

Harold Weisberg
Rt 8, Frederick, Md. 21701
12/2/74

Dear-Joe Goulden,

When we met at an ABA convention, I think, several years ago, you were going to come up and get copies of some FBI reports I have on you from the JFK assassination file I have, probably the world's largest private one.

I've published them, in a context I could not have given them as fully, in the fourth of my "underground" Whitewash series, along with those relating to Lonnie Hudkins.

A 90-page TOP SECRET executive session of the Warren Commission includes their deliberation on that flap. It, too, is in facsimile in this new book.

I was reminded of this in just reading your H & K piece in the October Washingtonian. Good piece. It appears to represent more work than one would ordinarily invest in a magazine piece. If you intend doing with p.r. firms what you did with lawyers, I can help. Especially with part of the H & K part they will not talk about.

Back in the 1930s when I was a Senate investigator I started investigating one of their clients. I was an unsophisticated kid and by the time they did their deed behind the scenes I was wondering how I'd managed to come through a meat-grinder.

Finally, if less effectively than I'd have liked, that committee did investigate their anti-labor work. I was then the committee's editor and not actively part of the follow-up investigation.

I don't think either Hill or Gray are proud that in those days they worked in harness with the most notorious strikebreaker of the period, Pearl Berghoff. In Akron, through a "citizens' committee" front. Hill was pretty imaginative. He "civilized" strikebreaking.

Sincerely,

Harold Weisberg

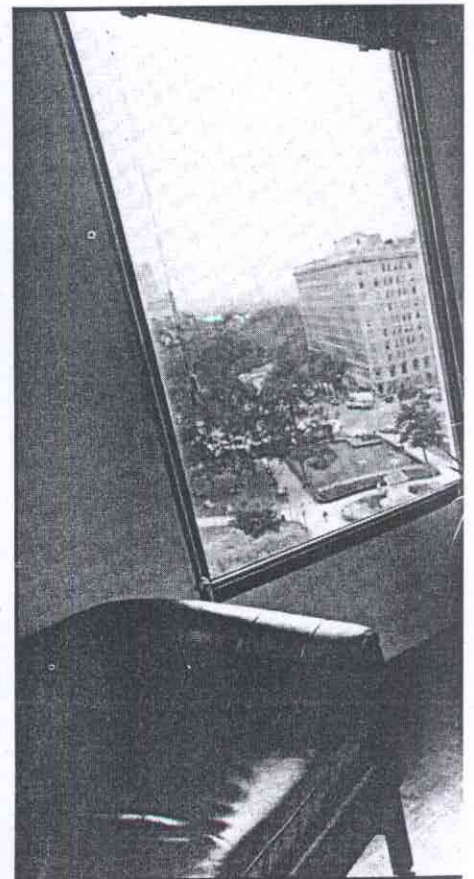
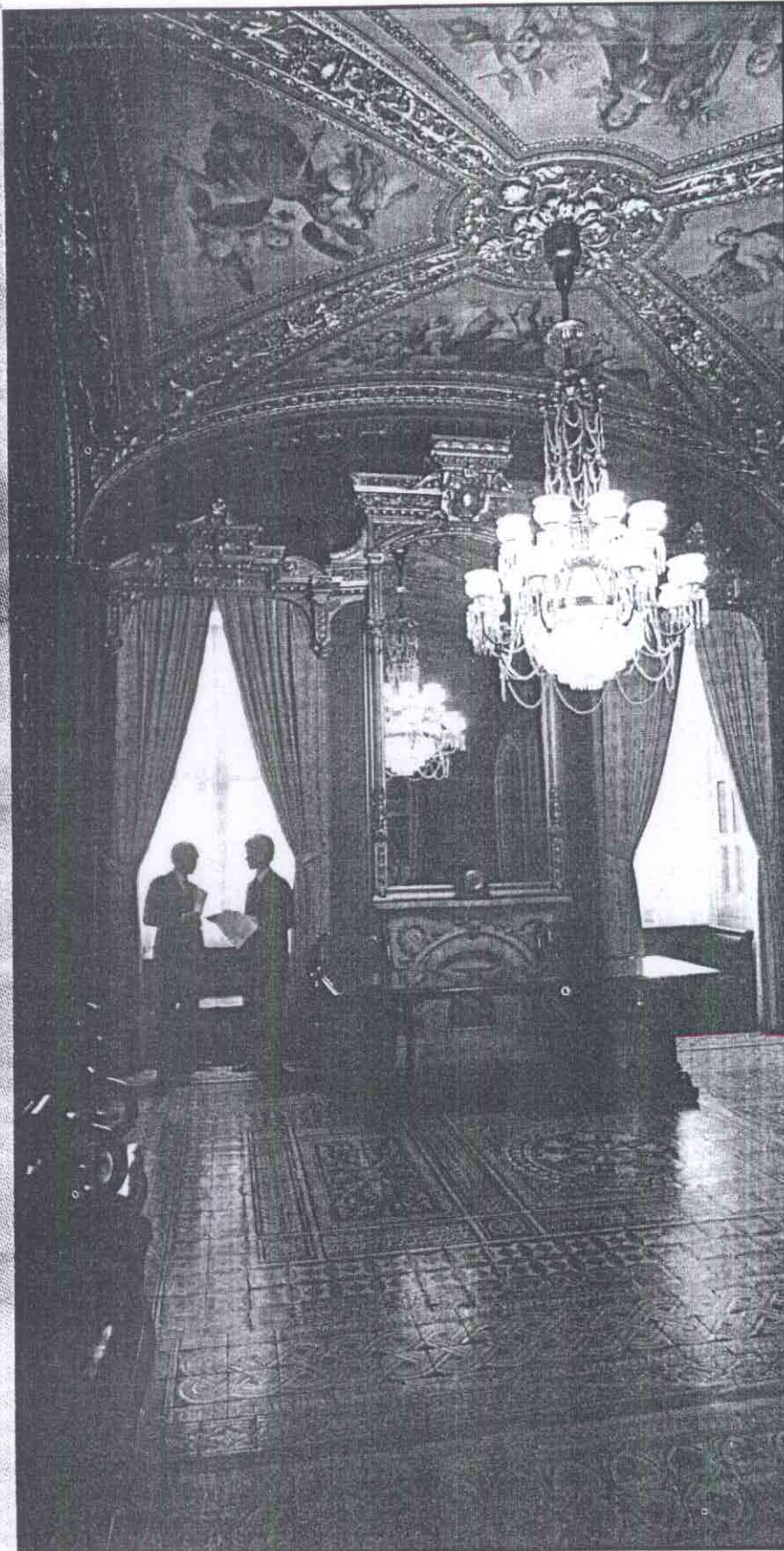
I Am Robert Ke I Have Social Co I Represent Pov I Get Things Do

By Joseph C. Goulden

One of Ralph Nader's young associates testified earlier this year at hearings on the industrial use of vinyl chloride, which is supposed to do awful things to one's body. Later, an account executive for Hill and Knowlton, the public relations firm representing the manufacturer, went over to the young lady. "I complimented her on a good presentation and asked if I could have a copy of her text. She asked who I represented. When I told her H&K, she sniffed and looked away." H&K didn't get the text.

Hill & Knowlton, however, can't be dismissed with a sniff. It is the largest public relations firm in the world, with

At left, Robert Keith Gray and his personal aide, Jim Jennings, in the Senate reception room of the Capitol. Below, the low-key, high-powered Gray in his comfortable tenth floor office on K Street.



