

The Washington Post

Lobbyists Cite 'Danger,' But Also See Opportunity

Michael Weisskopf

The solicitation sent last week to dozens of corporations, trade associations and lobbyists rang with urgency.

"It is imperative," said the memorandum from the lobbying law firm of O'Connor and Hannan, that they organize quickly to counter President-elect Clinton's proposal to eliminate the tax deduction companies now enjoy for lobbying expenses. There is a "real danger" that a "sweeping" measure "will gain irreversible momentum," the letter said.

Although Clinton has not mentioned the lobbying deduction since the election, his campaign proposal to kill it is the kind of message that conveys a sense of danger - and opportunity - for Washington's agents of influence.

The lobbying suites here are on high alert generally as the first Democratic government in 12 years prepares to take over. The long Republican reign ingrained a culture and way of doing business that could now change, in unpredictable ways.

Within days of President Bush's defeat, lobbyists began fashioning new strategies to win friends and influence people. The head of one firm here circulated a memo declaring that the "rules of engagement for policy wars in Washington are being rewritten. . . . It is no longer a question of who you know but rather a question of what you know." Other firms hired more Democrats and raised money for last Tuesday's dinner of the Democratic Leadership Council, of which Clinton was a founder.

Representatives of virtually all regulated industries attended the black-tie dinner. Its \$3.2 million in receipts far exceeded past DLC fund-raising events.

Some lobbyists there had only recently discovered the DLC, such as Jim Tozzi, a former Office of Management and Budget official known for his regulation-cutting expertise in Ronald Reagan's White House.

The presence of Tozzi, named in the dinner program as a member of the DLC's board of advisers, surprised one guest who made fun of his quick political conversion. The advisory seat is given to anyone who contributes at least \$10,000 to the organization.

"Tozzi, you're such a whore," the guest told him.

"So was Mary Magdalene, and it didn't hurt her billings," replied the lobbyist.

"I joined before the election," Tozzi explained later of his DLC membership. "I thought it would be a good place to meet Democratic movers and shakers."

Lobbyists closely associated with Democrats seem to be best positioned to catch the new political winds. The firm of Patton, Boggs & Blow counts among its partners Democratic National Committee Chairman Ronald H. Brown, who is the commerce secretary-designate. A National Journal cover Oct. 10 featured a picture of partner Thomas H. Boggs Jr. under the headline, "Ready to Cash In On Clinton."

Clinton campaign chairman Mickey Kantor is a partner in the law firm of Manatt, Phelps, Phillips & Kantor, which is based in Los Angeles.

But even Republican firms expect to profit. Clinton pledges a more activist role for government, raising fears in corporate board rooms of regulation - the best advertisement for lobbyists. Clients of Timmons & Co., for example, are peppering the firm with questions about new regulation of pharmaceuticals, banks and television, said Tom Korologos, president of the largely Republican firm.

Korologos lives by a lobbying axiom passed on by Richard M. Nixon the last time Democrats seized power. "When the Republicans are in office, every corporate executive thinks he has friends in the White House," the former president told the lobbyist a few weeks before Jimmy Carter's inauguration in 1977.

"When the Democrats are in Washington, corporate America knows it must have help and Republican {lobbying} firms flourish," Nixon said, according to Korologos.

Still, Korologos's firm hedged its bet last week, hiring the Democratic chief of staff of the House Energy and Commerce Committee.

But the O'Connor and Hannan firm, with strong Democratic connections, may have gotten the jump on business with its Dec. 7 solicitation to 60 businesses, trade associations and fellow lobbyists. The memorandum, written by partner Timothy W. Jenkins, suggested that a coalition be formed to seek an "agreeable alternative" to Clinton's proposal to eliminate the longstanding lobbying deduction.

No one knows precisely how much, overall, companies deduct - along with their other corporate expenses - to cover the salaries and entertainment costs of their Washington advocates. Critics of the deduction consider it a subsidy to the easy-spending habits of lobbyists, and they see the proposed coalition as a self-protection society of special interests.

"It's a sign of how important it is for Bill Clinton to put forward a proposal that really does effect change because of the power of these people to possibly stop it," said Ellen Miller, director of the Center for Responsive Politics.

Michael Colopy, of O'Connor and Hannan, said that rather than seeking to preserve business for lobbyists, the coalition idea was to protect the right of businesses and organizations, including nonprofit groups, to participate in government.

Among objections to Clinton's proposal noted in the memorandum is the difficulty of implementing it because of the "great deal of ambiguity and confusion" in the legal definition of lobbying.

Copyright The Washington Post Company Dec 15, 1992