

**THE LIES THAT BIND<sup>i</sup>**

**By John Guy**

**Indianapolis Literary Club**

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**Why do we flawed humans distort? Why do we exaggerate and mislead?**

**The answer is simple: to gain an economic, social or political advantage seemingly so important that we are willing, in its pursuit, to sacrifice accuracy, integrity, and the broader social interest.**

**Three circumstances come to mind, each a professionalized effort to win an election or to defeat a policy proposal. In each case, no record exists suggesting that the parties at interest considered, introspectively,**

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**seriously, thoroughly, with humility, that their advocacy based on perceived self-interest just might damage, or hold back, progress and improvement in society generally. These advocates presume that their interests are the same as yours, that their world views are god-like, most certainly the best for all.**

**The first circumstance is the stunning defeat of popular health care initiatives during the 1940s, a result of the aggressive work of the world's first political consulting firm, Whitaker & Baxter. The second is a professional effort by a Washington, D.C political consulting firm to win an election in Bolivia. The third, more recent, and, therefore, perhaps not yet fully understood, is from last year, when a consulting firm in London strove to affect politics in South Africa.**

**The first known skirmish between public policy and narrow self-interest—the first engineered by a professional political consulting firm, itself the first in the world, began in 1943, when Earl Warren became governor of California. <sup>ii</sup>**

**Before his election, Mr. Warren came down with a kidney infection that kept him hospitalized for three weeks, from which, he later concluded “what does a fellow on fixed income do when he has to go to the hospital?” He soon announced that he would propose that California become the first state to create and support a mandatory system of health insurance, which, he incorrectly thought, the medical establishment would support. Though guaranteed by the state, workers would pay 1.5 % of their salaries, matched by employers.**

**Warren was sensitive to words, using “prepaid” instead of “compulsory,” but miss communication between him and the California Medical Association, plus the medical establishment’s insistence that it control all aspects of health care delivery, soon placed him at odds with the doctors. Perhaps aware of earlier enmity between him and Whitaker & Baxter, the firm that managed Warren’s election, the medical association turned to Clem Whitaker with this admonition: it ordered Mr. Whitaker to defeat any proposal for compulsory health insurance, either now, or any time in the future.**

**Earl Warren had experience with Whitaker & Baxter. Based on Whitaker & Baxter's success defeating Upton Sinclair for governor in 1934, Warren retained the firm, following its advice until ten days prior to the election. Unlike previous campaign operatives, who either were advertising firms or powerful individuals, Whitaker & Baxter handled all aspects of a campaign: media, speech writing, public appearances, advertising, and endorsements, negative research on opponents, recruiting volunteers, all put to work for Earl Warren in 1942.**

**However, the relationship soured during the last ten days when Whitaker released an embargoed proposed speech that reporters could read in advance. Warren, having subsequently changed the speech, asked that embargoed versions be withdrawn. Clem Whitaker refused, creating a personal enmity that would later play out in a manner affecting health care for decades.<sup>iii</sup> (Note: this story has two other versions.)**

**Warren's health care initiative was for the working class, perhaps what today we think of as the middle class. California's wealthy had no problems obtaining health care, and the very poor already qualified for**

**state and charitable assistance. Those in the middle had nothing. The time is right, he said, because returning veterans will want peace, stability, community support, and affordable, adequate health care. “They will want wholesome recreation for their families, as well as for themselves, and a high standard of educational opportunity offered in every part of the state. They will want safety in their work and in their homes and justice for all in their relations with government.”<sup>iv</sup>**

**The California Medical Association saw it differently. It appears to have seen only a challenge to its control and to the independence and incomes of practitioners. Its contractor, Whitaker & Baxter agreed. Acting out of beliefs that the proposed plan was “socialistic,” while also enjoying a large consulting contract and a chance to get back at Governor Warren, the firm mounted an extraordinary attack on behalf of the medical establishment.**

