is "responsible for protecting U.S. trade interests in the Western Hemisphere." Hughes represented the Department on the U.S. negotiating team for the U.S.-Canadian Free Trade Agreement and is responsible for implementation of the agreement within the Department.

## **WILLIAM B. KELLY, JR.**

In 1980, when William B. Kelly, Jr. left USTR to become the Deputy Director-General to the **GATT** (General Agreement on Tariffs and Trade) in Geneva, he received a plaque from his colleagues which reads: "United States Trade Representative William B. Kelly, Jr. Award For Professional Excellence." Every year since 1980, a USTR official has been selected to receive the Kelly Award for Excellence, which includes a monetary bonus.

Born in 1926 in Louisville, Kentucky, Kelly spent two years in the Army and served in the Philippines during World War II, and in Japan after the war's end with the occupation **forces**. He studied abroad in Sweden in 1948, and received a B.S. degree in 1949. That year, he received a Rotary Foundation Fellowship to the University of Edinburgh (**Scotland**).

From 1951 to 1953, Kelly was an International Economist with the Department of State in Washington. In 1954, he received his M.A. from the Fletcher School of Law and Diplomacy at Tufts University. In 1958, he received his Ph.D. from the same school. In the late Fifties, Kelly began working with Harry Hawkins, former official with Secretary of State Cordell Hull in the Thirties and Forties who was at Tufts at this time. Assistant Professor Kelly taught a course in U.S. Commercial Policy.

In December 1961, Kelly returned to Washington and worked again as an International Economist at the State Department. In 1962, he went over to the Department of Commerce, as Director of the Trade Negotiations Staff in the Office of Commercial and Financial Policy.

From 1965 to 1967, Kelly was a senior advisor to the U.S. Delegation to the Kennedy Round Negotiations in Geneva.

From 1967 to 1980, Kelly was an Assistant U.S. Trade Representative, later promoted to "Associate" U.S. Trade Representative, the only person to ever hold that title. He also was chairman of the Trade Policy Staff Committee, an interagency working group.

When Kelly went to **STR**, as it was known in 1967, there were "only eight or nine of us." That small staff had daily contact with the **then-STR**, William Maxam Roth.

In June 1980, he began a three-year appointment as Deputy Director-General of the GATT in the Geneva, which was renewed in 1983. He stayed on in his position at GATT until the end of 1986.

Although he had the option of returning to USTR, Kelly retired from the Federal Government Senior Executive Service in March 1987.

In 1988, Kelly spoke in India, Italy, Turkey and Germany as part of the United States Information Agency (**USIA**) American Participant Program.

In mid-1990, he was asked by Taiwan to travel there in September and address Taiwanese government officials about the GATT.

## **WILLIAM K. KRIST**

William **Krist** was a Deputy Assistant U.S. Trade Representative and then an Assistant USTR from March 1980 until May 1984. Krist was responsible for Industrial **Trade** Policy, handling issues such as import relief cases. For example, he was involved in negotiations over motorcycles and specialty steel, among others.

Born in Mountain Lakes, New Jersey on October 5, 1940, Krist received a B.A. from **Swarthmore** College in 1962, majoring in international relations. He entered active duty as a U.S. Navy Ensign in 1962, and left the Navy in 1966.

He studied international economics at George Washington University, receiving a master's degree in 1970.

Between 1972 and 1978, Krist worked for the Department of Commerce, as Director of European Staff and later as Director of the Trade Negotiations Division. He was a recipient of the Department of Commerce's Silver Medal.

From 1978 to 1979, Krist worked as a Legislative Aide to Rep. Sam Gibbons of Florida. From 1979 to 1980, he was a Legislative Aide to Senator William Roth of Delaware.

By the time he ended his four-year stint at USTR in 1984, **Krist's** annual earnings were in the \$70-80,000 range. He entered the private sector at a "modest increase" in salary. Krist agreed with Ambassador Michael Smith that in today's **Washington**, a former Assistant USTR generally makes between \$100,000 and \$150,000.

Since leaving USTR, Krist has been a Vice President of the American Electronics Association in Washington. If he had become a foreign **lobbyist**, his salary would have probably doubled or **tripled**, but as Krist put it, "**you** don't make big money working for a trade association."

## **SANDRA J. KRISTOFF**

Sandra **Kristoff** serves as the current Assistant U.S. Trade Representative for Asia and the Pacific.

**Kristoff** was born in **Washington**, Penn., on January 1, 1949. She attended American University, where she received her B.A. in 1969 and MA in 1972, both in international relations. She then attended George Washington University Law School where she received her J.D. in 1977.

In 1972, Kristoff joined the Commerce Department in the Office of International Trade Policy. There she worked with issues such as the Tokyo Round non-tariff barrier agreements, and U.S. import policy.

Kristoff moved to **USTR** in 1982. Her first project there was the adoption of the Harmonized System of Tariff Nomenclature. She then took on Asian trade issues with her appointment as Deputy Assistant USTR for Asia. She focused primarily on bilateral trade issues with Taiwan and Korea. In September 1989, she was appointed to her current position.



## STEPHEN L. LANDE

Between 1973 and 1982, Stephen Lande worked in the Office of the Special Trade Representative. His last position there was Assistant **USTR** for Bilateral Affairs.

Born December 22, 1941 in New York City, Lande received a BA in economics from Colgate University in June 1963, and an M.A. degree from the Johns Hopkins University School of Advanced International Studies in Washington in the spring of 1965.

He joined the State Department Foreign Service in September 1965, and his first posting was Athens, Greece, as a Consular Officer, from 1966 to 1968. In 1968, Lande worked in Washington in General Commercial Policy, and in 1969, in the Fibers and Textile Division, as an International Economist. From 1970 to 1973, Lande was assigned to the American Embassy in Luxembourg, as the chief of Economic and Information Sections.

STR officials Eberle and **Malmgren** offered him a position with USTR and Lande accepted. Lande's first position at STR was to "backstop" negotiations with the European Community over trade concessions owed to the **United States** as a result of the enlargement to nine countries. The result was \$3 billion worth of trade **concessions**, of particular value to U.S. tobacco and citrus industries. Lande also negotiated agreements on footwear and television with South Korea and Taiwan. During the Multilateral Trade Negotiations, Lande was responsible for concluding 28 agreements with developing countries. In the early years he was a Deputy Assistant USTR, and then later, Lande was an Assistant U. S. Trade Representative for Bilateral Affairs. He was responsible for supervising trade relations with Japan and developing countries and for administering the Generalized System of Preferences (GSP). As Chief [**Bilateral**] Negotiator, Lande successfully negotiated numerous bilateral and multilateral agreements as well as orderly marketing agreements.

In 1982, Lande decided to leave government.

"I made the decision to leave before I had a job," he recalled. Lande joined the small firm of Manchester Associates, headed by former U. S. Trade Representative William Eberle, as a Vice President. The firm's largest and most consistent client throughout the Eighties has been Nissan. Lande said he did not work much on that account.

When he left USTR, Lande was earning about \$70,000. At Manchester, Lande told the Center he, "**was** guaranteed less than I was getting [**atUSTR**], and if I brought in business I would go to a little bit more than I was getting. . . . There was definitely not a 40 or 50 percent increase in salary."

Over the years, the Manchester firm has represented numerous overseas interests, including the Investment Council of Panama; the Barbados Export Promotion Corporation; Kitan Consolidated; **IMCE**; **ANAFATA**; **Canacero**; the Embassy of Israel; the Chilean Trade Promotion Bureau; Korean Air Lines; **Instituto Mexicano de Comercio Exterior**; Sidermex; TAMSA; Wiresteel; **Mexinox**; Acept; **HYLSA**; Dominican Republic.

In 1986, Lande co-authored *The Trade and Tariff Act of 1984: Trade Policy in the Reagan Administration* (Heath & Co.).

In 1988, Lande split from Manchester Associates to found Manchester Trade. He is currently the President.

Some of Manchester Trade's recent clients have included: **ALMET**, Inc., Asociacion Costarricense de **Exportadores** de Productos Textiles; **HYLSA**; Korea Foreign Trade Association; Sidermex International; and **Tubos de Acero de Mexico, S.A.**

In representing these clients, Lande occasionally contacts various USTR and Commerce Department personnel.

## WILLIAM J. MARONI

William J. Maroni served in the Office of the U.S. Trade Representative from 1981 until 1985 as Director of Congressional Affairs and Assistant U.S. Trade Representative for Congressional Affairs. In those positions, Maroni's primary responsibilities were to act as liaison between Congress and the agency, and track congressional legislation affecting the agency.

Maroni was born January 17, 1955 in Providence R.I. He attended Harvard University where he graduated in 1977, *cum laude*, with a B.A. degree in history and fine arts in 1977.

Immediately after graduating, Maroni moved to Washington, D.C., and became a research intern with the Senate Subcommittee on Education, the Arts and Humanities which was chaired by Rhode Island Sen. Claiborne Pell. At the same time, Maroni also worked part time doing research and writing for the Educational Consulting Service in Rhode Island, a firm which studied issues affecting education.

