

ELECTRONICS

CHECKS AND IMBALANCES

By Michael C. Maibach

December 1990

In 1989, Ronald Reagan accepted \$2 million for a couple of speeches in Japan. The same year, a former U.S. Trade Representative received \$16,500 per month to represent a Japanese auto company, commenting that everyone is “entitled to representation.” Would an ex-MITI minister lobby for GM?

Foreign lobbying has many Americans irate. Perhaps we should adopt tougher lobbying restrictions. But we also need to examine the political implications of foreign lobbying and why there is so much of it in the nation’s capital today. The concern is that our system of checks and balances—meant to reconcile the competing interests of U.S. citizens and companies—is now being used to give equal standing to the industries and governments of other nations. We owe it to our democracy to be clear about the implications. It is no accident that just as the importance of our government’s commercial policies is increasing; they are being influenced from abroad on an unprecedented scale.

But the real problem is not foreign lobbying alone. The real problem is the lack of clarity about America’s national commercial interests—the lack of a U.S. trade and competitiveness policy that enhances growth and deals effectively with our trade partners when their behavior puts U.S. interests at an unfair disadvantage. When U.S. policy fails Americans, business leaders file trade legislation, and otherwise “lobby Washington.” This engenders a predictable response from Japan and others that have learned how to neutralize governmental action through the American system of checks and balances.

So what is to be done? Allow me to suggest the following reforms.

First and foremost, the nation must make a commitment to commercial success. Our political leaders must sound the call to excellence in enterprise. “Hands off” must be replaced by “Let’s win!” Presidents have challenged us to go to the moon and to topple the Berlin Wall. Yet not one has challenged America to be No. 1 in the Information Age.

Second, we need an effective trade and investment policy. "Reciprocity" will become the watchword in the 90s. If we cannot sell in another country or buy their companies, it is fair to start asking why access to America is not leveraged.

Third, we must also require full disclosure on who is lobbying for whom. Former presidents should never receive foreign compensation-something that should go without saying. Former Cabinet members and Congressmen should not serve foreign clients. Junior trade officials should have a "cooling off" period of three to five years before selling what they learned at the taxpayers' expense to foreign interests.

Finally, the participation of foreign companies in U.S. elections must be reviewed and sound policy adopted. Elections are the sacrament of democracies.

Alexander Hamilton wrote these words as America confronted European mercantilism: "Let Americans disdain to be the instruments of European greatness! Let the 13 states...concur in erecting one great American system superior to the control of all transatlantic force or influence." In fairness, the world is more complex than it was in 1787. The rise of the multinational corporation, the advent of jet travel, telecommunications, and much more have blurred the lines called "domestic" and "foreign."

Nevertheless, there are important American commercial interests, and we must begin to clearly define them. Like it or not, the nation state" remains the world's fundamental organizing principle. Men and women still give their lives for their countries; none yet, for their companies.

© Michael C. Maibach is the Director of Government Affairs at the Intel Corporation. He resides in California's Silicon Valley.