**Whitaker, having worked as a reporter and director of a news service, knew his audience. He believed in attack. The conservative press and publishers, he reasoned, would be warm to believing that Warren’s health care plan was a challenge to the free market. And there began**

**the idea of socialized medicine, a rather innocent phrase turned in to a pejorative by Whitaker & Baxter. They took out ads, sent employees to hundreds of newspaper offices, and wrote feature stories and analyses to media starved for copy they otherwise could not afford.**

**Whitaker himself wrote that Warren's plan was based on government-controlled, national health insurance, as practiced in England, inefficiently, he claimed, as well as in Nazi Germany. He claimed oppressive state oversight. Within a few weeks, he made the Warren program synonymous with socialism and fascism. For some, it was personal. Staff members of the governor reported being denied care when a doctor learned who their boss was, while political allies were accused of being Communists. According to Virginia Daly, Warren's oldest daughter, "suddenly, my father was hated."**

**In addition, Whitaker & Baxter brilliantly utilized the word "compulsory," a synonym of "mandate," while others, including Governor Warren, used "pre-paid." W&B convinced Americans that "the voluntary way is the American way," as you can see in the packet of promotional materials circulating the room.**

**The campaign of opposition was sophisticated and thorough. It consisted of obtaining support from over 100 state-wide organizations, a speech-making campaign in which over 9,000 doctors became inflamed from W&B rhetoric, and intensive lobbying to service club presidents, heads of veterans groups, women’s clubs, lodges, and more than 200 insurance company executives and sales personnel.<sup>v</sup>**

**Another element was to utilize the California Feature Service, a wire service of W&B that sent stories to over 300 newspapers, most carefully written to appear as a news story, and clippings “so sly that a tired editor might not notice they were written by an advertising outfit.”<sup>vi</sup>**

**Bottom line: Whitaker & Baxter took a piece of legislation that most people liked and taught them to hate it. This phrase encapsulates their campaign: “political medicine is bad medicine.” “Certainly,” it argued, “we have enough regimentation in this country now. Certainly, we do not want to be forced to go to a state doctor, or to pay for such a doctor whether we use him or not. That system was born in Germany—**

**and is part and parcel of what our boys are fighting for overseas. Let's not adopt it here.”<sup>vii</sup>**

**And one more message, in the later campaign against President Truman's plan: “Hitler and Stalin and the socialist government of Great Britain all have used the opiate of socialized medicine to deaden the pain of lost liberty and lull the people in to nonresistance. The old world contagion of compulsory health insurance, if allowed to spread to our new world will mark the beginning of the end of free institutions in America. It will only be a question of time until the railroads, steel mills, the power industry, the banks, and the farming industry are nationalized.”<sup>viii</sup>**

**And so began a system of ideas so reified as to control public policy for decades.**

*[Following is based on the documentary, our brand is crisis, by Rachel Boynton, 2005.*

*This is not the recent effort featuring Sandra bullock] <sup>ix</sup>*



**Let's now head south, to Bolivia, and impose upon that nation uniquely American ideas of democracy and campaigning, institutionalizing those ideas through a more modern version of Whitaker & Baxter, the political consulting firm, embedded in Washington: Greenberg, Carville, and Scrum. What did this firm from Washington, D.C. do to advance and improve daily life in that South American nation? It elected the MNR candidate Gonzalo Sanchez de Losada, better known as Goni, a candidate who himself was raised near Washington.**

**This was to be Goni's second administration. He served as president from 1993 to 1997 creating improved health care, a system of social security, and he facilitated foreign investment. In 2002, he again was candidate for president of Bolivia, one of 11, and one of the others being eve Morales. As the campaign got under way, the consulting firm considered Evo insignificant.**

**Having conducted focus groups throughout Bolivia, in big towns and small, GCS, the consulting firm, advocated a strategy based on crisis and solution. Our brand is crisis, said one of the consultants, a crisis which we will fix, along with corruption, thereby establishing the line**

that became the title of a documentary movie released in 2005, and, ten years later, as a Sandra bullock effort that failed in all respects.

