

# Government's Influential Corporate Advisers

by Michael Smallberg



When George Washington's administration was confronted by the Whiskey Rebellion in 1791, government assembled a group of private citizens to report on the situation. According to an account from the time, one of the group's first decisions was to keep its meetings private, so there could be "more frank and full communication" of "sentiments and intentions." Thus began the government's long-standing, and at times controversial, reliance on outside advisers to discuss the most pressing issues of the day in private.

Fast forward to 2012, when 70,000 individuals served on advisory panels throughout the federal government, and total government spending on advisory committees exceeded \$350 million. These advisory committees—which have been called the "fifth arm of government" — are now required by law to operate with a basic degree of transparency. What's more, President Obama—in an effort to reduce the "undue influence of special interests" — has directed federal agencies to remove lobbyists from their advisory committees.

But these rules have hardly ended the government's sometimes-less-than-transparent relationship with advisers representing corporate interests. Many advisory board members support policies that can benefit their private-sector employers or industries. They also get an inside look at the government's needs and advise their employers about future policies and programs.

The Defense Policy Board and Defense Science Board—powerful committees that advise senior Pentagon officials on a wide range of policy issues—have been occupied over the years by members who also served as executives and board members for top defense contractors. Recent members include Pentagon officials who went through the "revolving door" to the defense industry, such as Edward A. Adler, a former official at the Defense Advanced Research Projects Agency and director at Boeing; Judith A. Miller, a former Department of Defense general counsel and director at Bechtel; and John M. Keane, a former Army vice chief of staff and director at General Dynamics.

Outside researchers who evaluate drugs for the

Food and Drug Administration often have current or past ties to the pharmaceutical companies that manufacture those drugs. In December 2011, a joint FDA advisory committee met to consider the benefits and risks of Yaz and Yasmin, popular oral contraceptives. A majority of committee members voted "yes" that the benefits outweigh the risks, even though recent studies had shown that Yaz and Yasmin were likely to cause blood clots. What the government did not reveal was that four committee members who voted "yes" had past financial arrangements with Bayer—the manufacturer of Yaz and Yasmin—or with other pharmaceutical companies that had a stake in the committee's decision.

Committees that advise the Secretary of Energy are often filled with energy industry representatives. These advisory committees, known as The National Coal Council and National Petroleum Council, are dominated by representatives from the coal, oil, and natural gas industries, including executives from the American Coal Council, BP, Exxon Mobil, and Shell. Not surprisingly, these committees have advocated for the increased use of coal, oil, and natural gas to meet US energy needs.

To make matters worse, agency regulations and court decisions have allowed some advisory committees and subcommittees to operate in secret. In addition, some committee members who are supposed to be providing their unbiased expertise to the government have been excused from complying with federal conflict-of-interest rules.

President Obama and Congress should remove or modify conflict of interest and Freedom of Information Act exemption and waiver provisions for advisory board members and ensure that unclassified portions of board meeting minutes are publicly available. They should also enact an Executive Branch-wide law requiring federal advisory committee members to recuse or disqualify themselves from any discussion on matters where they or their private employer or client have a significant financial interest. This disclosure or recusal statement, including name, title and employer, should be filed with the Office of Government Ethics and made publicly available.

*Michael Smallberg is an investigator at the Project for Government Oversight.*

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