Keith Gray. Connections. I Have Political Connections. Powerful Companies. I Work Very Quietly. I Do It Expensively and Well.

500-plus employees in 17 countries, offices in 36 US cities, and an extensive Washington operation. Nothing quite like H&K exists anywhere else in the city's lawyer-government-lobbyist establishments. What H&K sells — for a minimum of \$4,000 a month for corporations, \$5,000 a month for trade associations — is manipulation of the governmental process — in Congress, the regulatory agencies, the executive departments. People who have been brushed by the public relations colossus say it is powerful indeed, yet H&K can be near invisible. Its forte is making things happen, but without fanfare or credit.

And to be candid, after weeks of poking around and talking both with people in the firm and others who have had experiences with it, I'm uncertain what to make of it: Is H&K a certifiable menace, capable of corrupting the commonweal? Is it a

puffed-up paper dragon kept big by emissions of its own hot air; a ménage of flacks and pastured political hacks, nimble-toed performers of that old Washington hustle known as the rain dance that gets them many dollars for convincing naive corporate poobahs they can perform miracles? Or is it simply a nicely furnished office on K Street that offers a high-class guide service for industrialists who don't know the FTC from the FPC, and churns out background sheets putting clients' cases into A-B-C simplicity for the edification of Congressmen, regulators, and the press?

The surface evidence points to real power. H&K's Washington chief, Robert Keith Gray, is as well wired a Republican as you can find outside the White House. He spent the last five years of the Eisenhower regime in the White House west wing—first as patronage assistant to Sherman Adams, then as Presidential ap-

pointments secretary (between November 1957 and May 1958, Gray has boasted, "I had more hour-by-hour, day-to-day contacts with the President of the United States than did any other man in government"), finally as secretary to the cabinet (in those days, cabinet members actually came to the White House and sat at a table with the President and discussed matters of state). More recently, Gray regularly dated Rose Mary Woods, Richard Nixon's secretary, and people who know him say he enjoyed access to the former President's ear — via phone and quiet personal visits — even during the final isolation of Watergate. And as a Republican fundraiser Gray collects money in six-figure globs.

Because of Gray's prominence and political connections, most people see elephants when they look at H&K. But the firm also has Liz Carpenter, a Johnson Administration intimate and easily one of the most popular Democrats in town. Although Liz never carried a title higher than press secretary to Lady Bird, the LBJ White House used her as an idea generator, and she had more impact upon events than is generally recognized. Gray insists he hired her for her wit and ideas, not her political contacts, and adds that H&K has more Democrats than Republicans among its 34 Washington staff people. And until recently, Gray's number-two man here was Larry Merthan, onetime administrative assistant to former Senator Eugene McCarthy.

Consider, too, H&K's client list. Gray once exclaimed to an underling, "Do you realize the corporations we represent produce 14 percent of the gross national product?" H&K services the corporate interests that dominate the American economy: steel (American Iron & Steel Institute and a number of member companies); oil (American Petroleum Institute, along with four major oil companies and El Paso Natural Gas); aerospace (Aerospace Industries Association of America); marketing (Grocery Manufacturers' Association); consumer goods (Procter & Gamble); communications (National Association of Broadcasters, which paid H&K half a million dollars in a single cable TV fight); and other corporations ranging from Avco to Transamerica.

Further, according to Bob Gray, "There is hardly a Congressional district or a state in which we do not have a client



PHOTOGRAPHED BY SUSANNE ANDERSON

who is a big employer, and by that I mean of significant size in the district or state." Good will is not necessarily transferrable in Washington, and the fact that H&K works for Client A, who is powerful in a Congressman's home district, does not necessarily mean the Congressman will be friendly to Client B, located three states away. The important point is that H&K's wide range of clients gives it a wide range of Congressional and bureaucratic contacts: During any given year, rare is the Congressional office or government agency that does not receive at least one contact from H&K.

Political connections. Rich, important clients. Professional expertise — because of its size, H&K has resources for chores ranging from extensive attitudinal studies about a client's image to production of film strips and computer analyses of who is reading its press releases. A broad network of contacts, both on the Hill and in the regulatory agencies and the executive departments. In short, the trappings of power and influence in Washington.

Yet what does H&K actually accomplish?

I first called a broad range of people in and around the lobbying industry — Congressional sources, especially committee staff members; lawyers in the superfirms and the trade associations; reporters who write about matters affecting H&K clients; working-level officials at the regulatory agencies; often-tested informants who generally know who's doing what for whom in Washington.

Right away, an anomaly. Most of them knew H&K — or knew of H&K, to be more precise — and realized that it "had something to do with lobbying and PR." But a surprisingly large number reported no direct relations with it. Morton Mintz, for instance, the *Washington Post* reporter who has written perhaps more column inches on regulatory and consumer affairs than anyone in town, pondered a moment and said, "Aside from receiving those distinctive brown-and-white H&K envelopes, most of which I never even open, I can't recall any dealings with them at all." A staff man for Senator Charles Percy, deeply involved in legislation for the Consumer Protection Agency — a major lobbying target of H&K — said he wasn't even aware H&K was involved in the fight. H&K, for the record, devised the overall strategy for killing the proposed consumer agency in the Senate, and provided thousands of words of speech materials for such foes as Senators James B. Allen of Alabama and Sam Ervin of North Carolina; it worked on behalf of the Grocery Manufacturers Association, Procter & Gamble, and others.

Another for instance: The Senate Armed Services Preparedness Subcommittee kicked around H&K client Gruman Corporation for months for alleged botched financing. Yet when the sub-

Where is a picture of party giver-PR man Steve Martindale? Ever since Martindale talked too much to the *Post*'s Sally Quinn, Hill & Knowlton has all but locked him in his office: no interviews, no photographs, no more lunches at Sans Souci.

committee scheduled hearings in July, the panel's general counsel, Charles Cromwell, said H&K didn't pester him at all. "They called twice to see when the hearing was scheduled, and that's it. They did seem disappointed they were not the first to know." There are times when even H&K men feel an identity problem. Jerald Blizen, with the firm since 1969, notes, "When you deal with committee staffs, there's seldom a problem. But in a heck of a lot of Congressional offices, the girl who answers the phone asks you to spell 'Hill and Knowlton,' then wants to know whether you are a law firm or a publisher."

So what does H&K do — if anything — to warrant its reputation for being the superpower of Washington public relations?

Robert Keith Gray's day began early. At eight o'clock in the morning, while most Washingtonians lingered over coffee and the *Post*, Gray's chauffeured limousine glided to a halt outside the New Senate Office Building. Out he jumped, immaculate and cool in a light linen suit, a slightly built, silver-haired man whose walk has the briskness of someone who knows where he is going and expects a favorable reception when he arrives. Today did not disappoint Gray. In less than two hours he had personal audiences with four United States Senators, all members of the Commerce Committee, which was to meet later that day to mark up a bill on solid waste disposal. Nothing earthshaking transpired: Gray simply told them some things he'd like to see in the bill, and some others he'd just as soon see out, handed over a terse memo summarizing what he had said, and left. Four Senators in one sweep of the Hill. Not bad for an early morning run. Back to the limousine. A series of calls on the car phone kept Gray busy during the ride to Vermont and K. Bob Gray, master lobbyist on the prowl.