So, at the behest of the consultants, Goni says “Bolivia is in the worst crisis of the last fifty years, and I have a plan of public projects and job creation that will solve this crisis. I know how to do it. I made a few mistakes in the 90s. I will not repeat them now, but will use those mistakes to govern better and more effectively.”

The other candidates said only they wanted change. They asked for a new constitution. But Greenville, Carville and Scrum believed its message was proven superior through the focus groups.

Having the superior message, of course, was not enough. The consultants also needed to highlight—or create—a negative opinion about opponents. Believing that Evo Morales would not be a factor, the consultants targeted Manfred Reyes Villa, Mayor of Cochabamba. They cleverly introduced negative allegations to the press. They did it surreptitiously, and this is a quote: in a way “not connected to us.” In

**the documentary, a consultant states, “we must feed spinach to the journalists.”**

**The consultants’ spin also consisted of photographs of the mayor’s huge estate, and his various apartments. They called attention to Reyes Villa appearing in military uniform, suggesting a military takeover. At the time this started, Manfred was leading in the polls, and Evo had only 13 %.**

**Toward the end of the campaign, the consultants were unsure. They knew they had created an image of crisis, but it did not appear to be enough. Just one week before Election Day, they believed they had lost. Polls showed Goni behind Manfred, with Evo a distant third. Then, the unthinkable. Out of the blue, a gift from heaven, the United States handed Goni a blessing, but one of short duration. The American ambassador went on television asking Bolivians to vote for anyone they wanted, except Evo Morales. The ambassador threatened. He said that the United States would not purchase Bolivian gas if Evo were elected. He suggested withdrawal of foreign aid if the drug interdiction program**

were suspended, inevitable if Evo, the coca growers' leader, were to take charge.

Final election results were so close that parliament had to decide.

There established powers selected Goni. And so began an unstable government, the winner having only 22. ½ % of the vote, Evo 20.9 %, the identical number for Manfred.

As a result of this weak election result, of the known domination of Americans, both in the education of young Goni in Washington, and in the retaining of an American political consulting firm, of the absence of any plan to treat the declared economic crisis for which a plan had supposedly existed, of the proposing of a new federal income tax apparently dictated by the American-dominated international monetary fund, and of an apparently logical proposal to sell Bolivia's natural gas to the United States by way of the long-standing enemy territory of Chile, Goni was run out of office as was the person who followed him, and Evo Morales was elected the first indigenous president in Latin America, with more than 54 % of the total vote, the largest majority ever known in that nation.

**The original documentary film ends with an interview with the consultant firm’s Bolivian project leader, who, in my interpretation, expressed regret, and acceptance of blame, for the disruption, for the thousands of deaths that preceded Evo’s election.**

**Let us now turn to a third example of tragic results arising from a passionate desire to win, in this case, to London and Pretoria. Note, please: this case is recent, and, as yet, not fully understood.<sup>x</sup>**

## Results

Party	Presidential candidate	Votes	%	Seats			
				Chamber	+/-	Senate	+/-
MNR–MBL	Gonzalo Sánchez de Lozada	624,126	22.5	36	+5	11	+6
Movement for Socialism	Evo Morales	581,884	20.9	27	New	8	New
New Republican	Manfred Reyes	581,163	20.9	25	–	2	–

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Force	Villa						
MIR–FRI	Jaime Paz Zamora	453,375	16.3	26	+3	5	–1
Pachakuti Indigenous Movement	Felipe Quispe	169,239	6.1	6	New	0	New
UCS–FSB	Johnny Fernández	153,210	5.5	5	–16	0	–2
Nationalist Democratic Action	Ronald MacLean Abaroa	94,386	3.4	4	–	0	–
Freedom and Justice Party	Alberto Costa	75,522	2.7	0	New	0	New
Socialist Party	Rolando Morales	18,162	0.7	1	New	0	New
Citizens' Movement for Change	René Blattmann	17,405	0.6		New	0	New
Conscience of Fatherland	Nicolás Valdivia	10,336	0.4	0	–19	0	–3
Invalid/blank votes		215,257	–	–	–	–	–
<b>Total</b>		<b>2,994,065</b>	<b>100</b>	<b>130</b>	<b>0</b>	<b>27</b>	<b>0</b>
Registered votes/turnout		4,155,055	72.1	–	–	–	–
Source: Nohlen							

