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BOOK REVIEWS

AGENTS OF INFLUENCE by Pat Choate. Alfred A. Knopf, New York, 1990. 206 pp. (excl. appendices and notes). \$22.95.

Scott M. Flicker, Esq.*

Pat Choate could not have chosen a more opportune time to publish *Agents of Influence*, his new critical analysis of Japanese political and economic activity targeted at the United States. Not long before the book was released, a division of the Mitsubishi group acquired an interest in the landmark Rockefeller Center in New York City. Sony Corp. had just purchased Columbia Pictures. Key U.S. "crown jewel" properties and businesses were coming under Japanese ownership, and concerns that Japan was achieving economic superiority over the U.S. were running high.

Other indicators suggest continuing difficult times for the U.S.-Japan relationship and underscore the timeliness of Choate's effort. For example, there is a general view, expressed on Capitol Hill and in the press, that Japan is not shouldering its fair share of the risk or financial burden of the Persian Gulf conflict. In addition, the impending failure of the Uruguay Round of the General Agreement on Tariffs and Trade will force U.S. policymakers to place greater emphasis on bilateral agreements with our trading partners. This will strengthen the hand of those calling on the U.S. to adopt unilateral trade barriers against those countries, including Japan, whose markets are viewed as closed to U.S. exports and investment. (Indeed, some in Washington place part of the blame for failure of the Uruguay Round on Japan because of its apparent unwillingness to show flexibility on the issue of agricultural price supports.)

Given this climate, a systematic assessment of imbalances in the U.S.-Japan trade relationship, or a sober analysis of shortcomings in U.S. policy toward Japan, would add much to the important debate regarding how the United States should deal with its second-largest trading partner as we look toward the next century. Unfor-

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tunately, in *Agents of Influence* Pat Choate generates much heat, but sheds little light on this debate. In sometimes inflammatory prose, Choate paints a picture of a sinister and calculating Japan, plotting to destroy America's industries while placating our country's leaders and poisoning the minds of our children.

According to Choate, Japan is currently spending hundreds of millions of dollars each year to wage an organized campaign of political lobbying, media manipulation and propaganda. This campaign is supposedly designed to foster political and public acceptance of Japanese product exports to and economic ventures in the United States, while deflecting criticism of Japan's increased presence in our economy and its failure to accord reciprocal treatment to U.S. products and investors in Japan. *Agents of Influence* contains a number of interesting facts that illustrate the unmistakable rise of Japanese business influence in the U.S. economy. According to Choate, Japanese entities:

- Own \$285 billion of America's direct and portfolio assets.
- Control more than \$329 billion of U.S. banking assets (a 14 percent share of the U.S. market).
- Control more than 25 percent of California's banking assets and 30 percent of its outstanding loans.
- Possess more real estate holdings in the United States than the members of the European Community combined.
- Routinely purchase 30-40 percent of U.S. Treasury securities.
- Trade up to 25 percent of the daily volume on the New York Stock Exchange.
- Produce nearly 20 percent of the semiconductors sold in the United States; more than 30 percent of the automobiles; almost half the machine tools; and a majority of the consumer electronics, among dozens of other goods and services.

Choate contends that in order to protect and nurture this significant presence in our markets, the Japanese are weaving a "complex infrastructure of political influence" and funding a vast propaganda campaign in order to "co-opt politicians, shape public opinion, finance political campaigns, silence or isolate critics, and blackball appointees to high federal positions."

Even worse, according to Choate, the United States has created the conditions that permit the Japanese to exploit our economy and our government, and Americans are helping them do it. Our economy is vulnerable to Japanese attack, Choate argues, because we have naively grasped the free trade model and have refused to employ barriers to protect our markets from predatory foreign imports and investment, even though Japan and other countries are jealously protecting their own markets. Moreover, because of our tremendous budget deficit, we have become increasingly dependent on the influx of foreign capital — especially from the Japanese. We

are not create a less friendly foreign investment climate for fear of losing this vital source of credit.

At the same time, Choate writes, Japan is able to manipulate our government in two ways. First, our election laws permit U.S. subsidiaries of Japanese companies to make massive political contributions through their political action committees, rendering candidates beholden to these Japanese interests. Second, soon after leaving office, powerful former government officials in this country regularly sell their expertise to foreign companies and governments. These high-priced "agents of influence" stalk the halls of Congress and the Executive Branch, subverting America's interests for the sake of money, while convincing this country's leaders to turn a blind eye to the damage being done. (*Agents of Influence* contains a forty page appendix compiled from publicly-available records listing former U.S. government officials who have registered as representatives of foreign governments and businesses.)