Now Gray was in H&K's tenth-floor suite overlooking McPherson Square. The decor is K Street Contemporary, a bit more modernistic than a staid law firm such as Covington and Burling, but lacking the garishness that might be expected in a PR outfit: parquet floors in the reception area; dark-stained wood panels on one wall, beige fabric on the other. A heavy glass coffee table. A young receptionist in nail-biting battle with a new phone system, trying to read the *National Enquirer* between calls.



Chief press contact George Worden.

Gray sat under framed Ike-Nixon photo memorabilia (including a Nixon letter thanking him for a cigarette lighter that plays "Hail to the Chief"). Gray apologized to me for the Senate business that had delayed him for almost an hour. "Most days are like that," he said. "Something comes up, and you must move in a hurry. Most of the important work in this town is done either early or late anyway. By getting to the Hill early this morning I caught the people I wanted before the markup meeting began; had I waited, they would have been out of reach the rest of the day. How could we survive without the evening social events, and the chance to talk with someone over brandy? You can get to a person without going through a secretary or worrying about a schedule. Much of what we do relies upon that sort of personal contact. So if I have to go to the Senate at the crack of dawn to speak with someone, I'll do it."

We talked about H&K's low visibility. Gray seemed not at all displeased that so few traces of the firm's activities get into public view. "We're non-flamboyant," he said. "That's our way, that's always been our way, and our clients' way as well. They're not the sort of corporations that flash and run. Our overall aim is to work for long-range directional changes in public attitudes about them and their products. Our profile, I suppose, fits the kind of clients we draw." He allowed himself a little smile. "Besides," he continued, "we're in business to publicize other people, not Hill and Knowlton."

A primary H&K tactic is to put other people out front. They find someone friendly to their cause and point him in the direction of the target Congressman or regulator. If the person is from the Congressman's home district, or wields real or ex officio power, so much the better. "One or two mayors and a banker, they make a hell of a lot more impression on a Congressman than any presentation I could offer as a Washington PR man," says an H&K executive. "They are more interested in listening to a voter — or someone who influences voters — than one little flack."



Reporter-writer Jerry Blizin.



The irrepensible Liz Carpenter.

A few years ago H&K ran an informal survey of Hill aides to determine what approaches seemed to have the greatest impact on members of Congress. The consensus, in order of priority, turned out as follows:

—A personal visit or phone call from an old friend of the member who "could logically be expected to know something about the issue under discussion."

—A letter from a businessman in a Senator's home state or a Congressman's district, written on his business letterhead, "particularly when the letter showed personal knowledge of the subject under discussion."

—A handwritten letter or postcard from



PhD-Democrat George S. Wills.

a constituent that obviously was not of the "drummed-up" or form-letter type. H&K abjures the postcard blitzes favored by some supposedly savvy Washington lobbyists — farm groups and the gun enthusiasts, to name two. Rank amateurism, says an H&K man. "Those are so shopworn they mean nothing. They might even be counterproductive, because they clog up the mail and make the office staff mad."

Such visits and communiqués, of course, seldom occur spontaneously, even when the cooperating party is friendly to the cause. H&K's value to a client is its ability to give the contacts the appearance of spontaneity, to convince the Congressman that the home folk truly are alarmed about a subject, that famine will stalk the land unless the aggrieved industry gets what it wants.

In orchestrating a grassroots campaign, H&K's Washington office relies heavily on the firm's regional offices (Chicago, Dallas, Houston, Los Angeles, San Francisco, and Seattle, in addition to the New York headquarters) and independent PR agencies in 28 other cities who work for H&K on a reciprocal basis. "There's no reason for me to crank out a press release here and mail it to the *Indianapolis Star*," said an H&K man. "We'll shoot a draft out to our affiliate and let them take it around — they know the news people personally, and they'll get more atten-

tion." For H&K's purposes a story in an Indiana or California daily can be more important than one on the front page of the *Star-News* — a well run Congressional office keeps close watch on the home-district press. Further, local coverage of an issue can encourage citizen mail.

One striking grassroots effort was H&K's campaign on behalf of El Paso Natural Gas Company to overturn Supreme Court rulings barring El Paso's acquisition of Pacific Northwest Pipeline Company. The case bounced through the courts for 15 years, with the Justice Department arguing (and the high court agreeing) that the merger, by decreasing competition, could mean higher prices for consumers. So in 1970 El Paso went to Congress for relief. And Hill and Knowlton did what it could to insure that El Paso swept down on the legislators with a tidal wave of supporting public opinion.

As its agents, H&K used El Paso customers — mostly gas distributing companies in the Northwest. In small-town America local utility managers are high in the power structure, respected by merchants and fellow Rotarians. So in the fall of 1970, local managers of the Washington Natural Gas Company asked chambers of commerce throughout the state to support El Paso. No fewer than 37 individual chambers — from Anacortes to Wapato — passed virtually identical resolutions, opening with a preamble written by H&K: "Whereas, the Kalama [or Elma or Wenatchee] chamber of commerce, as a representative spokesman for the business community in Kalama [or South Snohomish or Issaquah] is dedicated to maintaining a competitive business development position and to preserving the reliability of supply and comparative low cost of natural gas in this area, and . . ." And so on.

H&K also worked on state and local officials, providing volumes of background material. At El Paso's request, dozens of these officials dispatched letters to Washington asking for legislation reversing the Supreme Court. Canned material went to newspaper editors, many of whom wrote editorials favorable to El Paso. When the chairman of the Senate Commerce Committee, Warren Magnuson, held hearings in his home town of Seattle, H&K helped arrange a broad spectrum of witnesses, from labor leaders to city office holders to industrialists. Magnuson gave El Paso a most friendly hearing. And although H&K's name appears nowhere in the printed record of the hearing, its guiding hand was discernible to one observer present, a staff lawyer for the commerce committee: "H&K has almost an entire floor of a Seattle hotel for its headquarters, and its flacks were all over the place, holding hands with the press and making sure witnesses friendly to El Paso had their testimony down pat.

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A very smooth operation."

And expensive as well. According to reports El Paso filed with the Federal Power Commission, H&K was paid \$179,555 in 1971 for "activities connected with Congressional consideration" of the merger legislation. (El Paso paid H&K \$128,295 for other PR matters in 1971.) About 90 percent of the 1971 work involved lobbying techniques other than direct contacts with Congressmen. H&K's required reports with the Clerk of the House show expenditures there of only \$16,575.

The El Paso legislation eventually passed. How much did H&K have to do with that? Weren't the economic facts on El Paso's side? Would such a political and public cross-section of the Pacific Northwest have supported El Paso without H&K? And were not the legal arguments mustered by El Paso's Washington lawyers (Sharon, Pierson and Semmes) a sufficient case for Congress?

The questions are unanswerable, for there's no empirical data to show why a Congressman voted as he did on any given issue. In the El Paso case, H&K did bring public sentiment into focus. But, ah, the imponderables. For instance, in the years when Senator Russell Long was a boon companion of the bourbon bottle, his vote often depended upon the relative misery of his hangover. "If Russell felt real bad, he was apt to go against anything, even a bill saluting the flag," says a longtime friend. "If he was in good condition, he was more amenable."

Bob Gray says, "I don't have a single member of Congress I can deliver." But he may protest a bit too much. According to one Senate staff member, "Gray has some guys up here — Bill Brock and Paul Fannin, to name two — who would give readings from the phone book on the floor if he asked them." In the words of Gray's associate, Jerry Blizin, "I can't document a case where we can say, 'We were the prime resource that did it,' but I can see cases which turned out the way the client wanted it. We just got out the information where it could be heard."