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**I have only two sources for this: Recent stories in *The New Yorker* and *The New York Times*.<sup>xi</sup> Both stories concentrate on the demise of a previously-powerful, London public relations firm. The demise is sad, and many details about in fighting and questionable client affiliations are part of the story. However, in the context of this paper, those details are not important. Instead, the question, unanswered here, is why a public relations and political campaign firm would accept work in a foreign land, meaning South Africa, with only superficial knowledge of the persons and firm which hired it, and with stated goals that would, inevitably, without doubt, fan the flames of racial and class conflict. This is identical to the question that should be asked of the American consulting firm that worked in Bolivia: why become involved in a somewhat alien culture, with different standards and internal dynamics than in the consultants' home country, and with the most superficial knowledge of history and class structure. Can we not assume that both the American and the English firms could have survived on business within their nations? I think so. The most tempting conclusion is to pin the cause on money. For me, that conclusion is too simplistic. Anyway,**

**here is a brief summary of the story of Bell Pottinger of London and Oakbay investments of South Africa.**

**Atul. Ajay and Tony Gupta have been three of South Africa's most powerful business men, with diverse holdings, including mining and newspapers. They had an extraordinarily close relationship with South African president Jacob Zuma. According to a report in *The New York Times*, these brothers from India were able to, quote, "bully officials and bend regulations to their will." "They offered ministerial jobs to politicians of their choosing." End quotes. The relationship was so tight that some in South Africa called the government: the Zupta regime.**

**Reporters hypothesized that the Guptas felt uncomfortable as protests against them and Mr. Zuma gained traction. Their idea was to create a distraction, to focus public attention on their enemies, through a professional public relations program which the Times' reporter called a "stun gun."**



**I am reasonably certain that most persons in this room immediately would have seen a mine field by becoming involved in the intense racial and political circumstances of South Africa, by the fact that the Guptas are not South Africans but are from India, by the obvious accumulation of wealth and power which to the most innocent and naïve mind screams of self-dealing and corruption. Never the less, the London firm, Bell Pottinger, accepted the challenge. Imagine the task, as described in *The New Yorker*. Here is the quote**

**“Gupta requested Bell Pottinger’s help to highlight economic inequality in South Africa. The goal was to persuade South Africans of color that they were far poorer than they should be, mainly because large white-owned corporations had outsized power. [The brothers wanted to be cast] not as overstepping oligarchs but as outsiders countering white supremacy.”**

**See if this does not ring a bell. Pottiner’s work in South Africa consisted of “covert dissemination of articles, cartoons, blog posts, and tweets suggesting that Gupta’s opponents were upholding a racist system. Pottinger gave talking points to South African politicians**

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**promoting the theme that “inequality in South Africa is greater today than at the end of apartheid,” and commissioned an ad campaign declaring that South African banks were threatening the livelihood of employees of the Gupta Company, Okbay. It hired an Israeli digital-reputation service. Veribo, to help suppress negative Google results about the Guptas. A twitter image showed a table of fat rich-looking white people gorging on food while emaciated blacks ate crumbs from the floor.**

**Perhaps only by hindsight, but, in my view, obvious from the start, South Africans became incensed by news that a public relations firm from London was meddling in South African politics. In April, 2017, thousands marched in protest.**

**The fall out has been direct. Bell Pottinger was ejected from The Public Relations and Communications Association, the firm lost most clients, 250 employees were out, and the firm went bankrupt. Perhaps a link also can be made between the racially insensitive work of Bell Pottinger and the current belief expressed by Fox News and by President Trump that white farmers in South Africa are being attacked. However, this is**

