



A Matter of Trust

**HOW THE REVOLVING DOOR UNDERMINES
PUBLIC CONFIDENCE IN GOVERNMENT—
AND WHAT TO DO ABOUT IT**

Revolving Door Working Group October 2005

EXECUTIVE SUMMARY

Download the full text of the report at www.revolvingdoor.info

The Revolving Door Working Group (www.revolvingdoor.info)

... committed to increasing public confidence in government

This paper was conceived and distributed by the Revolving Door Working Group, a network founded in 2005 to promote ethics in public service and an arm's length relationship between the federal government and the private sector. The Revolving Door Working Group investigates, exposes and seeks remedies for conflict-of-interest problems such as loopholes in revolving door laws, inadequate disclosure and other issues associated with the improper influence of the regulated community over the regulatory process.

Members of the Revolving Door Working Group have different ideas about how best to counter disproportionate industry influence on the formulation of public policy, and therefore on what measures will most effectively address the concerns raised in this paper about problems with the revolving door. However, the group endorses this paper's recommendations as necessary initial steps toward closing loopholes and tightening ethics laws so as to ensure integrity and fairness in federal government policymaking.

The authors of this paper wish to thank the following individuals who commented on draft versions: Beth Burrows, Charlie Cray, Sarah Diehl, George Draffan, Jane Rissler and Jeff Ruch. The final version, however, does not necessarily reflect all of their suggestions.

Members of the Revolving Door Working Group include:

- American Corn Growers Association
- Center for Corporate Policy
- Center for Environmental Health
- Center for Science in the Public Interest
- Center of Concern/Agribusiness Accountability Initiative
- Common Cause
- Corporate Research Project of Good Jobs First
- Edmonds Institute
- Government Accountability Project
- Institute for Agriculture and Trade Policy
- Organization for Competitive Markets
- Project On Government Oversight
- Public Citizen
- Public Employees for Environmental Responsibility
- Revolt of the Elders

For the names of additional members that signed on after the publication of this report, see www.revolvingdoor.info.

Executive Summary

PUBLIC CONFIDENCE IN THE INTEGRITY OF THE FEDERAL GOVERNMENT is alarmingly low. While numerous factors contribute to this phenomenon, one of the most potent is the widespread belief that government has been taken over by powerful special interests. Such a belief is not unfounded. Special interests—which these days mainly mean large corporations and their trade associations—spend huge sums on campaign contributions and lobbying.

Yet money is not the only way business exercises its influence; it also relies on the movement of certain people into and out of key policymaking posts in the executive and legislative branches. This movement, known as the *revolving door*, increases the likelihood that those making policies are sympathetic to the needs of business—either because they come from that world or they plan to move to the private sector after finishing a stint with government.

The revolving door is not new, but it seems to have become much more common. Recent administrations have appointed unprecedented numbers of key officials from the ranks of corporate executives and business lobbyists. At the same time, record numbers of members of Congress are becoming corporate lobbyists after they leave office, and it has become routine for top executive-branch officials to leave government and go to work for companies they used to regulate. As more and more officials are making policies affecting companies for which they used to work or will soon do so, actual and potential conflicts of interest are proliferating.

It is to address this problem that the Revolving Door Working Group was created and that this report was written. Our aim is twofold: to educate the public about the workings of the revolving door and the inadequacies of the current regulatory framework that governs it; and to propose a set of new measures to strengthen that framework.

This report first sets out to fill the need for a systematic overview of the various forms of the revolving door. These include:

- **THE INDUSTRY-TO-GOVERNMENT REVOLVING DOOR**, through which the appointment of corporate executives and business lobbyists to key posts in federal agencies establishes a pro-business bias in policy formulation and regulatory enforcement. We give some historical background on this practice (sometimes known as the “reverse revolving door”) and then detail the growing extent to which it has occurred in recent years in agencies such as the Occupational Safety and Health Administration, the Environment Protection Agency and the Departments of Agriculture, Energy and Defense.