The El Paso case is unique only in the size of the H&K campaign and the amount of money involved (El Paso, after all, spent around \$360 million acquiring the competing pipeline company). Here are some other things H&K does around the Capital:

—H&K does some old-fashioned publicity hustling. A year or so ago client Procter & Gamble had to convince the FDA that "Pringles" — those crisp potato things that come in a tennis ball can — were potato chips, and could be so labelled. The Potato Chip Institute, which didn't want to compete with Pringles, argued to the contrary. So George Worden, H&K's chief media contact man, took a case or so of Pringles around the National

Press Club and offered a can to any newsman who would take them. "Hokey but effective," says a business news writer. Procter & Gamble won, and the American public can enjoy Pringles under the name "potato chips."

—Another piece of successful flackery: During the meat crisis last fall the National Livestock and Meat Board wanted publicity on a new national meat-labelling plan. Labelling has regional peculiarities. Housewives in Denver bought the "Rocky Mountain cut," while Boston shoppers got the "Back Bay cut"—names for a piece of meat most people know as the rib-eye steak. The meat board thought uniform labelling would cut both confusion and costs. So H&K's Ron Williams, responsible for broadcast publicity, called Bill Monroe, producer of the "Today Show" in Washington, and said, "Hey, I've got a great idea." A few days later the "Today Show" featured a chat between Monroe and a meat board official, with a butcher busily chopping beef carcasses in the background and displaying various cuts with the new names. (Williams was responsible for getting the sides of beef to the NBC studio before dawn.) "The 'Today Show,'" says Williams, "is perhaps the best publicity exposure you can get, and I was damned happy to see a client there."

—One stunt in which Liz Carpenter played a role jumped right back across party lines: Liz persuaded Mrs. Spiro T. Agnew to go to Baltimore during Keep America Beautiful Week for a demonstration of a contraption that separated tin cans from trash. "Just think of it," marvelled a guy at H&K. "A prominent Democrat getting the wife of a Republican Vice President to visit a trash dump to get publicity for a PR client."

—Good PR sometimes means keeping one's mouth shut. When a fire in an Apollo space craft killed three astronauts, an investigative report mentioned defects in a heat shield made by Avco, an H&K client. The language was so loose that a casual reader could have held Avco partly to blame (something not intended by the investigators). Irked Avco officials wanted to rush out a denial. H&K cautioned silence: Why try to explain a complex situation that the public had ignored, thereby drawing attention to it? Avco agreed.

—H&K produces a flow of newsletters and special reports advising clients of dangers lurking in Washington and how to escape them. Staffer Jerry Blizin, formerly a Washington reporter for Florida's *St. Petersburg Times*, says he spends much of his time reading Congressional hearings, the *Congressional Record*, the *Federal Register*, and other publications, searching for items that might interest clients. He also spends a good deal of time on the phone, calling old Senate friends

(he had worked as press man for former Senator George Smathers, and is a member of the Ex-SOBs, a social group of onetime Senate aides). A typical product of this research is a periodic "Trend Analysis Report," prepared for the Society of the Plastics Industry, an H&K client. In August 1973, for instance, Blizin wrote, "It is beginning to look as if federal regulatory agencies, rather than the Congress, will be the chief focus of interest for the plastics industry in the next few months. In fact, Watergate may push the regulators into a position of zealous enforcement as agencies 'run scared.'" The report ran two-and-a-half single-spaced pages.

—During the recent oil allocation program late last year, the plastics industry somehow was overlooked, even though it depends on petroleum for feedstocks. H&K had Arthur D. Little Company, the research firm, turn out a fast report showing that a 15-percent cutback in plastics production could result in the layoff of 562,000 workers and cut industrial production by nearly \$23 billion. Jerry Blizin distributed the report all over Washington, getting press and Congressional sympathy, and then tackled the Federal Energy Office. (The report carried the imprimatur of the plastics industry; typically, H&K was not mentioned.) Neither Blizin nor anyone else in H&K knew anyone in the FEO. "I just went over and began asking, 'Who handles this?' the same way a reporter goes about finding a story. Eventually I got to the right person, and presented our case." H&K also got appointments for plastics officials with the FEO chief, and eventually the industry's allocation was boosted.

—H&K sifts through scores of government news releases daily for information that might help clients. George Wills, a specialist in transit and environmental matters, says, "You might see where the Department of Transportation is going to make demonstration grants for a mass transit pilot project. If a client makes parts that could be used, the information is handy for them, kind of an early-warning system."

—Intelligence of another sort is gathered by H&K's Education Department, based in New York but closely allied to the Washington office. Since 1969 the department has monitored environmental protection activities, particularly the teach-in movement on the nation's campuses. H&K recruited college students, who attended meetings and demonstrations and filed agent-style reports. Thus H&K could promise prospective clients an ability to spot new activist drives before they come to public attention.

—H&K does extensive but very quiet research work for Hill conservatives, at least some of it on an unpaid basis. For

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Robert Keith Gray *from page 82*

example, it puffed out several speeches for Republican Senator Paul Fannin of Arizona in the 1969 impeachment drive against Justice William O. Douglas. On the eve of Richard Nixon's Peking visit an H&K flack persuaded a wire service correspondent to file a story saying the President intended to reaffirm US support of Chiang Kai-shek. The wire service did not use the story—to the profound relief of the writer, for Nixon said no such thing. The reporter still wonders why the H&K man pushed the story, although he suspects he acted on behalf of a client, business or otherwise, who wanted to pressure Nixon to stand with Taiwan.

—Although H&K is not now registered as an agent for any foreign government, it has worked in the past for Japan, Iran, Iraq, the Swiss bankers' association, Saudi Arabia, and the Bahamas tourism commission. In at least two instances people watching H&K's foreign work saw spooks in the background. A former operative of the Central Intelligence Agency says H&K was retained by the CIA in the 1960s to help arrange US tours by Iranian officials at a time when Iran needed a PR boost. Later, H&K did very discreet press work for the CIA to discredit South Vietnamese students living here who opposed the Diem regime. Another former CIA man says, "Rattle some of those foreign offices of H&K, and you'll see some of our people jump." He stressed that H&K's international division has no formal ongoing agency links: "It's more a matter of relying upon H&K facilities for one-time uses, like when you want to pop someone into a country on a one-time basis."

In a 22-page booklet prepared for prospective clients, H&K says its operating philosophy is based on two major principles:

"First, that public opinion is the ultimate arbiter of most questions in today's world of rapid evolution and bewildering change.

"Second, that effective public relations must begin with the development of sound management policies that are in the public interest."

The way they tell it, H&K talks to prospective clients much as a psychiatrist does to a drunk: If you *really* want to be helped, we'll try. But you must do as we suggest, and not expect miracles. In some instances, part of that initial conversation is spent beating down the notion that a problem can be solved by one approach to one person. If such a "key man" exists in Washington, H&K says it has yet to locate him. "Nonetheless," an H&K staffer says, "a guy from outside Washington will think that you can talk to Wilbur Mills and ZAP, everything is okay. These are the same sort of people who take a con-



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spiratorial view of history." Further, says Bob Gray, H&K won't take an assignment unless there is a "reasonable chance for success. . . . We do not want to waste the client's money and hurt our reputation. This isn't to say we won't take a losing cause if the battle should be fought. But we won't mislead a person into thinking he can win when he can't."

