

How the World Works

by William R. Hawkins

The Iron Triangle: Inside the Secret World of the Carlyle Group

by Dan Briody
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210 pp., \$24.95



As an economics professor, I taught from the Chicago School scripture about the superiority of private business over any contending sector of society. I could never teach so naively again after spending almost a decade observing the Washington legislative sausage factory. Republicans and New Democrats have merged business interests and government policy into a symbiotic beast that feeds on pork and payoffs. The measure of political viability for any candidate depends on how much campaign money can be raised from lobbyists, and the prospect for any piece of legislation rests with the balance of special interests for and against it. Public opinion counts for little. And, while most conservatives breathe easier when petty concerns push grander “socialist” ideologies off the stage, the spread of venality also means the absence of any guiding sense of common interest or national purpose.

Wealth and social status, successful enterprise and political power have always intermixed, of course, and this is not inherently bad. Alexander Hamilton hoped to use the national debt and industrial tariffs to create a business class whose personal interests would support public policy and the Constitution. The question is, *How do we keep the tail from wagging the dog?*

One of the worst examples of tailspin occurred just before the 1998 elections. The Business-Industry Political Action Committee (BIPAC, appropriately pronounced “Buy-PAC”) sent out memos blasting Republicans for “coddling social conservatives” at the expense of corporate America. The GOP quickly put a package of “free trade” measures at the top of a reworked congressional agenda, including “fast track” negotiating authority for President Clinton, trade agreements with Africa and the Caribbean to access more cheap labor, and \$18 billion for the International Monetary Fund. This selection

of issues indicated that the GOP was being pressured to perform as the “running dog” of a specific kind of capitalism—the transnational kind, whose promotion cannot be considered Hamiltonian. Sadly, this situation still endures.

The close connection between business and politics sets in motion a “revolving door” or “iron triangle” between public office and private career, where advancement often depends on blurring the distinction between roles and duties. Even after holding control of Congress for nearly a decade, Republican leaders continue to lecture K Street that they only want to see lobbyists who have records of service to GOP officials (or who are former GOP officials). This creates very lucrative job opportunities in the private sector for those working in the public sector, if only they play ball and consider their future placement when performing their current duties.

Thus, I was prepared to give a favorable reading to journalist Dan Briody’s book *The Iron Triangle: The Secret World of the Carlyle Group*. However, I must give this book a failing grade. It is a hatchet job, written from a left-liberal perspective that condemns the Carlyle Group for all the wrong reasons.

Briody’s basic hostility toward Carlyle stems from the fact that it is primarily a defense business run by people with a record of supporting a muscular American foreign policy. The dust jacket and first chapter have Briody trotting out President Eisenhower’s tired warning about a “military-industrial complex,” and the book goes downhill from there. Carlyle struggled as an equity fund until Frank Carlucci, a secretary of defense during the Reagan administration, came on board. Carlucci initiated a series of defense-company buyouts after the Cold War, when the industry was downsizing and restructuring.

Briody does not fault the business competence of Carlyle. When the group took over the military-aircraft division of the bankrupt LTV Corporation, Briody notes, they “managed to turn the flailing company around.” Carlyle was then able to sell Vought Aircraft, which had been bought for \$35 million, to Northrup Grumman for \$130 million. Such deals strongly imply that Carlyle trades on its performance, not just its political connections. Yet Briody finds the very idea of making money from work in the defense industry to be sinister and never misses a chance to label Carlyle “war profiteers.”

A major asset of Carlyle is BDM, which was acquired from Loral in 1990. Briody describes BDM as “one of the most successful defense consultants in history.” BDM had been training the Saudi Arabian National Guard since the 1970’s. When Iraq invaded Kuwait, triggering the Gulf War, BDM did not send its people home, as did many other Western firms. Instead, “many of its employees fought right alongside the Saudis,” which Briody finds disturbing: a clandestine use of American veterans as nominally private warriors. He also complains that two former Carlyle properties, Sears World Trade and Vinnell (once part of BDM), may have served as fronts for CIA operations. He cites no instances where these operations were not in support of American foreign-policy objectives, however.

Briody complains instead of operations that were very much advantageous to the United States. For example, he exposes Carlucci for having, in 1994, “been involved in a clandestine arms deal, this time with the Soviets.” Of course, the “Soviets” no longer existed in 1994, so the deal was really with Belarus. The Defense Intelligence Agency hired BDM to acquire, through a front company, a Russian S-300 missile-defense system for study. Russia has been marketing this system to governments potentially hostile to the United States, so finding out more about its capabilities is what U.S. intelligence services are supposed to do. Again, however, Briody tries to portray this as something unseemly.

The crown jewel in Carlyle’s properties is United Defense, which manufactures the M2 Bradley infantry fighting vehicle, the mainstay of the U.S. Army. In an attempt to sully this firm’s reputation, Briody jumps into the controversy surrounding the cancellation of the Crusader self-propelled howitzer. He portrays the entire project as a boondoggle sustained by special-interest lobbying by the well-connected Carlyle cabal. Yet, at the heart of the Crusader issue was a very serious and ongoing debate over the future direction of the Army in both its composition and its armament.

According to Briody, the Crusader “was a gun designed to fight large scale, open field battles, the kind the United States had not fought since World War II.” He apparently forgot about the Korean and Gulf Wars. Indeed, the need for the Crusader came out of the Gulf Wars. The U.S. Army wanted a mobile gun that could keep up with fast-moving

armored columns and have a higher rate of fire than the currently deployed Paladin self-propelled gun.

