
Lure of Lobbying Hooked Jackson Early in Career

BY SIGRID BATHEN
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The 1987 California legislative session is over.

Clayton R. Jackson, the state's top lobbyist, sits in the office of his law firm, Jackson & Abrams, on the 22nd floor of a high-rise in San Francisco's Financial District.

The view of the city is commanding. Prints of 19th century ships line the walls, reflecting the 44-year-old

Second of Two Parts

Jackson's passion for competitive sailing.

The Bay Area is where Jackson prefers to be. A bachelor, he escapes from Sacramento to his home in Mill Valley whenever the Legislature is not in session.

A native of Los Angeles, Jackson grew up in Orange County. His father, now retired, was an oil company electrician and his mother was a police department records administrator. His father pushed him to become an engineer, so he studied chemical engineering at the University of Southern California.

But Jackson then chose law. After graduating from Hastings College of the



MAX RAMIREZ / THE RECORDER

CLAYTON JACKSON: "It was obvious that Clay was destined to be a major force in the lobbying community," said Michael Dorais of the California Newspaper Publishers Association.

Law in San Francisco in 1968; he embarked on a career path that would lead him into the state's most important councils — and make him one of California's best-paid lobbyists.

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For two years, he practiced corporate law, focusing on insurance work for the Los Angeles firm of Parker, Milliken, Clark, O'Hara & Samuelian. His boss there was Karl Samuelian, the political finance chairman for Gov. George Deukmejian.

In 1970, feeling "the tug of the Bay Area," Jackson joined the San Francisco firm of prominent California lobbyist John P. "Packey" McFarland. McFarland also was the dean of San Francisco Law School, and he promptly recruited Jackson to teach contracts and legal ethics in the night school program.

But McFarland's main interest was lobbying and legal work for the California Hotel and Motel Association and several insurance companies.

"Back in those days before specialization, counsel for certain types of businesses — banks, utilities, insurance companies — did everything, as a full-service law firm," Jackson says.

Like many lawyers who end up as lobbyists, Jackson entered the field by accident.

"When McFarland died in 1971," he says, "there were five of us in the firm, and we said, well, there are a lot of heavy contacts [in the Legislature] that are important to clients, laws are important to clients, so who wants to do this? Nobody raised their hand. I raised my hand, and basically that was it."

Michael Dorais, the executive director, general counsel and principal lobbyist for the California Newspaper Publishers Association, remembers meeting Jackson in the early 1970s, when both were starting out in capital lobbying circles.

"It was obvious even at that time that Clay was destined to be a major force in the lobbying community," Dorais says. "He was bright, worked hard and aspired to a major role."

Jackson profited from his connection to McFarland and another prominent Sacramento lobbyist, the late David "Davey" Oliver, who represented the Association of California Insurance Companies (ACIC). Oliver named Jackson, who still was with the McFarland firm, to be ACIC general counsel while Oliver held the title of general manager.

In 1975, the McFarland firm merged with another old-line San Francisco firm, and Jackson became a partner in Dunne, Phelps, Mills, Smith & Jackson.

"Arthur Dunne was one of the finest trial lawyers, one of the finest litigators who ever lived," Jackson says. "The difficulty, however, was that the mentality of law firms here is not like it is in New York and Washington."

UNHAPPY PAIRING

Many California lawyers don't appreciate the demands of dealing with administrative agencies and the importance of developing technical expertise to earn the respect of bureaucrats, he says.

While still affiliated with Dunne, Phelps in the late 1970s, Jackson separated the lobbying business from the legal work and formed General Consulting Co.

In 1983, Dunne, Phelps disbanded, and Jackson became a senior partner in another blue-chip San Francisco firm, Lillick, McHose & Charles. He said he became an "instantaneous senior partner."

But it was not a happy pairing, and Jackson and another Dunne, Phelps alumnus, James Abrams, stayed only two years. Jackson felt that Lillick, like many mainstream firms, lacked a feel for the demands of political and governmental advocacy.

"These people really did not understand what we did," he says. "They really resented that a non-lawyer could make \$100,000 [as a lobbyist]. They'd see a bill for \$200 from Jack's [restaurant in San Francisco] and not realize that I'd rather be home eating a tuna fish sandwich. . . . The benefit of a legal education is to teach people to really think, but they don't teach how to understand the real world."