After about 6 months, Maroni moved back to Rhode Island where he found a job as Assistant Federal Liaison for the Rhode Island Department of **Education**. In that position he tracked federal legislation which would impact Rhode Island's educational system.

Because he worked closely with the Rhode Island congressional delegation, Maroni got to know Sen. John **Chafee**. In 1978 **Chafee** was looking for an Legislative Assistant who could handle a variety of issues, including education, and he hired Maroni. When Chafee moved from the Health and Human Services Committee to the Senate Finance Committee, Maroni's issues changed to banking, finance, trade and small business.

Because of Maroni's background with the Senate Finance Committee, in 1981, when Brock was appointed U.S. Trade Representative, he hired Maroni to be Director of Legislation. After the Assistant USTR **left**, Maroni became the Director of the USTR's Office of Congressional Affairs and later, the Assistant USTR for Congressional Affairs. In those positions Maroni was chief spokesman, advisor and negotiator for the USTR on all congressional and legislative issues. Among the more prominent issues Maroni worked on while at USTR were the Caribbean Basin Initiative, the U.S.-**Israel** Free Trade Agreement and the Omnibus Trade Act of 1984.

When Brock left the USTR in 1985 for the Department of Labor, Maroni went with him where he was hired as Deputy Under Secretary of Labor for Congressional Affairs, and later confirmed as Assistant Secretary of Labor. At Labor, Maroni advised Brock on policy and legislative matters, including issues such as worker retraining, international labor and trade affairs, pension, and mandated benefits.

He remained at Labor until early 1988 when he was offered a job at the White House as Special Assistant to the President and Executive Secretary for the Economic Policy Council (EPC). The EPC was chaired by then-Treasury Secretary James Baker and later, Treasury Secretary Nicholas Brady. The EPC reported to the president on all major domestic and international economic issues. Maroni advised the chairman on resolution of **interagency** disputes and policy recommendations for the president. He also represented the White House at all meetings of the inter-agency sub-Cabinet level Trade Policy Review Group.

When President George Bush was inaugurated members of the EPC were asked to tender their resignations. Maroni moved back to Providence where he did consulting work for Telesis, a business consulting firm which worked on competitive strategy **cases—how** to make U.S. companies more competitive with foreign companies. In early 1990, the owner of Telesis, Ira **Magaziner\***, left Telesis to start SJS, Inc., a consulting firm which does about 10% corporate, **for-profit** consulting work, and 90% pro bono, issues-oriented work. Maroni went with him. The group specializes in public policy issues, such as making U.S. businesses more competitive and trade policy.

**Maroni** has received the Harvard Book Award, and is a member of Harvard's Signet Honor Society. In 1984, he completed the John F. Kennedy School of **Government's** program for Senior Managers in Government.

**\*Member**, The Center for Public Integrity Advisory Board

## JOSEPH A. MASSEY

Joseph A. Massey currently serves as the Assistant **USTR** for Japan and China. In coordination with the **USTR** and Deputy USTR, he develops and implements the US trade policy and negotiation strategy toward Japan and the People's Republic of China. He is also a main actor in all bilateral negotiations with the two countries.

Massey was born in Philadelphia on October 8, 1940. He attended **Villanova** University where he received a BA in political science in 1962. He then continued his education at Yale University where he received two MA degrees, one in Japanese studies (1964), the other in political science (1966). In 1973, he received a Ph.D. in political **science**, also from Yale. Much of Massey's dissertation research was done at Tokyo University where he was a visiting research fellow from 1974 to 1975.

Throughout the 1970s, Massey was an assistant and an associate professor of government at Dartmouth College. There he specialized in Japanese politics and U.S.-Japanese relations. In 1980, he became a corporate strategy consultant with Twain **Braxton** Asia in Boston.

After two years there, he joined USTR. Massey served as Director for Japan from 1982 to 1985. In that position, Massey participated in all major trade negotiations with Japan. For one year Massey served as Deputy Assistant Director for Commerce and Trade in the Office of Policy Development at the White House. He was considered the White House internal expert on trade issues. In 1986, Massey returned to USTR in his current position.

In addition to his academic and government service career, Massey has written *Youth and Politics in Japan* (D.C. Heath, 1976), as well as a number of articles on Japanese-American relations and Japanese politics. He is also co-author of *A Field Guide to ~~the~~ Birds of Japan*.

## **JAMES A. McNAMARA**

James **McNamara** was at **USTR** for thirteen years, from 1968 to **1981**, first as a commodity/financial advisor, and later as Assistant U.S. Trade Representative for Tariff Negotiations and Assistant U.S. Trade Representative for Energy Policy. He was also Vice Chairman of the Trade Policy Staff Committee, the principal staff negotiator with Japan, and was later named Coordinator for Multilateral Trade Negotiations. His work in the **MTN** was his most significant accomplishment while at USTR, along with his participation in the Tokyo Round.

McNamara was born on April 26, 1932, in Santa Barbara, **Calif.** He received a B.A. in political science and economics from the University of California at Santa Barbara in 1953, and an **M.A.** in political science from the University of California at Los Angeles in 1957. He was working towards a Ph.D. when he was offered a position in the State Department Foreign Service. McNamara joined the Foreign Service in 1958 and worked there for ten years as an economist and consul. He started in **Washington, D.C.**, in the Bureau of Inter-American Affairs. His first assignment abroad was in June 1960 in the Dominican Republic.

As a Assistant USTR, McNamara was stationed in Geneva from 1975 to 1979 as part of the U.S. delegation, and eventually, the head of the delegation. He was also the head of Tariffs and Industrial Sectors there. McNamara left USTR to attend the Foreign Service Executive Seminar from 1979 to 1980. In 1980, he returned to USTR as Assistant USTR for Energy Policy. He also worked as state and local government policy and trade coordinator. When Bill Brock was appointed USTR, he reorganized the office and abolished **McNamara's** position. McNamara was "ready to leave government at that time anyway" and decided to "move on," he told the Center.

In **1981**, McNamara took a position at **Texaco, Inc.** in the public relations division where he still works today. He eventually became Texaco's Director of Government Relations, Domestic and International. "**Texaco** is heavy into environmental issues, but they are also involved in tax policy and investment **issues....The** work I do now has very little to do with the kind of work I did at USTR," McNamara says.

## SOL MOSHER

Sol Mosher was Assistant U.S. Trade Representative for Congressional Affairs from September 1985 until the fall of 1989.

Mosher was born on April 14, 1928, in Chicago, Illinois. He earned a **bachelor's** degree in journalism from the University of Missouri in 1949, graduating with honors. He spent the next three-and-a-half years overseas in the Army. In December 1953, he got a job as sports editor at the Daily News Digest in Springfield, Mo. Three months later the paper folded and he moved to Radio KICK, in Springfield, working his way up to News Director. After two years, he took over the same position at **KYTV** radio, an NBC station in Missouri.

Two years later, the Springfield Chamber of Commerce was looking for a Civic Affairs Director and Mosher applied for and got the position. It was Mosher's first experience in the political arena. He gained two years of experience working on legislative issues of interest to the business community. In 1960, the president of the Chamber of Commerce, **Durwood Hall**, was running for Congress and hired Mosher to be his campaign director. Hall won the election, and Mosher went to work for him on Capitol Hill for the next eight years. In November 1968, under the new Nixon administration, Maurice Stans was appointed Secretary of Commerce. **Stans** offered Mosher the position as his Special Assistant, which he took.

Jim Lynn was hired as General Counsel for Commerce at the same time. Lynn liked Mosher and when Lynn became the new Secretary of HUD in March 1973, Mosher went with him to be his Assistant Secretary of Legislative Affairs. Lynn later went to OMB and wanted Mosher to go with him. But Mosher chose to stay at HUD because he was a presidential appointee there and enjoyed the prestige. At that time, **Carla Hills** was the Secretary of HUD under the Ford Administration. Hills offered Mosher a senior staff position, as her Assistant Secretary, and he accepted.

Mosher made a major career shift in 1977 when Crown Zellerbach, a Fortune 500 forest products company, was looking for a person to head their D.C. office. At 49 years of age and one year short of 20 years in government, Mosher went with the corporation. He started at Zellerbach as Vice President for Federal Affairs and eventually moved up to a senior position as a corporate officer. Mosher stayed at Zellerbach for eight-and-a-half years (until 1985), when a corporate raider broke up the corporation and sold it.

At age 58, Mosher explored going back to government and became active in Reagan's campaign. It was the beginning of Reagan's second term. Mosher knew Max **Friedersdorf** who was the head of Congressional Affairs under Reagan. Friedersdorf told Mosher about two slots opening up, including one at **USTR**. Mosher interviewed with Yeutter, who offered him the position. In September 1985, Mosher began as Assistant USTR for Congressional Affairs. He worked in this position for three-and-a-half years.

At USTR Mosher was mainly responsible for congressional relations with regard to trade and managing legislative programs. He made recommendations supporting or opposing various pieces of legislation. Most significantly, he implemented the strategy that led to the enactment of the 1988 Omnibus Trade Bill and the U.S.-Canada Free Trade Agreement. He also helped defeat several textile bills which he said were contrary to the Administration's trade policy. In addition, he advised Congress on the progress of the Uruguay Round trade negotiations. Mosher also chaired the Trade Policy Staff Committee, an interagency committee working to coordinate issues. The committee had representatives from departments with trade interests, including Agriculture, Energy, and Commerce. Mosher received an award of excellence while at USTR. When he left, Mosher's salary was about \$80,000.