**not part of my essay, nor do I purport to understand the big picture. What I do understand is that firms such as Whitaker & Baxter, Greenberg, Carville, and Schrum, and Bell Pottinger, have significant power, and even more significant responsibilities.**

**I have suggested here that at least one member of the Washington, D.C. consulting firm might have personally regretted its actions in Bolivia. Could the same be true of Whitaker & Baxter? We never will know but we have a hint: Leone Baxter, who died at age 95 in 2001, was asked: “does political public relations actually transfer political power into the hands of those who exercise it?”**

**She responded: “it certainly could and has in some instances. In this profession of leading men’s minds, this is the reason I feel it must be in the hands of the most ethical, principled people—people with real concern for the world around them, for people around them—or else it will erode into the hands of people who have no regard for the world around them. It could be a very, very destructive thing.”**

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<sup>i</sup> Based on “The Lie Factory,” by Jill Lepore, in The New Yorker, September 24, 2012.

<sup>ii</sup> From Justice for All, Earl Warren and The Nation He Made, by Jim Newton, Riverhead Books, 2006

<sup>iii</sup> Newton, p 164.

<sup>iv</sup> Newton, p 189.

<sup>v</sup> Government by Whitaker and Baxter, II, by Carey McWilliams, May, 1951

<sup>vi</sup> Lepore

<sup>vii</sup> Lepore

<sup>viii</sup> Other sources: Democracy for Hire, A History of American Political Consulting, by Dennis W. Johnson, Oxford University Press, 2017; the Memoirs of Chief Justice Earl Warren, Doubleday, 1977

<sup>ix</sup> UNIVERSITY OF LONDON INSTITUTE OF LATIN AMERICAN STUDIES RESEARCH PAPERS Crisis in Bolivia: The Elections of 2002 and their Aftermath; Willem Assies and Ton Salman, 2003. Also, “The Bolivian Election of 2002” by Wikipedia.

<sup>x</sup> Based on “Scandal—A top P.R. firm engaged in dirty spin in South Africa—and destroyed itself in the process,” by Ed Caesar, *The New Yorker*, June 25, 2018, p 28, and on “Rogues, Despots and the Collapse of a P.R. Firm” by David Segal, *The New York Times*, February 5, 2018, page 1.

<sup>xi</sup> “Scandal” by Ed Caesar, *The New Yorker*, June 25, 2018, p 28 ff; “Rogues, Despots and the Collapse of a .R. Firm,” by David Segal, *The New York Times*, February 5, 2018, p 1 ff.

## Biography

John Guy is a student of the Morton Marcus School of philosophy, humor and economics. Morton, of course, knows everything

But

John knows everything else, because he was a history major at DePauw, a political science major at American University, a student of The College for Financial Planning, secretary of The Indianapolis Committee on Foreign Relations, and a frequent writer for IBJ and others, primarily on subjects he knows nothing about. Experience as a Peace Corps Volunteer in Santa Cruz, Bolivia, add to the boiling pot, especially since he returned with someone wiser, smarter, and caring, his wife, Chichi.

His two books are “How To Invest Someone Else’s Money,” a guide for trustees of large funds, and “Middle Man, A Broker’s Tale,” about investing, arbitration, and miscellaneous cheating, killing, and loving.

In these 77 years, John has learned that using the same tooth paste every day gives him stability and confidence, that relating to a 17-year-old “Little Brother” teaches humility, and that every year hundreds of Indianapolis residents require a friendly ear, as demonstrated by those who call him weekly on The Crisis Intervention and Suicide Prevention Hotline. John is a listener on the crisis line, but a talker on the podcast “Who Gets What” with Morton Marcus, with more than 40 conversations in the can, including several with ILC members.

Ideas: How about placing a small photograph next to the essays on our web site? Also, a recorded version would be interesting. Imagine if we had both for persons who spoke years or decades ago.

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