Gordon Poole, a senior partner at Lillick, says the 1985 split with Jackson developed because of client conflicts.

"Some of his lobbying clients had interests that were in conflict with the interests of clients we represented in legal



JOSEPH BARISH: Before teaming up with Jackson, he was director of public relations for Del Monte Corp. and a consultant to Anheuser-Busch, R.J. Reynolds Tobacco Co., Westinghouse, ARCO (Alaska) and the city of San Francisco.

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matters," Poole says. "We really had no alternative. . . . In terms of evaluating effectiveness, the work [of lobbyists] is so much more difficult, and there are misunderstandings that arise because of differences in style."

In 1985, Jackson changed all of his professional affiliations. He left Lillick and with Abrams formed a new firm, Jackson & Abrams, which specializes in insurance, hotel and general business law. Along with partner Kevin McGrath and associate Ray Thomas, representing many of the clients of Jackson's lobbying business.

Jackson also left his lobbying firm, General Consulting Co., and entered into a partnership with Joseph Barish. The General Consulting name went with partner David Kim, but Jackson took the clients with him.

Barish, 57, a Tiburon resident, was director of public affairs for the Del Monte Corp. from 1959 until 1972, managing the food company's Washington office for several years.

After Del Monte, Barish became a policy and public relations consultant to major business and government clients such as Anheuser-Busch Cos. Inc., R.J. Reynolds Tobacco Co., Westinghouse, ARCO (Alaska) and the city of San Francisco. He set out to find a partner for his lobbying firm.

"I didn't want someone who relied on the old-boy network," Barish said. "I didn't want an ideologue. I wanted someone who felt the client's needs, not what the Legislature thinks those needs are."

Together, they created a successful firm with a reputation for hard work and long hours.

CHIEF OF STAFF

Jackson/Barish employs Kathleen Snodgrass, a former trial deputy in the Sacramento County district attorney's office and former counsel to Assembly Speaker Willie Brown (a close Jackson friend and political ally); Russell Noack, an insurance lawyer formerly with Industrial Indemnity Insurance Co.; Kurt Malmgren, a non-lawyer who was Bethlehem Steel Corp.'s Washington representative; and Ralph Heim, a non-lawyer who represented Georgia-Pacific Corp. and chaired the California Manufacturers Association's governmental relations committee.

Jackson/Barish depends to a great ex-

tent on the vast resources and financial backing of the Association of California Insurance Companies. The ACIC is managed by insurance lawyer and lobbyist Edward Levy, who was counsel to the Assembly Finance and Insurance Committee for 10 years. Jackson hired Levy in 1975 to work for the association. On insurance bills, much of the legislative and legal analysis presented to lawmakers is done by Levy and ACIC counsel Delta Children. Jackson coordinates strategy.

"I'm basically an insurance lawyer," Jackson says. "My client is the ACIC, and I'm the general counsel. When the Legislature gets going, I'm sort of the chief of staff, and all those other people, whether they work for the association or for me, are the staff. I spend more time with the public officials, and Levy spends time with the [insurance] carriers."

Some question the use to which Jackson puts the considerable financial resources of the insurance industry, which the Insurance Consumer Action Network estimates contributed \$2.5 million to legislative and other California campaigns in 1985-86.

DIFFICULT DECISIONS

Jackson calls that figure inflated, while ICAN director Steven Miller says it is probably understated.

In any event, Jackson insists that money only buys access — not raw power.

"There are plenty of substitutes for money in politics," Jackson says, "and all of those translate into access. The consumer groups like to complain that they have no money and therefore no power. And yet, they gave us a terrible time [over the insurance reform bills]. The fact of the matter is that we had a hell of a time killing those bills."

He cited the grass-roots organizing skills of major citizen organizations as an effective method for gaining access, and media exposure as another.

"What happens if a major news organization in the state takes out after one of the members [of the Legislature] and decides to spend a lot of time reporting on that member's activities, both professional and private? There is immense influence over that member and his vote, much more so than campaign contributions.

"Institutional governing bodies have

difficulty making decisions," Jackson says. "As a consequence, the system itself tries to develop other methods to get effective decision-making to occur. Those methods may stay in place for a year or a few years. They usually end up being attacked."