Mosher **planned** on leaving USTR, and government, after Bush was elected. But when Carla Hills took over Yeut-

ter's position, Mosher told Hills he would stay on to work with her for at least six months.

By the fall of 1989, Mosher was looking for a change of pace. He knew several of the lawyers at Preston, **Thorgrimson**, Ellis & Holm, a law firm with a small but growing international trade practice. Mosher was aware that he did not have to be a lawyer to work there because with a background in federal and international affairs he could work as a consultant. He was also aware that his salary would increase by switching to the private sector, although he did not specify by how much.

Mosher says that currently he is not involved in bilateral negotiations and "lobbies mostly for domestic clients and issues" including the California Timber Association. Mosher says the firm does not have any foreign clients that he is aware of, although his business card reads "Senior Advisor on Federal Affairs and International **Trade.**"



## **JAMES M. MURPHY**

James M. Murphy is the current Assistant U.S. **Trade** Representative for Latin America, the Caribbean, and Africa. Murphy has been with USTR for over ten **years**, and has held four different positions with the agency and received awards for outstanding service.

Murphy was born in Petersburg, Virginia, on February 21, 1942. He received a B.A. from Williams College in 1964, where he majored in political science. He then headed to California where he attended the Claremont Graduate School. He received an M.A. in political science from Claremont in 1969, and a Ph.D. in government in 1972.

After receiving his Ph.D., Murphy came to Washington, D.C. His first position was with the Cost of Living Council, a former government agency charged with fighting inflation. There he served as Special Assistant to the Administrator in the Office of Food. In 1974, Murphy took on the position of Assistant Director of the White House Council on International Economic Policy. While there, Murphy won the Distinguished Service Award (1977). This position was followed by one year (1978) as a Senior Staff Member of the White House Economic Policy Group before moving to the Treasury Department. At Treasury, Murphy became the Deputy Director of the Office of International Trade where he served from 1978 to 1979.

In 1979, Murphy joined USTR as Director for Japan. After two years he became Deputy Assistant USTR for Japan and Western **Europe**, and then Assistant USTR for Bilateral Affairs, Japan and Europe. **In** 1989 Murphy took his current position.

At USTR Murphy has been the recipient of the SES Bonus award in 1983 and 1984, and the Cash Incentive Award **from USTR** in 1980.

## DONALD NELSON

Donald Nelson was Assistant U.S. Trade Representative for Agricultural Affairs & Commodity Policy from 1979 to 1986. For his service, Nelson received USTR's **Superior** Performance Award. He has also received three Meritorious Service Awards for his work at the U.S. Department of Agriculture.

Nelson declined to be interviewed for this study.

Nelson was born August **22, 1941**, in Beatrice, Neb. He attended Georgia Southern College where he majored in business administration and graduated with a B.S. in 1963. In 1969, he received an M.B.A. from American University.

From 1963 through 1968, Nelson worked as a commodity industry analyst for the U.S. Tariff Commission. In 1969, Nelson joined the Foreign Agricultural Service of the U.S. Department of Agriculture as an international economist. In **1971**, he became Assistant Agricultural Attache in Caracas, Venezuela. Nelson went to Central America in 1973 as the Agricultural Attache for El Salvador and Nicaragua. In 1975, Nelson became the Director of the Trade Restrictions Analysis **Division**, International Trade Policy of the Department of Agriculture. Two years later, Nelson was appointed Agricultural Attache for the U.S. Embassy in Mexico City.

In 1979, Nelson moved to **USTR** as Assistant U.S. Trade Representative for Agricultural Affairs and Commodity Policy. Nelson also chaired the **interagency** committee established to deal with agricultural and commodity policy trade matters.

In 1986 Nelson left government service and went to work for tobacco giant Philip Morris **Inc.**, as Director of International Trade Relations.

During the mid- and late-Eighties the tobacco industry filed six 301 petitions against four Asian countries in an effort to open up their markets to U.S. tobacco products; and the tobacco industry and Philip Morris achieved major breakthroughs. While Nelson says he never worked on tobacco issues at USTR, in an effort to clarify his role, Nelson wrote in a letter to the Center, "**The** industry-initiated Section 301 petition against Korea [to force that country to open its markets to tobacco **companies**] was filed nearly three years after I left government. I had no part in lobbying USTR until well after the time limits imposed by the Ethics in Government Act."

Nelson is also the author of *U.S. Import Duties on Agricultural **Products***, a Department of Agriculture publication.

## **W. DOUGLAS NEWKIRK**

W. Douglas Newkirk currently serves as the Assistant USTR for GATT Affairs. His wide-ranging responsibilities in this position include formulation of U.S. trade policy toward GATT and the Uruguay Round negotiations, and conducting negotiations with other nations about the terms of their accession to the GATT. He has held this position since the office of GATT Affairs was created.

A native of Washington, D.C., Newkirk was born July 4, 1947. He studied at the School of International Service of American University where he received his B.A. (1969) and did graduate work in international economics. He also did graduate work at George Washington University.

Newkirk entered the government in 1969 as a management intern in the Department of Commerce. For two years he handled general trade policy matters. In 1971, he was promoted to the position of international economist.

In 1972, Newkirk was sent to Geneva. He served as chief industrial advisor and permanent Department of Commerce representative to the European Community enlargement negotiations. From 1974 to 1975, he served Commerce as the Staff Director for Non-Tariff Measures.

In January 1975, Newkirk was appointed Chief Negotiator for Non-Tariff Measures for the U.S. delegation to the Tokyo Round. He served there until the conclusion of those negotiations in 1979.

The USTR created an Office of GATT Affairs in 1980. Newkirk returned to D.C. to head that office. The office began with the responsibility of implementing the Multilateral Trade Negotiations codes and tariff reductions of the Tokyo Round. The office is now responsible for all day-to-day GATT affairs as well as the major policy areas discussed above.

## PAUL T. O'DAY

Paul T. O'Day was an **Assistant** Special Trade Representative in the Office of the Special Trade Representative from September 1975 to June 1977.

He was born May 2, **1935**, in **Chicopee**, Mass. He majored in chemistry at American International College in Springfield, Mass., where he was also president of the student body. He received a B. **A.** degree with honors in 1958. He studied at the University of Massachusetts in **Amherst** and in 1963, O'Day received his law degree from Georgetown University. O'Day was a Visiting Fellow at the Princeton University Woodrow Wilson School of Public and International Affairs in 1965 and 1966. In 1967, he received a masters degree in public administration from American University.

From high school through college, O'Day worked as a metallurgist for the Bay State Refining Company in Chicopee Falls, Massachusetts.

He was an Assistant Chemist for the Monsanto Chemical Corporation in Springfield, Mass., and also a Teaching Fellow at the University of Massachusetts Graduate School of **Chemistry**, from September 1958 to July 1959.

O'Day came to Washington in July 1959 as a Patent Examiner and Patent Research Specialist for the Commerce Department's U.S. Patent Office.

In December 1962, O'Day moved over to the U.S. Department of Defense as a Project Officer, Scientific Information Retrieval Systems, Defense Documentation Center.

From May 1964 to September 1965, O'Day returned to Commerce as Deputy Chief of the Plans and Development Branch for the Clearinghouse for Federal Scientific and Technical Information (now the National Technical Information Service).

After his visiting fellowship at Princeton, O'Day resumed his professional career as Executive Secretary of the Commerce Technical Advisory Board Panels on High Speed Ground Transportation, and Automobile and Air Pollution.

From January 1969 to April 1971, O'Day was Executive Assistant and Staff Assistant to three Secretaries of Commerce.

From April 1971 to September **1972**, O'Day was Deputy Director of the Commerce Department Bureau of Domestic Commerce.

Through the President's Executive Interchange Program, O'Day became a consultant to the General Counsel and Secretary of the Board of Directors for General Electric Company.

In September 1975, he took his position at STR. His proudest accomplishment there was establishing a 1500-member advisory system, in which company and labor interests are consulted prior to U.S. negotiations and the implementation of U.S. trade policies.

From June 1977 until November 1984, O'Day again returned to the Commerce Department, first as Deputy Director of the Bureau of Domestic Business Development, Industry and Trade Administration, then in 1980, as Deputy Assistant Secretary for Textiles and Apparel at the International Trade Administration. In 1982, for just over a year, he was Deputy Assistant Secretary for Trade Development, and in 1983, Deputy Assistant Secretary

for Foreign Commercial Operations.

In 1983, **O'Day** received the President's Meritorious Executive Award.

In November 1984, O'Day left government and became President of the American Fiber Manufacturers Association, a trade association created in 1933 as the Rayon Institute and later known as the Man-Made Fiber Producers Association. The organization represents U.S. producers of more than 90 percent of the domestic production of manufactured fibers, filaments and yarns.