This approach goes back to the firm's beginning, in Cleveland in 1927. It was founded by an energetic business writer named John W. Hill, who deserves attention not only because many of his ideas guide the firm today, but also because, in his 80s, he remains a much-heeded figure both in H&K and in the PR trade. Although employed by a succession of Ohio publications in the 1920s, Hill worked best by moonlight, churning out an economic newsletter for a bank and getting chummy with the most important corporate executives in the area. Comfortable in their Coolidge era prosperity, and enjoying the waning sanctity of Robber Baronism, businessmen cared not a damn for reporters; companies with news to report "did it with incredible ineptitude," to Hill's continuing disgust.

The turnaround came in 1927 during a messy scandal at a Cleveland steel company. The loser in a stock fight blew his brains out one night, and bankers feared the death would botch an important refinancing deal. So Hill was summoned from his bed to convince the *Cleveland Plain Dealer* and the wire services that the suicide did not mean the company had any financial problems. He succeeded, and the refinancing went through as planned. A few days later the key banker involved offered Hill \$500 monthly to handle his press relations. Hill was in business.

With no competition he readily signed on Ohio's richest companies. Financier Cyrus Eaton hired him to represent his investments empire. Standard Oil of Ohio wanted help. So did Ben F. Fairless, who was to become president of United States Steel. So did banks and mining companies and manufacturers of everything from steel wire to men's overalls.

Hill prospered, but by 1933 he had outgrown Cleveland. Why waste a lifetime amidst provincial industrial barons when economic power was gravitating to New York and political power to Washington? Hill looked toward New York, and through his steel friends caught the eye of the American Iron & Steel Institute, the industry's trade association. A deal was struck, and Hill opened a New York office with the institute as a major client. The same year Hill took as a partner Don Knowlton, who had been PR director of a client bank. The men remained associated until the 1940s, when Hill turned the New York office into a separate company, Hill and Knowlton, Inc.; Knowlton chose to stay in Cleveland and run that office as a local firm.

Hill got along with corporate chiefs because he loved business as warmly as any accountant. He could talk with awe and at length about the majesty of free enterprise, of management's devotion to the common welfare, of the intuitive wisdom of capitalists. As a corollary, he detested "free-handed government spending" and the "conferring of monopoly power upon labor unions by grateful politicians." Hill laid out his philosophy in two books, *The Making of a Public Relations Man* and *Corporate Public Relations*. As literature they are dreary reading, but they provide insights into the attitudes behind H&K's operations.

John Hill recognized some basic truths about the political-economic turbulence of the 1930s. He saw business's plight as a PR problem. Business leaders paid too little attention to long-smouldering public hatred for corporations. They made minimal concessions for humane hours, decent pay, and comfortable working conditions. As Hill wrote, "Successful realists in so many ways, they [the businessmen] failed in one respect: to remember that the final reality is always other people. By this oversight, they helped to bring on the furies loosed against business in the great depression, backed by the full weight of public opinion." Unlike many of his business clients, Hill realized the New Deal was not a one-political-season-wonder trumped up by a bunch of Democrat politicians: He knew the rules for doing business in America had changed. The New Deal was able to curb business and boost labor because it possessed broad political strength—a strength based on favorable public opinion. And as a PR man Hill saw his mission as that of swinging public opinion around to tolerance of, if not support for, the American corporations.

H&K rose on a path parallel to that of the Washington law firms that built national practices beginning in the New Deal days. The Washington lawyers worked to coopt the New Deal by transforming the regulatory apparatus into a tool for fending off competitors and for fixing prices. They taught business to live with what had already happened. H&K, as a national public relations firm, took on the supporting mission of creating a climate where further economic revolution directed by unfriendly politicians would be more difficult, if not impossible.

Froth though he did about the interference of politicians in business, Hill knew that business must actively court the public, not just fend off attacks. That he was one of the first public relations people to do so on a national basis made Hill and Knowlton *sui generis* in its field. And a single case history shows the effectiveness of the H&K juggernaut once set into motion:

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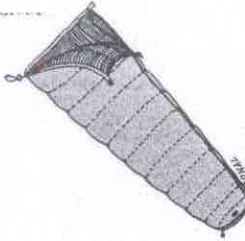
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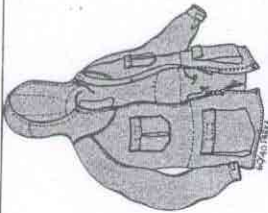
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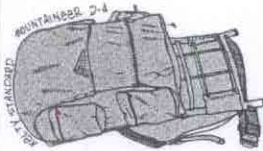
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sociation (now the Aerospace Industries Association) became alarmed at the precipitate drop in sales of military aircraft, from \$5.7 billion in 1944 to just over half a billion dollars in 1946. Industry leaders feared, in Hill's words, that "the nation would be running a frightening risk to allow its air strength to evaporate." One industry group wanted a blitz advertising campaign to jar the country out of its apathy. Hill said ads would be a waste; that a "matter of national policy was involved and the need was for national leadership."

So H&K struck for the jugular of public opinion. Working closely with the AIA member companies and the Air Force, H&K devised a PR drive intended at creating a commission to draft an "appropriate air policy for the country." Aircraft executives took to the stump. National organizations such as the American Legion, VFW, and aerospace unions were importuned to support air spending. H&K writers ground out scores of brochures and speeches, and friendly Congressmen got scary data about the Soviet menace for use in floor speeches.

A nation feeling the chill of the deepening Cold War was receptive to the propaganda barrage. So, too, were the Congress and the White House, both of which set up study commissions. The Presidential panel, the so-called Finletter Commission, relied heavily upon AIA data to recommend an expanded Air Force (70 groups versus the 55 then sought by Defense Secretary James Forrestal). Congress shoved aside Forrestal and approved the 70-group concept—a decision that established the Air Force as the primary US strategic force. Hill has written that "no one can doubt" that the AIA campaign (that is, the H&K campaign) "played a large role" in the 70-group decision—and that otherwise US forces would have been "blown off the Korean peninsula without an air cover" two years later. Thus can public relations, H&K style, affect national policy and national security.

As defined by law, a lobbyist is anyone who is paid to approach members of Congress on behalf of specific legislation. Trade associations, law firms, or public relations offices can do what they wish to influence public opinion without registering, as long as they stay away from Capitol Hill. In its early years, even after opening a Washington office in 1946, H&K shunned direct lobbying. According to Gray, founder John Hill felt that "lobbying meant booze, blonds, and bribes, and he wanted no part of it." That H&K now has no qualms about lobbying is Gray's handiwork.

In 1960 Gray was ready to leave government, even though he expected his friend Richard Nixon to be elected President. Gray felt he had been in government long enough. He came to Washington via

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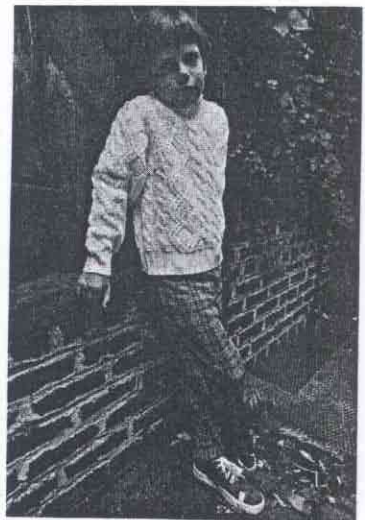


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the University of Southern California, where he taught international law, and the Midwest, where he ran a warehousing firm. During visits here in the 1950s he saw friends in government jobs that looked "both contributive and interesting," and decided he'd like one himself. So he spent 60 days job hunting, interviewing from nine to five, and writing follow-up letters at night. He eventually landed as assistant secretary of the navy for manpower (with a patronage boost from a fellow Nebraskan, Interior Secretary Fred Seaton). "Because of all those interviews, when I finally got started in government I knew more people than did most men already in town," Gray recalls. He attracted Sherman Adams' attention with Hill testimony, was brought to the White House for a breakfast interview, and hired on the spot.