"Take this year for example. There must have been five major issues resolved in the last week or two. That hasn't happened in I don't know how long. Back when it did happen, it happened because of real closed-door politics. We don't really have closed-door politics anymore, the kind you had 30 to 40 years ago."

"The reason things happened this year — and I can point to the tort reform thing, to the court financing bill, and several others — they happened that way simply because that was the only way a decision could be made. . . . A lobbyist is nothing more, nothing less, than a private politician. . . . Like all pragmatists, they take what tools are available to them to get the job done."

So, in the final analysis, legislation is made by special-interest groups, rather than elected representatives?

"I have a hard time with that question," Jackson says after a long pause.

"I don't think there's a hell of a lot of difference in terms of political operation between, say, the Bankers Association, the AFL-CIO, the Realtors and so forth. It's hard for me to talk about special interests because, tongue in cheek, even the grandmothers' league has a lobbyist."

"I long ago came to the conclusion that there is very little that goes on in government that isn't a function of special interests, and there never has been."

NOT PAID TO BE LOVED

It's that pragmatic attitude that makes him a champion in the eyes of his clients. But Jackson's fierce single-mindedness also creates some problems for both legislators and colleagues.

"Nobody pays their lobbyist to be loved," says former Jackson lobbyist Wayne Wilson, a former deputy attorney general in Nevada and general counsel to the Nevada insurance commissioner. Wilson now is with Heron, Burchette, Ruckert & Rothwell, a capital lobbying firm representing insurers and agricultural interests. "He lives and breathes this stuff. This is not a job he works from 9 to 5. . . . It's part of his mortal being."

Larry Kerbel, a former Jackson associate who was once the California savings and loan industry's chief lobbyist, remembers Jackson as a perfectionist and a taskmaster.

"The whole of the Capitol is about winning and losing — that's it," says Kerbel, who now heads the State Teachers Retirement System, one of the largest public-employee pension funds in California. "[Jackson] expects a great deal, but his staff has great affection for him. . . . While we had our differences, I found him to be a fascinating man. . . . For someone who operates in such a complex field, he is very straightforward, but you have to earn his trust. He's a tough son of a bitch, but I think the world of him."

Colleagues recount Jackson's late-night, last-minute phone calls to staff members, ordering them to accomplish almost impossible tasks in unrealistic time frames without regard for their personal lives.

The Jackson lobbying firm "is a high-stress office to work in, what with the number of clients, the number of problems, the times when he doesn't return phone calls, when you can't get in to see him," said one former staff member who asked not to be identified.

"When he wants something, he wants it now," the former employee said. "He has no regard for another person's feelings, and he has no consideration for personal plans or commitments. If he wants you at a certain place at a certain time, you have to be there."

"I would never work for him again," said another former employee who asked not to be identified. "He's terrible to work for. This is his entire life. He's obsessed with being No. 1."

But his partner in the lobbying firm of

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Jackson Staffers Endure High Stress

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Jackson/Barish & Associates doesn't see the hard-driving Jackson as one-dimensional.

"I don't think anyone in this town really knows Clay," says Barish. "He is so easy to make a caricature of because of his size and his voice and his success ratio."

Jackson is an opera and symphony buff, and he sails, travels, backpacks and hikes. He is a member of the St. Francis Yacht Club. He should not be labeled a workaholic, Jackson says.

"I do have a great sense of responsibility to my clients," he says. "Sometimes you have to spend a lot of time working, but what are you going to do? I don't make any demands on staff that I don't make on myself. You have to do what you have to do when you have to do it. And in politics, above all things, the critical essence is timeliness. What you can do today you might not be able to do tomorrow."

Such drive wins respect from lawmakers and their aides.

"Clay Jackson's lobbying strength is his thorough knowledge of the industry he represents and his willingness to negotiate compromise," says Assemblyman Patrick Johnston, D-Stockton, chairman of the Assembly Finance and Insurance Committee.

"He understands the field and the bills," says Assemblyman Lloyd Connelly, D-Sacramento. "He can make very sophisticated arguments. He's always very respectful, and we're frequently on opposite sides of an issue. . . . He even looks like a lobbyist."