Today, he is the quintessential inside Washington Player. A registered lobbyist with the Congress, a member of the Cosmos Club and the Folger Shakespeare Theatre Governing Council, he has personal photos on his office wall of former President Carter and President Bush. When he was interviewed by the Center, he was about to leave for Geneva and the **GATT**. Earlier that week, he had lunched with former Commerce Department colleague and now Washington consultant **Wally** Lenahan. After 31 years in Washington, O'Day has many friends in high places, such as Assistant to the President and Secretary to the Cabinet David Bates.

## DONALD M. PHILLIPS

Since 1988, Donald M. Phillips has served as the Assistant USTR for Industry. In this position, his responsibilities include development of trade policy for manufactured and other industrialized **goods**, trade negotiations involving industrialized goods, and support for bilateral and multilateral initiatives on industrial trade issues. He also oversees the Generalized System of Preferences program.

Born on March 21, 1943, in Baltimore, Md., Phillips attended the University of Maryland. He received a B.S. in economics in 1963, and an M.A. in international economics in 1972. Between receiving those two degrees, Phillips spent two years in the Army (1964 to 1966) as a member of the military police.

Phillips' first civilian jobs in the government were both with the Department of Agriculture. From 1967 to 1969, he was an International Economist with the Trade Policy Division of the Foreign Agricultural Service. He then became an Agricultural Economist with the **department's** Economic Research Service (1969 to 1974).

In 1975, Phillips went to Brussels as the Assistant Agricultural Attache to the U.S. Mission to the European Community. He served there until 1979, when he returned to the Department of Agriculture as an Economist with the Grain and Feed Division.

Phillips then joined the Office of the USTR in 1980. He served first as the Director of Commodity Policy. In 1985, he became the Assistant USTR for Trade Policy **Coordination**, and was shifted to his current position in 1988.

Phillips received the USDA Meritorious Service Award in 1979, and the USTR Special Act Award in 1984.

## HERBERT F. PROPPS

Described as an "authority on international trade" by the *Washington Post* at the time of his death, Herbert Propps served as Assistant Special Representative for trade negotiations from 1970 to 1974.

Born in Nebraska, Propps attended the University of Illinois, where he received his bachelor's degree in liberal arts in 1937, and subsequently earned a master's degree in economics in 1939. Later he attended the National War College for one year.

After graduating from Illinois, Propps began his career with the U.S. government. He served with the Army in Europe during World War II. After the war, Propps taught mathematics at Beloit College. In 1948, he joined the State Department.

**Propps'** first assignment was as third secretary at the U.S. Embassy in Switzerland. He then spent a number of years as the Chief of the Commercial Policy branch in the State Department's International Trade Office. In the late Fifties and early Sixties, Propps led U.S. delegations to economic conferences concerning Latin America, and he worked with the Organization of American States and the Alliance for Progress.

In 1964, Propps returned to Switzerland, where he was an economic affairs official and Chairman of the United States' delegation to **GATT**. He remained there until 1969.

It was upon his return to the U.S. that Propps joined the office of the Special Trade Representative, where he served for four years.

In 1974, he left the STR office to become a senior Foreign Service inspector. He served in that capacity until 1977.

Propps rounded out his career in the U.S. government by serving for two years in personnel at the State Department. He retired in 1979.

On December 21, 1989, Propps died of cardiac arrest at a hospital in Fairfax, Virginia.

## JOHNE.RAY

John E. Ray served as an Assistant U.S. Trade Representative from 1979 to 1985. In that position he oversaw East-West Trade & Non-Market Economy Affairs. He also worked in the Special Trade **Representative's** Office as Senior Advisor and Acting Chief of the U.S. Delegation to Multilateral Trade Negotiations in Geneva in 1973.

Ray was born Oct. **23, 1929**, in Oklahoma. In 1952, he graduated from the University of Maryland with a **B.A.** and a major in agriculture. Following college, Ray served for three years in the U.S. Army Artillery during the Korean War in the continental **U.S.**, Korea and Alaska. Following his service, Ray took graduate courses in agricultural economics at the University of Maryland and worked as an Agricultural Aide in the Agriculture Research Service. In 1956, he moved to the Foreign Agricultural Service where he worked as an Agricultural Economist.

In 1962, Ray went to Mexico City where he served as Assistant Agricultural Attache for the U.S. embassy. In 1962 he moved to Paris, France, where he served as Assistant Agricultural Attache for two years, then transferred to the foreign service and was Economic Officer for the U.S. embassy until 1967. Ray then became Officer in Charge for European Regional Functional Affairs working for the Department of State.

In **1973**, Ray was detailed to the Special Trade Representative's Office as Senior Advisor. Later that year he became Acting Chief of the U.S. Delegation to Multilateral Trade Negotiations in Geneva.

In 1974, Ray left the STR and the foreign service and moved to the Treasury Department as Director of the Office of International Trade.

In 1979, Ray returned to **USTR** as an Assistant **USTR** for Developed Country Affairs. In 1981, Ray took a year off to study the Chinese language. In 1982, he became the Assistant USTR for East-West Trade & Non-Market Economy Affairs.

In **1985**, Ray left the government to head the Division of Financing and Other Export Questions in the Trade Directorate of the Organization for Economic Cooperation and Development in Paris.



## **CHARLES E. ROH, JR.**

Charles E. **Roh**, Jr. serves as the current Assistant U.S. Trade Representative for North American **Affairs**.

Roh was born in New York City on April 18, 1947. In 1969, Roh received a B.A. in international relations from the Woodrow Wilson School at Princeton. He then attended Harvard Law School and received his J.D. in 1973.

Roh's first job was in the Legal Advisor's office at the Department of State. In 1979, he moved to Capitol Hill where he served as International Trade Counsel to the Senate Finance Committee minority staff. Roh then took his first position associated with the USTR. He was Legal Counsel to the USTR Mission in Geneva until 1983. That year he returned to Washington as Associate General Counsel at USTR. In 1989, Roh took over his current position.

## H. JON ROSENBAUM

H. Jon Rosenbaum is the current Assistant USTR for the Americas. In this position he has overall responsibility for policy development and bilateral negotiations in matters concerning Canada, Latin America and the Caribbean. He also chairs the Policy Subcommittee of the Caribbean Basin Initiative Task Force.

Rosenbaum was born in New Jersey on March 18, 1941. His academic career began at the University of Pennsylvania where he studied international relations. He received a B.A. with honors and distinction (1963) and was a member of Pi Sigma Alpha. One of his undergraduate years was spent studying at the London School of Economics. Rosenbaum then went to the Fletcher School of Law and Diplomacy at Tufts University. He received an M.A. in 1964, an M.A.L.D. in 1965, and a Ph.D. in 1967. In 1964, he won the Fletcher School Fellowship, the Shell International Fellowship, and in 1975, the **Fulbright** Fellowship.

Rosenbaum's professional career began as an Assistant Professor of political science at Wellesley College in 1967. In 1972, he became an Associate Professor at City University of New York. There he taught Latin American affairs and international relations.

In 1976, Rosenbaum turned toward government affairs. He served as Special Assistant to Sen. Jacob **Javits** (R-NY) and as a liaison to the Committee on Foreign Relations from 1976 to 1977. He then held two positions concurrently; one as the Director of African and Latin American Affairs at USTR; the other, Geneva LDC Negotiator during Multilateral Trade Negotiations. Rosenbaum was named Assistant USTR for the Americas in 1981 and served in that position until 1989, when he moved to his current position.

Rosenbaum is also an accomplished author. He had four books published between 1971 and 1976, as well as numerous articles on Latin American affairs.

## STEVEN R. SAUNDERS

Steven R. Saunders served as Assistant U.S. Trade Representative for Congressional and Public Affairs from 1981 to 1982.

Saunders declined to be interviewed for this study.

Saunders was born in Newark, N.J., on November 11, 1946. He graduated from Washington and Lee University in 1968 with a **B.A.** in history. He taught history at The **Lawrenceville** School in New Jersey, and was later Chairman of the history department at The **Portledge** School in New York. In 1972, Saunders was appointed Deputy Supervisor of the Town of Oyster Bay in Nassau County, N.Y. In that position Saunders was in charge of the day-to-day management of the municipality, including 1400 employees. At 26, he was the youngest Deputy Supervisor in the state of New York. He also served on the staff of the New York State Legislature and as a member of various Nassau County boards and commissions, including as Treasurer of the Nassau County Equal Opportunity Commission.

In 1975, Saunders went to work on Capitol Hill as Chief Legislative Assistant for Rep. Norman Lent (**R-N.Y.**), now ranking Republican on the House Commerce Committee. He was previously on the staff of the late Rep. John W. Wydler (**R-N.Y.**)

In 1977, he joined the staff of Sen. Bob **Packwood** (**R-Oregon**) serving as Communications Director of the National Republican Senatorial Committee, and in 1979 as the first Staff Director of the Republican Conference of the Senate, both of which Packwood chaired.

In February 1981, he became an Assistant USTR under William Brock. He was assigned responsibility for the agency's relations with Congress, the media, state and local government, organized labor, and the private sector advisory committees.