- **THE GOVERNMENT-TO-INDUSTRY REVOLVING DOOR**, through which public officials move to lucrative private-sector positions in which they may use their government experience to unfairly benefit their new employer in matters of federal procurement and regulatory policy. We include brief profiles of some of the most egregious cases of recent years, including that of Darleen Druyun, who was found guilty of manipulating Defense Department procurement decisions to benefit Boeing while she was negotiating a job with the company.
- **THE GOVERNMENT-TO-LOBBYIST REVOLVING DOOR**, through which former lawmakers and executive-branch officials become well-paid advocates and use their inside connections to advance the interests of corporate clients. We look at the statistics on the rush to K Street while also profiling some brazen examples, such as Rep. James Greenwood, who apparently lost interest in a planned investigation of the pharmaceutical industry after he received an offer to head the leading biotechnology trade association.

This paper argues that there are at least six important reasons why the public should pay more attention to the revolving door:

- It can provide a vehicle for public servants to use their office for personal or private gain at the expense of the American taxpayer;
- The revolving door casts grave doubts on the integrity of official actions and legislation. A Member of Congress or a government employee could well be influenced in his or her official actions by promises of a future high-paying job from a business that has a pecuniary interest in the official's actions while in government. Even if the official is not unduly influenced by promises of future employment, the *appearance* of undue influence itself casts aspersions on the integrity of the federal government;
- It can provide some government contractors with unfair advantages over their competitors, due to insider knowledge that can be used to the benefit of the contractor, and potentially to the detriment of the public interest;
- The former employee may have privileged access to government officials. Tapping into a closed network friends and colleagues built while in office, a government employee-turned-lobbyist may well have access to power brokers not available to others. In some cases, these networks could involve prior obligations and favors. Former Members of Congress even retain privileged access to the Congressional gym, dining hall and floors of Congress.
- It has resulted in a highly complex but ultimately ineffective framework of ethics and conflict-of-interest regulations. Enforcing those regulations has become a virtual industry within the government, costing significant resources but rarely resulting in sanctions or convictions of those accused of violating the rules. As a result, ethics rules offer little or no deterrent to those who might violate the public trust; and
- The appearance of impropriety exacerbates public distrust in government, ultimately causing a decline in civic participation. It also demoralizes honest government workers who do not use their government jobs as a stepping stone to lucrative employment government contractors or lobbying firms.

After describing the various types of revolving-door conflicts of interest and pointing out the weaknesses in the existing rules framework, the paper proposes a set of policy reforms. These remedies seek to enhance transparency, increase vigilance, and establish mechanisms to reduce impropriety (whether perceived or actual) by establishing appropriate boundaries between public service and the pursuit of private interests. Among the specific proposals are:

- consolidation of ethics oversight entities in the executive branch and in Congress;
- granting the consolidated entities greater oversight and enforcement powers;
- standardization of conflict-of-interest rules throughout the federal government;
- adoption of procedures that would allow the Office of Government Ethics to rule a person ineligible for a certain post if that person’s employment background would tend to create frequent conflicts with the rule requiring impartiality on the part of federal employees;
- strengthening of recusal rules that bar appointees from handling matters involving their former employers in the private sector, including mandatory recusal on matters directly involving one’s employers and clients during the 24-month period prior to taking office;
- monitoring of recusal agreements by the Office of Government Ethics;
- prohibiting, for a period of time, senior officials from seeking employment with contractors that may have significantly benefited from policies formulated by those officials;
- restricting the granting of waivers that allow public officials to negotiate future employment in the private sector while still in office;
- extending the period during which officials cannot engage in lobbying after leaving office and expanding the scope of prohibited activities;
- requiring federal officials to enter into a binding ethics “exit plan” when leaving the public sector to clarify what activities will be prohibited;
- revoking the special privileges granted to former members of Congress while they are serving as lobbyists; and
- improving the reporting and disclosure of recusal agreements, waivers, lobbyist reports and other ethics filings.

The paper’s recommendations do not seek to disqualify all private-sector veterans from government service, nor do we suggest that federal officials be completely barred from moving to the business world. Yet there is clearly a need to strengthen the existing regulatory framework covering revolving-door activity and to tighten its enforcement. Doing so will go a long way toward restoring integrity to the federal government.



REVOLVING DOOR WORKING GROUP

**...committed to increasing
public confidence in government**

www.revolvingdoor.info