A number of the issues Choate raises in *Agents of Influence* are thought-provoking and deserve reasoned analysis: whether it makes sense for America to adhere to a free-trade model in a largely protectionist world economy; whether the U.S. budget deficit is inhibiting our flexibility to deal realistically with our trading partners; whether our campaign finance laws should be reformed to more greatly diffuse the influence of individual contributors; and whether former government officials should be barred permanently or for some period of time from working for either domestic or foreign private interests.

However, *Agents of Influence* does not give these important questions the treatment they deserve. In Choate's view, all foreign influence is bad, and Japanese influence is the worst. Any former government official who represents a Japanese company thereby subverts American interests. Every U.S. official who acts or rules in favor of the Japanese on a trade issue has either been manipulated by a clever lobbying campaign or is mesmerized by the prospect of working for the Japanese after leaving government service. It is not so much that Choate has the facts wrong, but rather that the inferences he draws from those facts are consistently slanted. For example, Choate cites a 1989 Treasury Department ruling that imported utility vehicles, like sport trucks and jeeps, could be treated as passenger cars for the purpose of lower tariff assessments, despite an earlier finding by the Customs Service that such vehicles should be assessed the higher tariff for trucks. Choate attributes this result to sinister pressure and lobbying on the Treasury Department by Japanese foreign agents, but fails to mention the substantive merits of the Treasury Department's ruling (e.g., the fact that these vehicles compete for sales in the passenger car market and are treated by most consumers as passenger vehicles). *Agents of Influence* is re-

plete with this sort of one-sided assessment. The reader gets the sense that Choate is committed to his conclusions, facts and analysis notwithstanding.

Nowhere is Choate's single-mindedness more evident than in his discussion of "Japanese propagandizing." He accuses Japan of "confounding" America's population and leaders through "one of the best-organized, least visible propaganda machines in the world." What is the aim of this effort? To persuade Americans "to adopt views that are favorable to Japan." This malevolent goal is accomplished, according to Choate, by public relations firms and international trade advisors who are hired by Japanese industry and the Japanese government to convince the U.S. government and the public that foreign investment is good for the U.S. economy. Choate fails to acknowledge the legitimacy of foreign participation as a constructive force in our economy, simply because such participation is often advocated by interests that stand to benefit from an open investment policy in this country. Choate's view at the very least insults the ability of the American people and U.S. policymakers to distinguish between the message and the messenger and to consider these issues on their merits.

Choate's treatment of Japanese "propaganda" efforts becomes almost outrageous when he discusses cultural exchange and education programs sponsored by the Japanese government. After citing statistics suggesting that Americans are uniformly uneducated about U.S. and world history, economics, social sciences or foreign cultures, Choate accuses Japan of "reshaping" American education by offering U.S. elementary and secondary school teachers all-expenses-paid tours of Japan. The idea is to provide educators with a positive first-hand impression of Japan, which they will then convey to their students. Choate quotes one of the American organizers of this effort to illustrate the effectiveness of inviting Americans to visit Japan:

The Americans returned feeling affection for the Japanese as human beings, as well as expressing admiration for their many accomplishments. . . . We were sure it would be even more worthwhile to take American teachers to Japan — because the effects of their positive response to the Japanese people they would meet, and the things they would see, would be transmitted to America's children and go on for many, many years.

And Japan's efforts do not stop there. The visiting teachers are expected to write reports to describe their experiences. The purpose of this writing requirement is to "reinforce the teachers' positive impression of their tour, and the reports are often converted into articles for the teachers' school or community newspapers."

It is extremely difficult, if not impossible, to determine exactly what is wrong with such an exercise in cultural exchange. Choate

appears to contend that the Japanese government's attempts to foster better understanding between our disparate societies is improper and manipulative. Would he prefer that our educators and students not get first-hand exposure to other cultures? Choate does raise the legitimate point that some of the educational materials provided by the Japanese, not surprisingly, omit a number of the less savory aspects of Japan's history, like its military exploits in the Far East. But his assumption that U.S. educators who have been treated well by the Japanese will fail to provide balanced information to their students on Japan and its history is offensive and extremely paternalistic. It is also sadly consistent with Choate's characterization of the U.S. government and the American population as a whole.

At base, Choate has produced a work that appears designed more to fan the flames of anti-Japanese sentiment in the U.S. than to inform the current debate over the proper future direction of U.S.-Japan relations. This is unfortunate, because (the Persian Gulf conflict notwithstanding) the emerging world order is likely to be shaped more by economic factors than by military ones. America possesses the largest economy of any country by far, and thus has the greatest ability to influence the direction of this emerging system. Our goal should be to foster and develop positive working relationships with the other major economies of the world, not to assume a defensive and isolated posture. In his writings and testimony before congressional committees, Pat Choate has in the past argued articulately that we should not turn a blind eye to the concerns raised by increasing foreign participation in our economy and our society. His prominence and participation in this debate makes the stridency of *Agents of Influence* all the more disappointing.