In May 1982, after less than 18 months in that position, Saunders communicated to the Center in writing that he left USTR at the age of 35, after he and his wife learned that their infant daughter had cerebral palsy. He set up his own consulting firm operating from his home in Alexandria, working with his wife Maureen Collins Saunders, who had served as Press Assistant to Sen. Bill Roth (**R-Del.**). The firm now has seven employees and office space in **Old Town/Alexandria, Va.**

Nine months after leaving USTR, Saunders was on retainer to the Japanese Embassy. According to Justice Department records, his contract was to provide advice on congressional relations. The firm represented five foreign clients, four of them Japanese, including the Embassy, and received \$240,000 in fees and expenses.

Saunders & Company describes itself in promotional literature as "a consulting firm specializing in international public policy and public affairs with emphasis on improving economic relations between the U.S. and its key trading partners in the Pacific Basin." Saunders says the firm primarily provides "monitoring, analysis, strategic planning and representational services." American clients of the firm have included Data General Corporation; Camp Dresser & McKee; **Westinghouse** Corporation; and the U.S. Agency for International Development.

Saunders is a Fellow of the Georgetown University Center for International Business and Trade; a member of the Advisory Board of the Center for Governmental Responsibility; Vice President and Trustee of the Theodore Roosevelt Association; a trustee of the Roosevelt Study Center in Middelberg, The Netherlands; a trustee of the International Exchange Council; and a trustee of the **Netherland-America** Foundation. He was formerly trustee and co-chairman of the American Council of Young Political Leaders.

## **JAMES H. STARKEY, ffl**

James Starkey served as Assistant Special Trade Representative for Agricultural Affairs from 1975 to 1979. -

Starkey declined to be interviewed for this study.

Starkey was born in Washington, D.C., on October **12, 1940**. He attended Washington & Lee University where he received a **B.A.** in 1962 in economics and Spanish. He earned an M.A. in economics from George Washington University in 1970.

In 1965, Starkey joined the U.S. Department of Agriculture as an international economist with the Foreign Agricultural Service. After five years, he became the Assistant Agricultural Attache in Mexico City. In 1972, he moved to Bogota, Colombia as Agricultural Attache. In 1974, Starkey became director of the Trade Operations Division of the Foreign Agricultural Service.

In 1975, he became Assistant Special Trade Representative for Agricultural Affairs. In 1979, Starkey left that position to become Deputy Under Secretary of Agriculture for International Affairs and Commodity Programs.

In 1981, Starkey left government to join the Universal Leaf Tobacco Co., where he currently serves as Senior Vice President.

## MARY TINSLEY

Mary Tinsley currently serves as Assistant **USTR** for Congressional Affairs.

Born March 30, 1956 in Virginia, Tinsley went to **Skidmore** College where she earned her B.A. in political science. She then continued her education at Harvard University's Kennedy School of Government where she completed the Senior Managers in Government program.

In 1981, **Tinsley** joined USTR as Deputy Assistant USTR for Congressional Affairs. She served in that capacity for four **years**, overseeing issues which have included **Congress'** consideration of the **U.S.-Israel** Free Trade Agreement, the 1984 Trade Bill, and the Caribbean Basin Initiative. Tinsley then moved to the Department of Labor in 1985 where she served as Associate Deputy Secretary under both William Brock and Ann **McLaughlin**. For a brief time she served as Senate liason in the Office of the President-elect. In that position she was responsible for the confirmation process of several Cabinet nominees.

Tinsley was appointed to her current position by USTR **Carla** Hills on June 20, 1989.

## S. BRUCE WILSON

S. Bruce Wilson is the current Assistant U.S. Trade Representative for Services, Investment, Intellectual Property and Science and Technology. In that position he is responsible for implementing the "Special 301" provisions of the 1988 Trade Act on intellectual property. Wilson was promoted to this position in 1988 after many years with USTR.

Wilson was born in Salinas, Kansas on August 27, 1948. He spent his undergraduate years at Stanford University where he received a **B.A.** in 1970 with a major in political science. In 1972, he earned a **master's** from the John Hopkins University School of Advanced International Studies. Wilson then continued his studies a few years later while pursuing his career at USTR. He received an M.B.A. in 1979 and a J.D. in 1986, both from George Washington University.

Upon leaving the School of Advanced International Studies, Wilson joined the Peace **Corps**, and was sent to Brazil from 1972 to 1974. While there he also did consulting work for a regional industrial development agency.

When he returned to the U.S., Wilson joined USTR. He has held a variety of positions in that **office** since that time. His first position was as an international economist (1975 to 1976). He then became the Multilateral Trade Negotiations Coordinator (1977 to 1979). For the next two **years**, he served as the Trade Attache to the Geneva office of the USTR. In 1982, Wilson returned to Washington as Deputy Assistant USTR for investment policy. In 1985, he became the Assistant USTR for Industry and Services. He served in that position until July 1, 1988 when he moved to his current position.

Wilson is a member of both the Virginia and District of Columbia bars.

OTHER SENIOR  
USTR OFFICIALS

## GEZA FEKETEKUTY

Geza **Feketekuty** has served in the Office of the U.S. Trade Representative since 1974. At **USTR** he has held the positions of **Counselor**, Senior Assistant USTR for Policy Development & Coordination, Assistant USTR for Policy Development and Analysis, and Director for Trade Analysis & Policy Planning. While serving at **USTR**, Feketekuty has received the Presidential Meritorious Rank Award, the second highest award in the Senior Executive Service, and the Honor Award for Leadership in Combined Federal Campaign.

Feketekuty was born on June 15, 1940, in Budapest, Hungary. Feketekuty attended Columbia College, where he graduated in 1962 Phi Beta Kappa and *magna cum laude*, with an A.B. in economics. In 1964 he received an M.A. in economics from Princeton University, where he also worked on a Ph.D., although he never completed his dissertation. While attending school, Feketekuty also worked as Editor-in-Chief for *The American Economist*, a journal published by the National Honor Society in Economics. He also served as a statistical analysis consultant for the Book-of-the-Month Club from 1959 to 1965.

After receiving his **master's**, Feketekuty joined **academia** as an instructor at Princeton University in corporate finance, **accounting**, international economics and the principles of economics. In 1967, he went to Cornell University where he taught international economics and macro economics for a year as a visiting professor.

In 1968, Feketekuty entered government service when he joined the Office of Management and Budget as a budget examiner and international economist. In that position, which he held for four years, he was responsible for, among other things, reviewing budget policies, requests, and project proposals for the Agency for International Development, the Overseas Private Investment Corporation, the International Trade Commission and the Office of the Special Trade Representative.

In 1972, Feketekuty joined the Council of Economic Advisors as a Senior Staff Economist for International Trade and Finance. In that position he analyzed all international economic issues and prepared **memos** for members of the Council and the President on international economic developments and policy issues.

Feketekuty left the Council in 1974 to join the Office of the U.S. Trade Representative. In his 16 years with the agency, Feketekuty had a wide array of responsibilities. He was the principal **conceptualizer** of U.S. trade policy and advised a succession of U.S. Trade Representatives on policy issues; coordinated development of U.S. trade policy; developed trade negotiating objectives and strategies; and managed economic research and policy analysis staff.

On his resume, Feketekuty lists his most important accomplishment as being the developer of the concept of trade in services, a concept not covered by previous trade negotiations. He also played a key role, during the Tokyo Round, in developing the U.S. negotiating position and coordinating the successful completion of those negotiations. Feketekuty also developed the first government-wide **computerized** data base, using trade data from many agencies which have a role **in** trade policy.

Feketekuty is now Senior Policy Advisor to USTR and Resident Scholar at the International Trade Commission.



## WARREN A. LAVOREL

Warren Lavorel serves as the current U.S. Coordinator for Multilateral Trade Negotiations with the rank of Ambassador.

Lavorel was born October 29, 1935, in Oakland Calif. In 1958, he received a B.A. in history and psychology and a B.A. in economics in 1962 from the University of California at Berkeley and an M.S. in economics from Stanford University in 1970. Lavorel served in the Army from 1958 to 1960.

After jobs with **Toland** and Son Ornamental Iron Works, the New York Yankees and the Oakland Fire Department, Lavorel began his government career in 1962 as an economist with the Central Intelligence Agency. In 1964, he joined the State Department's Foreign Service. In 1965, he served as Special Assistant to the U.S. Ambassador in the Philippines. In 1967, he moved to the U.S. embassy in Paris as an economic and commercial officer. In 1970, he moved to Washington, D.C., to work for the Trade Agreements Division of the Department of State. In 1973, Lavorel became Economic and Commercial Officer at the U.S. embassy in Luxembourg, where he stayed until 1977, when he joined the Multilateral Trade Negotiations in Geneva as a negotiator. In 1978, Lavorel was named U.S. Representative to **GATT** in Geneva, where he stayed until 1980, when he became Financial Attache to the U.S. Mission to the European Communities.

In 1981 Lavorel joined USTR as Deputy Chief of Mission in Geneva. In 1987, he was named to his current position with USTR.