"Some are effective because of their financial backing, and some because of their own efforts," says William George, longtime principal consultant to the Assembly Finance and Insurance Committee. "Clay is somewhere in between. He does his research. He is informed. . . . I have to say I do enjoy working with Clay."

James Cathcart, principal consultant to the Senate Committee on Insurance, Claims and Corporations, dismisses most lobbyists' work. "Quite frankly, most of

Want to Be Good Lobbyist? Forget Your Legal Training

Clayton Jackson has grave doubts about most lawyers' ability to function effectively as lobbyists.

"I don't think the training of lawyers, the culture of law firms or the legal business gives the background to the majority of the members of the Bar for the kind of flexibility you have to have in policy-making," he says. "Some law firms come to Sacramento simply to make money. . . . I think the awareness [among lawyers] of the need to at least be familiar with this kind of endeavor has increased. I'm not sure their skill has increased, because I haven't seen it."

Success as a lobbyist requires an understanding of the legislative and regulatory processes and a unique mix of skills, including a keen eye for the vagaries of politics and a willingness to examine "the subterranean parts of issues," he says.

Law firms involved in lobbying do not take a uniform approach to their work.

"Some are more involved in politics than others, some spend more time with the regulatory process than the legislative process," he says.

the stuff is real slop," Cathcart says. "I get real offended."

Jackson is different, Cathcart says.

"He's a person who does his homework," he says. "He's not lazy. He's very aggressive in putting his position across. I've been with the Legislature for 20 years, and one thing that characterizes lobbyists is not to work too hard, to be a little lazy. He commands the respect of staff and legislators."

In the formation of government policy, the effective lobbyist must understand "the needs, the drives and the imperatives of the bureaucrats and the political appointees" as well as the clients, Jackson says.

"And lastly, you have to understand the needs and the weaknesses of your opponents," he says.

Effective lawyer-lobbyists are rare, Jackson says. Jackson remembers when a friend retired several years ago from a high-ranking post in the civil division of the state attorney general's office.

"In 25 years in the attorney general's office, he had met only a few members of the California Bar who are capable of dealing with [that agency]," Jackson says. "I thought that was astounding. If you look at the attorney general's office as an agency, which it is, that is the quintessential lawyer's agency. And here a senior, experienced man had that comment on the abilities of the Bar before an administrative agency. I find that striking, and I've never forgotten that."

— SIGRID BATHEN

Even critics, some of whom say Jackson's legislative analyses are undistinguished, admit that Jackson knows the system and accomplishes what he sets out to do.

The 1987 legislative session was demanding for Jackson/Barish, but it wasn't as difficult for Jackson as the battles over no-fault auto insurance in 1973 and 1974.

This year, the firm was successful largely because lawmakers killed con-

sumer-backed insurance reform measures and because he worked with the California Trial Lawyers Association and other major business and medical groups to devise the successful tort reform compromise. That plan, a creation of lobbyists and special interests without any substantive input from the public during the deliberative process, was introduced and passed on the final day of the session last month.

The talks leading to the rushed legislation "began as a meeting" in the spring and evolved into full-fledged negotiations between the trial lawyers, the tort reformers and the insurers, represented by Jackson, he says. He defends the exclusion of consumer interest groups from the negotiations.

"What they are interested in was not on the table," he says. "They have never been players in tort reform, and that was basically what the agreement was all about."

Judith Bell, special projects director with Consumers Union, disputes Jackson on that point and says consumer groups have been involved heavily in tort reform issues for years — particularly product liability issues. The lingering bitterness among consumer activists is not likely to make life easy for Jackson in the coming months.

Consumer groups are talking about an insurance reform initiative for the 1988 ballot, incorporating the legislative measures frustrated by Jackson.

Jackson acknowledges the potential public support for an initiative to curb escalating insurance premiums. For the past few weeks he has been trying to negotiate a compromise with consumer groups that would avert a referendum.

But Michael Strumwasser, the special assistant attorney general who calls Jackson the new "Big Daddy" of the Legislature and whose office lost to Jackson on the insurance reform bills, says Jackson will be handicapped by a "conspicuous disadvantage" in a political campaign:

"He represents a client," Strumwasser observes, "who is not very popular."