Gray does not pretend he was a power in the Eisenhower White House; even when he saw Ike frequently, he has written, "Few, if any, of these contacts had a substantive bearing on the course of United States policy." But as a West Wing insider, and liaison man with the executive departments as cabinet secretary, Gray got acquainted with a large number of important people. When the Ike years ended, H&K asked Presidential counsel Bryce Harlow to head its Washington office. Harlow, already committed to becoming Procter & Gamble's Washington rep, declined and recommended Gray. (P&G is a longtime H&K client; Gray and Harlow remain close friends.)

Why would a lawyer with a White House background choose to use his chips in public relations rather than with a law firm? Gray says only that H&K "made a very attractive offer." As a privately owned company, H&K does not divulge executive salaries; Gray, however, enjoys a six-figure lifestyle. Further, he saw a chance to bring a new dimension to H&K's Washington office: to graft a lobbying operation onto what was essentially a four-person press outlet.

Gray argued to John Hill that he should register as a lobbyist and work Capitol Hill. Gray had to convince his prospective boss that lobbying, if conducted properly, could help H&K clients. There was another reason for Gray's interest: "It was natural for me because I didn't have a press background. At the White House my primary activities had been political, and I liked that side. Also, in government I had changed my thinking on lobbying. The people with whom I dealt, fortunately, would not ask support unless they had a case. I began to take a different attitude about lobbying." Hill reluctantly gave him the go ahead.

That was fourteen years ago, and lobbying now is the keystone of H&K's Washington office. Each staff professional is a registered lobbyist—even the media contact people who seldom do any

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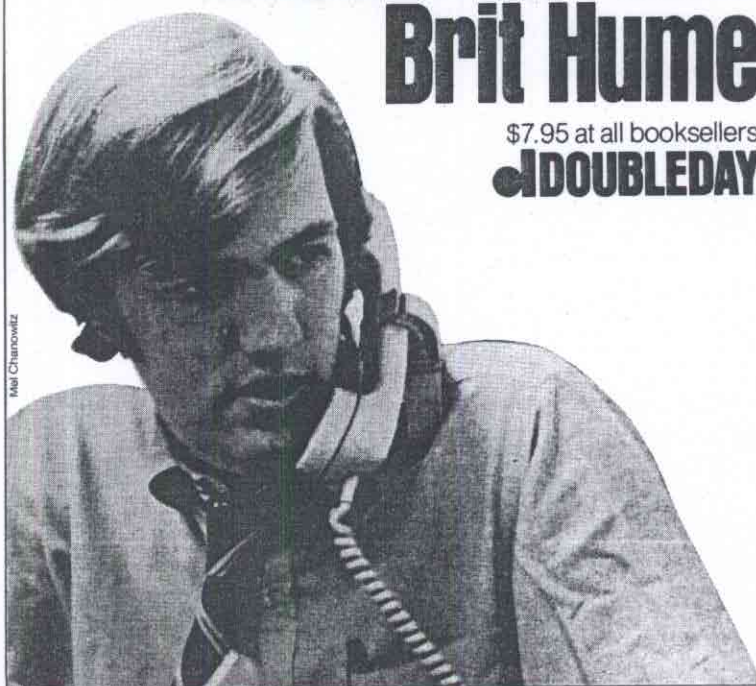
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legislative arm twisting. Gray says: "We hire without regard to political affiliation; the only requirement is that the person have one. I believe that our people should be political. We deal with politicians who must stand up and be counted on issues; they expect you to do so, too." Despite his outspoken politics—he calls himself an Eisenhower Republican, although he sounds closer to Reagan — Gray says, "I've never felt handicapped in dealing with a member of Congress who does not agree with my political views. I don't get any votes because I am a Republican, and I hope I don't lose any, either." (I read this quotation to one of Gray's associates. He laughed. "If Bob really believes that—and I don't think he does—he is deceiving himself. Sure, he calls on Democrats. But on delicate things, when a Democrat is the key target, he'll damned well make sure that Liz [Carpenter] or another Democrat is assigned to carry the flag.")

H&K is the only national PR firm in Washington that does formal lobbying on the Hill. The runner-up firm—with seven people—is Carl Byoir & Associates, which got itself into PR hot water during the Nazi era by lobbying for the German national railroads, and has kept away from the field since. Byoir has performed a medley of odd jobs here for clients ranging from RCA to Howard Hughes and Kodak, but one person there says, "It's more a matter of cultivating longtime good will than working on specific legislation." Newmyer Associates, which matches H&K in reputation if not in size, also shuns lobbying.

One subject Gray constantly turns to when talking about PR is credibility. And let's be frank about it—the normal inclination of a newsman is to cock his eyebrow skyward at the approach of a press agent. "Get caught telling an untruth once in this town, and you're through," Gray says. "We have so many clients that we couldn't afford to fudge the facts on a given issue, because we have to be back tomorrow or next week; if an office won't believe you, you are out of business." Officials who deal with Gray and H&K give both of them tolerably high marks for believability, although as one Senate man says, "Their stuff might be accurate as far as it goes, but you realize it is tailored to present a client's point of view." Says another man: "Gray won't con you or waste your time; he's smart enough to realize that BS won't get him anywhere. A lot of these lobbyists will hang around your office all morning, boring you and the Senator, then say, 'I've got my car outside. Why don't we all drive down to the Sand Sooky and have some lunch?' Gray gets in, makes his case, and leaves. Very smooth."

The Washington press corps knows H&K chiefly through the rotund figure of George Worden, a former United

Press writer who is the chief contact man. Press people say Worden is amiable and low key. "George will hand you a release and chat with you a minute, but he won't flack you on a story," said a writer for McGraw-Hill News Service. "He's a good old boy to stand there and drink beer with at the press club bar." Worden gets along well enough with some reporters to ask little favors occasionally. Once he had a client in town, and he persuaded a business writer to stop by the H&K offices for a chat. "No story resulted, but I did make a pretense of interviewing the guy," the writer said. "It made George look good—give him a break; he's a nice guy." In fact, H&K's low-key approach irritates some newsmen. "It's hard to get H&K to go beyond the release," said another business writer. "And if you ask for a contact within the company, you are likely to be ignored." Stephen Aug of the *Star-News*, ace of local regulatory reporters, won't even bother to call H&K when writing a story about a client. "I start by calling the president of the corporation concerned. Why mess around with some outside PR firm?" Given its relative sophistication, the Washington press corps realizes anything it receives from a press agent reflects a point of view. The Byoir organization's "account executive manual" is most explicit. In listing "seven fundamental skills of an effective public relations man" vis-à-vis the writing of a news release, it calls for "tractability," further defined as "adjusting the story to jibe with policy."