## PETER O. MURPHY

Ambassador Peter O. Murphy served in the USTR's office in various capacities for 13 **years**, from 1975 to 1988. When he left, Murphy was Special Negotiator for U.S.-Canada Trade and Investment, and Coordinator for North American Affairs. Prior to that he was involved in the **GATT** talks in Geneva; Chief Textile Negotiator and an economist for the agency.

Murphy declined to be interviewed for this study.

Born March **23, 1948**, in Providence, Rhode Island, Murphy attended Washington and Jefferson College where he graduated with a B.A. in 1971 with majors in political science and economics.

In **1971** he worked for one year as a credit analyst at the Chemical Bank of New York. Murphy left New York to attend the Georgetown School of Foreign Service, where he earned an M.S.F.S. in 1974.

In 1975, Murphy joined USTR as an International Economist. In that position Murphy worked for two years on non-tariff measure issues in Multilateral Trade Negotiations for the Chairman of the Trade Policy Staff Committee.

In 1978, Murphy was promoted to Deputy Chief Textile Negotiator where he was responsible for textile tariff negotiations in **MTN** and other bilateral textile negotiations. In 1981, Murphy became USTR's Chief Textile Negotiator and was confirmed by the Foreign Relations Committee as an Ambassador. In that position, Murphy negotiated the renewal of the **GATT Multifiber** Arrangement and numerous bilateral agreements with Hong Kong, Korea and Taiwan.

In 1983, Murphy was appointed Deputy U.S. Trade Representative. In 1986, he was named Special Negotiator for U.S.-Canada Trade and Investment and Coordinator for North American Affairs.

Murphy left USTR in 1988 to work for the lobbying firm of Cassidy and Associates. The firm, which built its reputation on successful lobbying on behalf of universities, is reportedly looking to expand into the area of international trade. Cassidy and Associates is registered as a foreign agent and lists one foreign client, Societa<sup>1</sup> **Cavi** Pirelli, S.P.A., an Italian cable company.

OTHER FORMER  
USTR OFFICIALS

## Tim Bennett

Tim Bennett served as Deputy Assistant **USTR** for Mexico from 1985 to 1988. Prior to **that**, he served at **USTR** as U.S. Trade Attache to the **EEC**, from 1981 to 1985, and as Executive Director of the Generalized System of Preferences, from 1980 to 1981.

Currently Bennett is with SJS Advanced Strategies **Inc.**, a consulting **firm** with foreign and domestic clients headed by former Deputy U.S. Trade Representative Michael Smith. Although Bennett is not registered as a foreign agent, the firm is. According to Justice department filings, clients at the firm include the Canadian Sugar Institute, Nippon Steel Corporation, the Japan Iron & Steel Exporter's Association, Caribbean **ISPAT** Ltd. and the Embassy of Canada.

## Christine Bliss

Christine Bliss served as Assistant General Counsel at USTR from 1982 to 1986. After leaving USTR, Bliss went to Mudge Rose **Guthrie** Alexander and Ferdon where today she represents the Japan Lumber Importers Association, the Hong Kong Trade Department, Toshiba Corp., and **Sovcomflot** in negotiations of a bilateral Maritime Arrangement between the U.S. and the Soviet Union. Bliss is registered as a foreign agent.

## The Brock Group

Two former aides to William Brock at USTR today work with the former U.S. Trade Representative at the Brock group. Dennis **Whitfield** and James **Frierson**.

Dennis Whitfield, who served as chief of staff to the U.S. Trade Representative from 1981 to 1985, is now registered as a foreign agent and lists the Republic of China's Board of Foreign Trade as a client.

James Frierson served from 1985 to 1989 as chief of staff for U.S. Trade Representative Clayton Yeutter and from 1981 to 1985 as Special Assistant to William Brock. Frierson is also registered as a foreign agent and lists the Republic of China's Board of Foreign trade and Airbus Industries of North America as clients.

## Carol Browning

Carol Browning spent most of her career working for William Brock, first in the Senate in 1970, then later at the RNC, USTR and the Department of Labor as his "confidential **assistant**," taking care of personnel, travel, scheduling, meetings, etc.

Browning left the government in 1988, after working on the Robert Dole presidential campaign, to join **Hecht**, Spencer & Associates. Browning told the Center that 20 percent of the firm's clients are foreign. 1989 Justice Department records show that among its clients that year was the Hong Kong Trade Development Council which paid the firm \$142,600 in fees.

## **Glen Fukushima**

Glen Fukushima served as Deputy Assistant U.S. Trade Representative for Japan and China until 1990. Prior to that appointment he served as Director for Japanese Affairs for USTR.

Fukushima has an impressive academic background, holding a **bachelor's** degree in economics from Stanford, a master's degree in East Asian studies from **Harvard**, a law degree from Harvard as well as doctorate work in sociology and an M.B.A. from Harvard Business School. He was also a **Fulbright** fellow at the University of Tokyo.

Fukushima, who is fluent in Japanese and spent more than five years in Japan before joining USTR, gained the reputation as a tough negotiator for American interests with Japan and was instrumental in opening up Japanese markets for a variety of American interests.

Upon leaving USTR in 1989, Fukushima joined American Telephone & Telegraph's Tokyo office to lobby the Japanese government and develop new business in Japan.

## **Michael Gadbaw**

Michael Gadbaw served as former Deputy General Counsel in the Office of the Special Representative for Trade Negotiations. Upon leaving that office, Gadbaw went to Verner, **Liipfert, Bernhard and McPherson** where he represented Nissan Motor Corp., according to Justice Department filings. His representation included counseling the company on U.S. automobile import restrictions. Since then, Gadbaw has moved to Dewey, **Ballantine**, Bushby, Palmer and Wood where he has represented, among others, Digital Equipment Corp., the Coalition for Fair Lumber Imports, and the Semiconductor Industry Association.

## **Eric Garfinkel**

Eric Garfinkel served as attorney-advisor for USTR from 1981 to 1982. According to the New Republic, Garfinkel left USTR and joined the White House as **it's** chief international trade lawyer. In that position he was "deeply involved *in* the **1983** administration debate over import sanctions against the Japanese machine tool industry," according to the New Republic. Six months after the case was decided, in Japan's favor, Garfinkel left the **White** house to join Anderson, Hibey, **Nauheim** & Blair, a prominent Washington law firm where his most important client was The Japanese Machine Tool Builder Association which was fighting a suit by the American tool industry.

Garfinkel has since left the firm and returned to government. He is currently Assistant Secretary for Import Administration at the Department of Commerce.

## **Clifford Gibbons**

Clifford Gibbons served as Special Assistant to the U.S. Special Trade Representative from 1979 to 1981. After leaving USTR, Gibbons joined the law firm of **Hogan and Hartson**. Gibbons, a registered foreign agent and son of Rep. Sam Gibbons who is the ranking Republican on the House Ways and Means Committee, now lobbies on behalf of several foreign clients who have a stake in tax and trade matters.

According to The Wall Street **Journal**, Gibbons' clients include Lloyd's of London which has concerns over how its U.S. income is taxed; and Mercedes-Benz of North America, which has been fighting a proposal to reduce the tax write-offs for luxury automobiles owned by businesses. He has also represented the Ministry of Ontario during the free-trade talks. Washington Representatives also lists Toyota Motor Sales and **Aermacchi**, S.p.A. as clients.

## John Greenwald

Greenwald served as Deputy General Counsel from 1974 to 1979. After leaving USTR he joined Wilmer, **Cutler**, Pickering, a prominent Washington, D.C., law firm which was seeking to build an international trade practice. Greenwald registered as a foreign agent with the **firm** in 1984 and worked on issues for the Commission of the European Communities. The firm's other clients that year included Deutsche Lufthansa, **Hapag-Lloyd**, British Gas, and the government of The Netherlands.

## Merit Janow

Merit Janow currently serves as Deputy Assistant U.S. Trade Representative for Japan Affairs. Prior to joining USTR, Janow worked at the law **firm** of Skadden, **Arps**, Slate, Meagher and **Flom**. Janow's work at the firm, which Janow described as a full service, diversified law firm, included helping Japanese firms acquire American companies. Janow, who spent 10 years in Japan as a child, is also the author of books about Japan's economic and industrial development practices.

## Thomas F. St. Maxens II

Thomas St. Maxens served for four years as the Executive Director of the U.S. Generalized System of Preferences at USTR. The program offers temporary, duty-free tariff preferences to developing countries in an effort to promote economic development and industrialization of those countries through trade rather than U.S. foreign aid. St. Maxens also served as Special Assistant to the Chairman of the Trade Policy Staff Committee and as a U.S. Delegate to the Tokyo Round of Multilateral Trade Negotiations in Geneva where he negotiated tariff and non-tariff policies with major U.S. trading partners.

In 1985, St. Maxens left the government to start his own consulting firm, St. Maxens & Co. In less than a year, St. **Maxens'** firm was representing Singapore in hearings before the Trade Policy Staff Committee at USTR, a committee directly involved in deciding GSP cases. St. Maxens & Co. received a retainer of \$155,446 from the government of Singapore, according to 1985 Justice Department filings. Since 1985, neither he nor his firm has filed as a foreign agent with the Justice Department, although St. Maxens has represented the governments of Singapore, Thailand, Malaysia and other developing countries in GSP matters. St. Maxens says he hasn't registered with the Justice Department recently because he received rulings from the Justice Department, the Office of Government Ethics and private outside counsel, stating that because of the nature of his current work and his position at USTR it was not necessary.