The Army's continued focus on major-theater warfare ran afoul of the Clinton administration's post-Cold War view that "peacekeeping" rather than war-fighting would be the future American role. Peacekeepers would only need lighter vehicles (with less firepower and armor) that could be deployed faster by air to operate in remote areas. This assumption spawned the Future Combat System (FCS) program of building combat vehicles about half the size and weight of the Crusader, whose key characteristic is the ability to fit inside a C-130 transport plane. It is questionable, however, whether the diminutive FCS could have conducted the same decisive campaign that was just conducted in Iraq, spearheaded by America's "Cold War"-inspired tanks and heavy-infantry brigades.

The Army has been justifiably concerned about whether it will have the artillery support it needs. That is why the most effective lobbying effort in Congress to keep the Crusader program alive came not from Carlyle but from the Army leadership. Defense Secretary Donald Rumsfeld killed the Crusader, despite his close personal ties to members of the Carlyle Group (which Briody frequently mentions in other contexts), because he favors airpower over ground troops—a bias that has left American soldiers stretched thin around the world. I have discussed this issue with top Army brass and with security experts in think tanks and Congress for many years. The dispute is over military doctrine, not business interests.

What is most damning in Briody's book is not the author's factual errors and omissions but his resort to conspiracy theories and sensationalism. He cites approvingly the ravings of then-Rep. Cynthia McKinney (D-GA), who, in the days immediately after the September 11 terrorist attacks, implied

that the Bush administration knew the attacks were coming, allowed them to happen, and was now reaping the profits, both financial and political, through its connections to the Carlyle Group.

After all, Carlyle is a defense company, and, with the nation at war, it was bound to make money. And since former Presi-

dent George H.W. Bush is an advisor to Carlyle, some of that money could trickle down to his son, the current President George W. Bush! Without any shred of support other than McKinney's speech at Berkeley, Briody concludes, "in the end, McKinney received vindication . . . as enough information had emerged that indicated Bush's prior knowledge of the attacks."

Carlyle's investment in defense firms during the 1990's is easily understood. All "postwar" periods are destined to become "interwar" periods; that is how history works, claims by liberals since the end of the Seven Years War notwithstanding. All Briody has proved in this thin volume is that the Carlyle Group is run by realists and that he himself is the most boorish of liberals.

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Objective, Burma!

by Jeffrey Meyers

The Burma Road

by Donovan Webster

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The Burma campaign included some of the most charismatic and colorful soldiers of World War II: Vinegar Joe Stilwell and his X-Force, Claire Chennault and his Flying Tigers, Frank Merrill and his Marauders; the British commanders Harold Alexander, William Slim, Archibald Wavell, Claude Auchinleck, Orde Wingate and his Chindits, and Lord Louis Mountbatten, luxuriously ensconced in his headquarters in distant Ceylon; Chiang Kai-shek, Stilwell's commander and enemy; the Burmese nationalist Aung San (father of the current Burmese leader), who first supported the Japanese, belatedly joined the British in March 1945, and was assassinated by a rival political faction in 1947; the wild Naga tribesmen who served as guides, the ear-slashing Kachin Rangers, and the 60,000 slave laborers who built the Kwai railway.

The Burma campaign began in January 1942 with the Japanese invasion from

Thailand in the south. Chinese troops, with Stilwell as Chiang's chief of staff, invaded from the east, along the 715-mile Burma Road from Kunming to Lashio. After their initial defeat, the Chinese retreated to China; the British, to India. Stilwell led 100 Americans, including the Burma missionary-surgeon Gordon Seagrave, on foot and without losing one man, across the Indian frontier. The Japanese controlled Burma; the Allies reorganized for an offensive.

The Flying Tigers, operating from Kunming, supported the remaining Allied troops in Burma. Stilwell supplied the Chinese and kept them in the war by flying from Assam, over the Himalayas, to Kunming. Wingate's Chindits conducted guerrilla warfare against the railroads but were also forced back to India. During the British-Chinese invasion, the Chindits landed in gliders. Wingate was later killed in an air crash. After fierce jungle fighting, the Allies captured the crucial railhead at Myitkyina and continued southward despite the monsoons. The Chinese were forced to withdraw because of Japanese advances in southern China.

In a new offensive, the Japanese advanced upon British headquarters at Imphal, near the Indian border. The Burma Road was reopened, and the first convoy reached China. Allied troops—converging from India, northern Burma, and China—had overwhelming air support. In May 1945, the Japanese, cut off from supplies and weakened by battle, malaria, and starvation, were driven back into Thailand. It is cruelly ironic that, after the Allies changed strategy and decided to attack Japan through the Pacific islands, the overland approach to Tokyo became unnecessary. The fiercely contested "Burma Road had become obsolete even as it was being opened."

A few interesting details added by Webster include the fact that some Japanese soldiers were found chained to stone buildings, left with a scanty rice ration and a bit of ammunition to face the overwhelming enemy. Japanese prisoners choked themselves to death by eating their blankets. Chinese soldiers marched with the curious bitterness of men "who expected nothing but disaster." When a badly wounded American airman parachuted into a very tall tree and could not be rescued, his crewmen drew lots to decide who would have to shoot him. Suddenly, Kachins appeared from the jungle, "felled a smaller tree against the larger