A convivial H&K man of another sort is Steven Martindale, a 30-year-old social *wunderkind* and one-time aide to former Senator Charles Goodell, who set out to become his generation's counterpart to Perle Mesta, and might well have succeeded had he not made one mistake. When the *Post's* Sally Quinn called for a chat, Steve asked her over, rather than pleading a previous appointment in Tierra del Fuego. Poor fellow. Quinn skewered him with two full pages of type, and didn't let up until his flesh sizzled. She depicted him as a puppy-eager upstart who stomped toes right and left as he lumbered up the social ladder. "By God," Martindale told Quinn, "I am a serious person and I intend to make a professional impact on this town one day." Martindale's superiors at H&K were livid at the piece; how often, after all, is one of the office workmen publicly portrayed as an ass—and a cooperative ass? The immediate result, according to a man at H&K, was a "sort of house arrest for Steve"—no interviews, no more ostentatious lunches at Sans Souci. (This man added: "Bob Gray was also unhappy. Quinn misspelled his name five times in the piece.")

George S. Wills is a PhD from Johns Hopkins—he wrote his dissertation on the legislative process—who worked as a personal assistant to Dr. Milton Eisenhower

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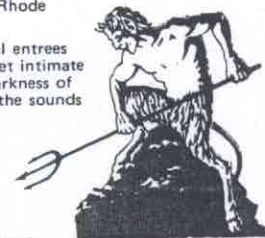
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at Hopkins and the Presidential Commission on Violence. He came to Washington in 1969 as a White House Fellow in the Office of Management and Budget and moved to H&K a year later. Although Wills is the only man H&K hired from the Nixon White House, he is a Democrat—and he had some initial misgivings about joining the firm. A man who loves the outdoors, Wills serves as chairman of the Maryland State Environment Trust, a land preservation agency. Because H&K has clients who foul the nation's skies and waters, Wills admits to long talks with his conscience about the job offer. But, as Wills tells the story, he thought back to a talk he had with Russell Train, head of the Environmental Protection Agency, about how someone outside government could be "really effective" in the environmental field. He quotes Train as replying: "Mix it up with industry." In other words, influence the people who have the technology and the power to degrade the environment, or improve it. Wills sees himself as a middleman between government and corporate clients. He argues that regulatory agencies like EPA must be flexible enough to permit "reasonable compliance"; also, that industry must recognize that "government is not a bunch of bad guys out to get it." He submits that America is irrevocably a technological society, and that bargaining over acceptable levels of pollution must start from that premise. Wills seems comfortable with what he has done at H&K the past three years. He insists that corporations represented by H&K are shrewd enough to recognize they must take the environment seriously. Further, he says that in a "couple of instances" he convinced H&K that it shouldn't take clients who wanted lobbying help on pollution matters. "I found one group particularly abhorrent," Wills said (he wouldn't name it). "They wanted to refocus certain environmental legislation in a less stringent direction. I felt that from a philosophical point of view that we should not do this sort of thing." He prevailed. "That is an advantage of H&K's size. A smaller firm might have said, 'We need the account, we'll do it.'"

Such professions of high-mindedness ring hollow to some environmentalists who deal with H&K clients. "Their clients are a 'dirty list' of corporations," says the environment writer for a national business magazine. "Procter & Gamble is one of the worst damned polluters in the country. They fought tooth and nail to try to keep phosphates in laundry soap, and H&K helped them."

After a party in 1973, when Watergate had Washingtonians choosing up sides, Bob Gray, Rose Mary Woods, Steve Martindale and his date, and several other couples adjourned to Gray's home on Court House Road in Arlington for an

early morning breakfast. Spirits were gay, and once everyone had settled, Gray rapped for attention and proposed that they begin by toasting "our great President Nixon."

Martindale's date was the only person in the room who didn't join the toast. As she told a friend later, "I'm not a hypocrite." She continued, "Rose Mary literally leaped across the table at me; she called me all sorts of names and said I should be ashamed of myself; that I was just a little—who had no respect for a great man."

No one came to the girl's defense. Later, when a second toast was offered to Nixon, she again sat silent.

She hasn't dated Martindale again.

* * *

An indefatigable partygoer, Gray pursues his contacts over canapés, cocktails, and *quiche* as often as six nights a week. People who meet him at such occasions call Gray a "man of real charm"; "a guy who can talk about any subject under the sun, and in an interesting manner"; "someone who always has business just under the surface; he sees an opening, he takes it." A lifelong bachelor, his only frequent female social companion has been Rose Mary Woods; yet a friend says "there's certainly no romantic connection there; they're convenient for one another because they both like to party." Gray loves the spotlight, loves being around important people. One reason he likes Washington PR, he told me, is that it brings him into contact "with the chairman of the board or the company president." Hostesses recognize that business is transacted at dinner parties. Gray, apparently, does not overdo it. Says one of his associates: "Hostesses wouldn't keep asking him back if they didn't like him." And Gray keeps himself a social level above most of his associates: Few see him after hours.

Just as Gray's sociability is inseparable from his PR business, so, too, is his politicking for the Republican Party. And last March 21, he found himself sitting under oath, in a cramped windowless basement room in the New Senate Office Building, undergoing interrogation by lawyers for the Senate Watergate committee.

The task force, headed by assistant chief counsel David Dorsen, was probing purported promises of ambassadorships to large GOP contributors—an inquiry that resulted in the imprisonment of Herbert Kalmbach, Nixon's personal attorney. The transcript of the executive session (still stamped "confidential" in committee files) tells much about the mingling of GOP fundraising and Gray's Washington work for H&K clients.

Gray talked with pride about his work for the Republicans. His 1972 effort, he said, was a "carryover" from four previous Presidential campaigns, "just as I am

constantly involved in congressional fund raising. It is part of my interest in politics and the role I continually consign." Gray didn't remember whether he approached Maurice Stans, chairman of the Finance Committee to Re-elect the President, or vice versa. He remembers only that Stans told him, "Gray, I hope you will be as active as you have been in the past, trying to find money where you can. . . . If you can find anyone who wants to give, by all means corral him."

One man Gray corralled was an H&K client, a Midwest industrialist named Roy J. Carver, president of the Bandag Corporation of Muscatine, Iowa. Gray described Carver as a man "who has become very wealthy in a relatively short period of time, and in many ways has outgrown Iowa." Carver wanted "to get better visibility in Washington."

Gray's first idea was to persuade Carver to underwrite the annual Meridian House Ball, a small but prestigious charity. Jointly financed by the State Department and private donors, Meridian House runs orientation programs for diplomatic families and sponsors the International Visitors Center. Carver pledged \$10,000 to cover out-of-pocket costs of the ball (food, bands, and hiring a ballroom) so that all the ticket proceeds would go to the charity. In return, Carver was singled out for praise at the ball, and H&K "saw that he got good publicity." Another scheme Gray discussed with Carver was "seeking out and trying to buy a baseball club for Washington. It seemed to us that if we could buy the Senators and bring them home, that would be as good a way for him to have instant acceptance and notoriety in Washington as anything we could get him to do."

Nothing came of the ball club idea, but during those same talks Gray suggested that Carver "might like to make a contribution" to the Republican Party. "By this point I knew of his wealth—he is a man who has not one but two jet planes and so forth—and so I decided that he . . . was worthy of a conversation with Stans."

Gray says he never discussed any specific amount with Carver. "The only thing I know is that during the campaign he would call every so often to find out what other people had given, who was top money man at the moment, because he, particularly in the final weeks, got very anxious that he be on record as having given more than anyone else. . . . He likes to be first in what he does, and he was determined in the final weeks to be first if he could." Gray tried to oblige by checking with Stans, who kept donor ratings. As it turned out, Carver didn't win the sweepstakes, although he did give the Republicans \$257,000, according to Watergate committee records.