The firm also monitors and analyses trade policy issues, and publishes TRELLIS, a weekly subscription service analyzing all trade bills before the U.S. Congress.

## William Triplett

William Triplett served as Deputy Assistant United States Trade Representative from 1982 through 1985. In that capacity he worked on issues involving trade with Japan.

After leaving USTR in 1985 Triplett went to the Senate Foreign Relations Committee as an East Asian expert working for the minority.

Triplett has gained a reputation for being a hardliner on issues concerning Japan and trade and is often outspoken about foreign influence in the American political process. In early 1990, at the National Press Club, Triplett said **"The [Japanese] lobbying effort has such an influence on the interagency process—and I say this from hav-**

ing been in the interagency **process—that**, in fact decision making is extremely difficult to do. You find all sorts of oddball people carrying water for Japan in interagency process and then you start asking questions. Why is this fellow doing this, and then his colleagues in that department will **say**, well, so and so has his eye on his **`post-government opportunities.'** So, essentially, downtown you're just not going to deal with this problem or the Japan trade problem with any ease."

## Former USTR Officials Registered as Foreign Agents

Charles Blum, Assistant USTR for **MTN**

William Brock, U.S. Trade Representative

Robert Cassidy, General Counsel

**Doral** Cooper, Assistant USTR for Bilateral and Multilateral Affairs

Donald **deKieffer**, General Counsel

John C.L. Donaldson, Assistant USTR for Congressional and Public Affairs

William Eberle, Special Trade Representative

Claud Gingrich, General Counsel

Richard **Imus**, Chief Textile Negotiator

John Jackson, General Counsel

Stephen **Lande**, Assistant USTR for Bilateral Affairs

Robert **Lighthizer**, General Counsel

David **Macdonald**, Deputy USTR

Harald **Malmgren**, Deputy USTR

Richard Rivers, General Counsel

Michael Samuels, Deputy USTR

Steven **Saunders**, Assistant USTR for Congressional and Public Affairs

Michael Smith, Deputy USTR

William Walker, Deputy USTR

**Alan** Wolff, **Deputy** USTR

## Former USTR Officials' Firms Registered As Foreign Agents

Judith **Bello**, General Counsel (Sidley & Austin)

Alan **Holmer**, General Counsel (Sidley & Austin)

William Houston, Chief Textile Negotiator (World Trade **Link/Bogle** & Gates)

Peter Murphy, Special Negotiator for U.S. and Canada (Cassidy & Associates)

Robert Strauss, U.S. Trade Representative (Akin, Gump)



**YEARLY INDEX OF THE OFFICE OF  
THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS/  
THE UNITED STATES TRADE REPRESENTATIVE  
1974 TO PRESENT**

Note: The following named officials are listed according to the highest position attained while at **STR/USTR**.

**OFFICE OF THE SPECIAL REPRESENTATIVE I  
FOR TRADE NEGOTIATIONS**

**(1973/74 U.S. Government Manual)**

William D. Eberle	Special Trade Representative
William R. Pearce	Deputy Special Representative
Harald B. <b>Malmgren</b>	Deputy Special Representative
John H. Jackson	General Counsel
Herbert F. Propps	Assistant Special Representative for Commercial Policy

**(1974/75 U.S. Government Manual)**

William D. Eberle	Special Trade Representative
Harald B. Malmgren	Deputy Special Representative
Alan W. Wolff	General Counsel (Acting)
William B. Kelly	Assistant Special Representative
James A. <b>McNamara</b>	Assistant Special Representative

**(1975/76 U.S. Government Manual)**

Frederick B. Dent	Special Trade Representative
Kenneth A. Guenther	Deputy Special Representative (Acting)
Alan W. Wolff	Deputy Special Representative (Acting)
Alan W. Wolff	General Counsel
Kenneth A. Guenther	Assistant Special Representative
William B. Kelly	Assistant Special Representative
Allen H. Garland	Assistant Special Representative
Stephen L. <b>Lande</b>	Assistant Special Representative

**(1976/77 U.S. Government Manual)**

Frederick B. Dent	Special Trade Representative
Clayton Yeutter	Deputy Special Representative
William N. Walker	Deputy Special Representative
Alan W. Wolff	General Counsel
John C. L. Donaldson	Assistant Special Representative
Geza <b>Fekete</b> <b>kuty</b>	Assistant Special Representative
William B. Kelly	Assistant Special Representative
Stephen L. Lande	Assistant Special Representative
Paul T. <b>O'Day</b>	Assistant Special Representative

### **(1977/78 U.S. Government Manual)**

Robert S. Strauss	Special Trade Representative
William N. Walker	Deputy Special Representative
Alan W. Wolff	General Counsel
John C. L. Donaldson	Assistant Special Representative
Geza Feketekuty	Assistant Special Representative
William B. Kelly	Assistant Special Representative
Stephen L. Lande	Assistant Special Representative
Paul T. O'Day	Assistant Special Representative

### **(1977/78 U.S. Government Manual Supplement)\***

Robert S. Strauss	Special Trade Representative
Alan W. Wolff	Deputy Special Representative
Alonzo McDonald	Deputy Special Representative
Richard Rivers	General Counsel
John C. L. Donaldson	Assistant Special Representative
Geza Feketekuty	Assistant Special Representative
William B. Kelly	Assistant Special Representative
Stephen L. Lande	Assistant Special Representative
James Starkey	Assistant Special Representative
Richard Heimlich	Assistant Special Representative
Michael B. Smith	Textile Negotiator

### **(1979/80 U.S. Government Manual)**

Robert S. Strauss	Special Trade Representative
Alan W. Wolff	Deputy Special Representative
Alonzo McDonald	Deputy Special Representative
Richard Rivers	General Counsel
John C. L. Donaldson	Assistant Special Representative
Geza Feketekuty	Assistant Special Representative
William B. Kelly	Assistant Special Representative
Stephen L. Lande	Assistant Special Representative
James Starkey	Assistant Special Representative
Richard Heimlich	Assistant Special Representative
Michael B. Smith	Textile Negotiator

\*According to the Government Printing Office and the Library of Congress, a 1978/79 edition of the U.S. Government Manual was not printed.

**OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE  
(1980/81 U.S. Government Manual)**

<b>Reubin</b> O'D. Askew	USTR
Robert D. <b>Hormats</b>	Deputy USTR
Michael B. Smith	Deputy USTR, Geneva
H. Reiter Webb	Chief Negotiator for Textile Matters
Robert C. Cassidy, Jr.	General Counsel
John C. L. Donaldson	Assistant USTR ( <b>Congressional/Public</b> Affairs)
Geza <b>Feketekuty</b>	Assistant USTR (Policy)
Ann Hughes	Assistant USTR (Interagency Coordination)
Stephen L. <b>Lande</b>	Assistant USTR (Bilateral Affairs)
<b>Richard Heimlich</b>	Assistant USTR (Industry)
Donald Nelson	Assistant USTR (Agriculture)
Douglas <b>Newkirk</b>	Assistant USTR ( <b>GATT</b> )
John E. Ray	Assistant USTR (Bilateral Affairs)
David F. <b>Demarest**</b>	Assistant USTR (Public and Intergovern- mental Affairs)

**(1981/82 U.S. Government Manual)**

William E. Brock	USTR
David R. Macdonald	Deputy USTR
Michael B. Smith	Deputy USTR, Geneva
Peter Murphy	Chief Negotiator for Textile Matters
Donald <b>deKeiffer</b>	General Counsel
Steve <b>Saunders</b>	Assistant USTR ( <b>Congressional/Public</b> Affairs)
Geza Feketekuty	Assistant USTR (Policy)
Ann Hughes	Assistant USTR (Interagency Coordination)
Stephen L. Lande	Assistant USTR (Bilateral Affairs)
<b>Doral</b> Cooper	Assistant USTR (Developing Countries)
Richard Heimlich	Assistant USTR (Industry)
Donald Nelson	Assistant USTR (Agriculture)
Douglas Newkirk	Assistant USTR (GATT)
John E. Ray	Assistant USTR (Bilateral Affairs)
David F. <b>Demarest**</b>	Assistant USTR (Public and Intergovern- mental Affairs)

**\*\*In** the course of our research, we discovered a few names of individuals who were senior USTR officials NOT listed in the U.S. Government Manual.

### (1982/83 U.S. Government Manual)

William E. Brock	USTR
David R. <b>Macdonald</b>	Deputy USTR
Michael B. Smith	Deputy USTR, Geneva
Peter Murphy	Chief Negotiator for Textile Matters
Donald <b>deKieffer</b>	General Counsel
Geza <b>Feketekuty</b>	Assistant USTR (Services and Policy Planning)
Harvey Bale	Assistant USTR (Investment)
James Murphy	Assistant USTR (Europe and Japan)
<b>Doral</b> Cooper	Assistant USTR (Pacific, Asia, Least Developing Countries, Generalized System of Preferences)
William <b>Krist</b>	Assistant USTR (Acting; Industry)
Donald Nelson	Assistant USTR (Agriculture and Commodity Policy)
Douglas <b>Newkirk</b>	Assistant USTR ( <b>GATT</b> )
John E. Ray	Assistant USTR (East-West, Non-Market Economies)
Jon <b>Rosenbaum</b>	Assistant USTR (Americas)
David F. <b>Demarest**</b>	Assistant USTR (Public and Intergovernmental Affairs)

### (1983/84 U.S. Government Manual)

William E. Brock	USTR
Michael B. Smith	Deputy USTR
Robert E. <b>Lighthizer</b>	Deputy USTR
Peter Murphy	Deputy USTR
Claud Gingrich	General Counsel
Richard <b>Imus**</b>	Chief Textile Negotiator
Geza Feketekuty	Assistant USTR (Services and Policy Planning)
Harvey Bale	Assistant USTR (Investment)
James Murphy	Assistant USTR (Europe and Japan)
<b>Doral</b> Cooper	Assistant USTR (Pacific, Asia, Least Developing Countries, Generalized System of Preferences)
William <b>Krist</b>	Assistant USTR (Industry)
Donald Nelson	Assistant USTR (Agriculture and Commodity Policy)
Douglas Newkirk	Assistant USTR (GATT)
John E. Ray	Assistant USTR (East-West, Non-Market Economies)
Jon Rosenbaum	Assistant USTR (Americas)
David F. <b>Demarest**</b>	Assistant USTR (Public and Intergovernmental Affairs)

### (1984/85 U.S. Government Manual)

William E. Brock	USTR
Michael B. Smith	Deputy USTR
Robert E. Lighthizer	Deputy USTR
Peter Murphy	Deputy USTR, Geneva
Claud Gingrich	General Counsel
Richard Imus**	Chief Textile Negotiator
Geza Feketeaky	Assistant USTR (Services and Policy Planning)
Harvey Bale	Assistant USTR (Investment)
James Murphy	Assistant USTR (Europe and Japan)
Doral Cooper	Assistant USTR (Pacific, Asia, Least Developing Countries, Generalized System of Preferences)
William Krist	Assistant USTR (Industry)
Donald Nelson	Assistant USTR (Agriculture and Commodity Policy)
Douglas Newkirk	Assistant USTR (GATT)
John E. Ray	Assistant USTR (East-West, Non-Market Economies)
Jon Rosenbaum	Assistant USTR (Americas)
William Maroni	Assistant USTR (Congressional Affairs)
David F. Demarest**	Assistant USTR (Public and Intergovernmental Affairs)

### (1985/86 U.S. Government Manual)

Clayton Yeutter	USTR
Michael B. Smith	Acting USTR and Deputy USTR
Robert E. Lighthizer	Deputy USTR
Peter Murphy	Deputy USTR
Claud Gingrich	General Counsel
Richard Imus**	Chief Textile Negotiator
Geza Feketeaky	Assistant USTR (Services and Policy Planning)
Harvey Bale	Assistant USTR (Investment)
James Murphy	Assistant USTR (Europe and Japan)
Doral Cooper	Assistant USTR (Pacific, Asia, Least Developing Countries, Generalized System of Preferences)
William Krist	Assistant USTR (Industry)
Donald Nelson	Assistant USTR (Agriculture and Commodity Policy)
Douglas Newkirk	Assistant USTR (GATT)
Jon Rosenbaum	Assistant USTR (Americas)
David F. Demarest**	Assistant USTR (Public and Intergovernmental Affairs)

### **(1986/87 U.S. Government Manual)**

Clayton Yeutter	USTR
Michael B. Smith	Deputy USTR
M. Alan Woods	Deputy USTR
Michael A. Samuels	Deputy USTR
Peter Murphy	Special Negotiator for the Americas
Charles R. Carlisle	Chief Textile Negotiator
Alan F. Holmer	General Counsel
Geza Feketeekuty	Counselor to USTR
Roger Bolton	Assistant USTR (Public Affairs and Private Sector Liaison)
Sol Mosher	Assistant USTR (Congressional Affairs)
Harvey Bale	Assistant USTR (Trade Policy and Analysis)
Donald Phillips	Assistant USTR (Trade Policy Coordination)
James Murphy	Assistant USTR (Europe and the Mediterranean)
Jon Rosenbaum	Assistant USTR (Latin America, Caribbean and Africa)
Joseph A. Massey	Assistant USTR (Japan and China)
Peter F. Allgeier	Assistant USTR (Asia and the Pacific)
Charles H. Blum	Assistant USTR (Multilateral Trade Negotiations)
W. Douglas Newkirk	Assistant USTR (GATT)
S. Bruce Wilson	Assistant USTR (Industry and Services)
Suzanne Early	Assistant USTR (Agriculture)

### **(1987/88 U.S. Government Manual)**

Clayton Yeutter	USTR
Michael B. Smith	Deputy USTR
M. Alan Woods	Deputy USTR
Michael A. Samuels	Deputy USTR
Peter O. Murphy	Special Negotiator for the Americas
William Houston	Chief Textile Negotiator
Alan F. Holmer	General Counsel
Geza Feketeekuty	Counselor to USTR
Roger Bolton	Assistant USTR (Public Affairs and Private Sector Liaison)
Sol Mosher	Assistant USTR (Congressional Affairs)
Harvey E. Bale, Jr.	Assistant USTR (Trade Policy and Analysis)
Donald Phillips	Assistant USTR (Trade Policy Coordination)
James M. Murphy, Jr.	Assistant USTR (Europe and the Mediterranean)
Jon Rosenbaum	Assistant USTR (Latin America, Caribbean and Africa)
Joseph A. Massey	Assistant USTR (Japan and China)
Peter F. Allgeier	Assistant USTR (Asia and the Pacific)

### (1987/88 U.S. Government Manual, continued)

Charles H. Blum	Assistant USTR (Multilateral Trade Negotiations)
W. Douglas Newkirk	Assistant USTR (GATT)
S. Bruce Wilson	Assistant USTR (Industry and Services)
Suzanne Early	Assistant USTR (Agriculture)
Michael Doyle	Assistant USTR (Administration)

### (1988/89 U.S. Government Manual)

Clayton Yeutter	USTR
Michael B. Smith	Deputy USTR
Alan Holmer	Deputy USTR
Michael A. Samuels	Deputy USTR, Geneva
Peter O. Murphy	Special Negotiator for the Americas
William Houston	Chief Textile Negotiator
Donald Steinberg**	Chief Textile Negotiator
Judith Hippler Bello	General Counsel (Acting)
Geza Feketeakuty	Counselor to USTR
Roger Bolton	Assistant USTR (Public Affairs and Private Sector Liaison)
Sol Mosher	Assistant USTR (Congressional Affairs)
Harvey E. Bale, Jr.	Assistant USTR (Trade Policy and Analysis)
Donald Phillips	Assistant USTR (Trade Policy Coordination)
James M. Murphy, Jr.	Assistant USTR (Europe and the Mediterranean)
Jon Rosenbaum	Assistant USTR (Latin America, Caribbean and Africa)
Joseph A. Massey	Assistant USTR (Japan and China)
Peter F. Allgeier	Assistant USTR (Asia and the Pacific)
Charles H. Blum	Assistant USTR (Multilateral Trade Negotiations)
W. Douglas Newkirk	Assistant USTR (GATT)
S. Bruce Wilson	Assistant USTR (Industry and Services)
Suzanne Early	Assistant USTR (Agriculture)
Michael Doyle	Assistant USTR (Administration)



**(1989/90 U.S. Government Manual)**

<b>Carla Hills</b>	USTR
Julius L. <b>Katz</b>	Deputy USTR
S. Linn Williams	Deputy USTR
<b>Rufus Hawkins Yerxa</b>	Deputy USTR, Geneva
Joshua Bolten	General Counsel
Geza <b>Feketekuty</b>	Counselor to USTR
Ronald <b>Sorini</b>	Chief Textile Negotiator
Mary <b>Tinsley</b>	Assistant USTR (Congressional Affairs)
James M. Murphy, Jr.	Assistant USTR (Europe and the Mediterranean)
<b>Jon Rosenbaum</b>	Assistant USTR (Latin America, Caribbean and Africa)
Joseph A. Massey	Assistant USTR (Japan and China)
Peter F. <b>Allgeier</b>	Assistant USTR (Asia and the Pacific)
Warren Lavorel	Assistant USTR (Multilateral <b>Trade</b> Negotiations)
W. Douglas <b>Newkirk</b>	Assistant USTR ( <b>GATT</b> )
Donald Phillips	Assistant USTR (Industry)
S. Bruce Wilson	Assistant USTR (Services)
Suzanne Early	Assistant USTR (Agriculture)
David Burns	Assistant USTR (Administration)
Victoria <b>Clark**</b>	Assistant USTR (Public, Private and Intergovern- mental Affairs)
Sandra <b>Kristoff**</b>	Assistant USTR (Asia and the Pacific)
Charles <b>Roh**</b>	Assistant USTR (North American Affairs)