Gray and Carver talked about other political contributions as well: "For ex-

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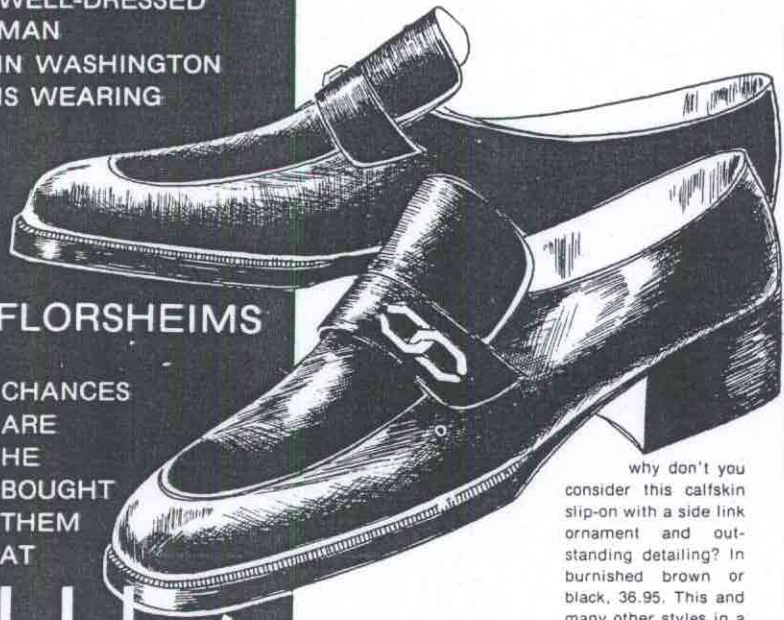
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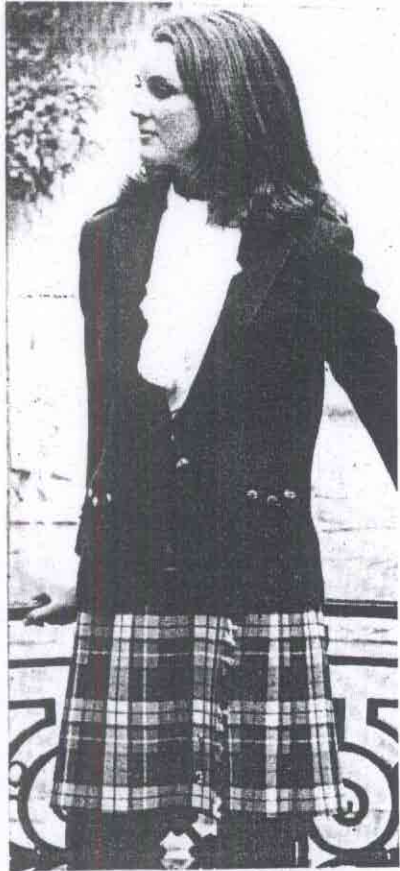


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ample, I believe that Mr. Carver gave something like \$50,000 for the lieutenant governor of Iowa. He is a very wealthy man, and he was as extravagant as he could technically be [under the law].'' And Gray, responding to committee lawyer David Dorsen, acknowledged that Carver had a *quid pro quo* in mind:

Dorsen: At any time did you and Mr. Carver discuss possible service by him to the government?

Gray: Yes. He was anxious to be an ambassador, and I told him that in the terms he was thinking that he would certainly have a right to be considered, but again I gave him the pat speech I had always been drilled to give—that no one but the President could promise him an ambassadorship; and all that any of us who worked in the campaign could do was to tell him that his qualifications would be considered.

Dorsen: Did his desire to give the largest contribution in the campaign have anything to do with his desire to become an ambassador?

Gray: Yes. I am sure that it did. I cannot imagine that he would have given those kinds of monies without that belief.

Carver was serious enough about an ambassadorship that he even spoke with Gray about the kind of appointment he had in mind. "One time he told me he would like to be some place where sports are very big. He was a former middleweight wrestler, or something, and he was anxious to be somewhere where they had a great appreciation of American sports." Aside from knowing Spanish, what qualifications did Carver have for a diplomatic post? "I know that he is a very patriotic kind of American," Gray replied. "He is a great believer in the free enterprise system and a very good example of how effectively it can work."

Although Carver had post-election interviews at the White House and State Department, he did not receive an ambassadorship.

Nor did John Safer, a Washington lawyer who made a fortune through real estate developments, and retired at an early age to become a sculptor and patron of the arts. Gray met Safer socially, sensed he might be a big contributor, and passed him on to Stans. "He [Safer] did tell me that what he wanted to do if he could was to be considered for an ambassadorship," Gray said. According to Gray, no promises were made, although he did tell Safer "that he appeared to be eminently qualified to be an ambassador." Safer gave \$250,000; he did not receive an appointment.

Thus did lobbyist Bob Gray raise half a million dollars for the Nixon re-election campaign through two contacts.

My interview with Gray ended when his personal aide, a precise, nice-looking young man named Jennings, appeared to remind him of a luncheon en-



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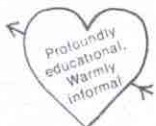
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agement "in eight minutes" at the Georgetown Club. Gray offered me the use of his washroom (which features a four-line telephone) and the use of his limousine to my next appointment. "I have to pick up someone en route, but the car will drop you where you need to go."

Gray then mused some more about his work. "I suppose I'm working all the time. The nice thing is that I'm moderately well paid for doing something I enjoy. PR isn't a seven-hour-a-day day by any means. But what is the dividing line between work and play?"

I mentioned something once said to me by Washington lawyer Lloyd Cutler: that the growth of Washington law firms would be limited only by conflict-of-interest considerations. Because of professional canons, a lawyer has problems if he signs on two companies in the same field. Gray says this isn't necessarily true of public relations—H&K represents four major oil firms (plus the American Petroleum Institute) but for different purposes. "Of course, now, we wouldn't work for an industry that is competitive to a client. For example, because of our long relationship with steel, we could not do anything for an aluminum company." Gray also noted the steady increase in national associations based in Washington (1,800, according to *Association Trends*, putting Washington ahead of New York for the first time). Competition? Gray claimed he didn't know the size nor identity of the next largest "national" PR firm in Washington. "You don't spend your time watching what someone else is doing. There's enough for everyone to remain busy." And off Gray bounded for the Georgetown Club to help the plastics industry out of some jam.

A few days after Nixon's resignation a speech one of Gray's associates mused about what it meant to Gray and to H&K. "Bob took this damned hard," the man said. "After all, he and Nixon had been friends for 20 years, and it's bound to hurt. A lot of it comes from his closeness with Rose Woods. He seems doubly upset that she is being dragged through this stuff."

But the Nixon-Ford transition, disruptive though it was to Gray's personal pipeline into the Oval Office, is dismissed by H&K people as a temporary irritant. "After all," one said to me after Nixon left Washington, "Bob Gray has been friends with Jerry Ford almost as long as he knew Nixon. And Bryce Harlow was one of the first people Ford called to the White House. And Bryce and Bob talk almost daily."

"It doesn't matter who's in the White House—we have this town wired in both parties. I think you could say that H&K has institutionalized public relations in this town. Does that sound like bragging?" □

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