

For Hillary Clinton and Boeing, a beneficial relationship

By Rosalind S. Helderman, Published: April 13 [E-mail the writer](#)

http://www.washingtonpost.com/politics/for-hillary-clinton-and-boeing-a-beneficial-relationship/2014/04/13/21fe84ec-bc09-11e3-96ae-f2c36d2b1245_story.html?hpid=z1

On a trip to Moscow early in her tenure as secretary of state, Hillary Rodham Clinton played the role of international saleswoman, pressing Russian government officials to sign a multibillion-dollar deal to buy dozens of aircraft from [Boeing](#).

A month later, Clinton was in China, where she jubilantly announced that the aerospace giant would be writing a generous check to help resuscitate floundering U.S. efforts to host a pavilion at the upcoming World's Fair.

Boeing, [she said](#), “has just agreed to double its contribution to \$2 million.”

Clinton did not point out that, to secure the donation, the State Department had set aside ethics guidelines that first prohibited solicitations of Boeing and then later permitted only a \$1 million gift from the company. Boeing had been included on a list of firms to be avoided because of its frequent reliance on the government for help negotiating overseas business and concern that a donation could be seen as an attempt to curry favor with U.S. officials.

The November 2009 episode was an indicator of a mutually beneficial relationship between one of the world's major corporations and a potential future president. Clinton functioned as a powerful ally for

Boeing's business interests at home and abroad, while Boeing has invested resources in causes beneficial to Clinton's public and political image.

Boeing's largesse on behalf of the U.S. pavilion at the Shanghai expo was helpful to Clinton at a critical moment as she made it her priority to woo support from corporations to revive the American presence at the event.

She was widely credited with orchestrating a turnaround, and the can-do image she cultivated as secretary of state has contributed to her status as a Democratic front-runner ahead of the 2016 presidential campaign.

In 2010, two months after Boeing **won** its \$3.7 billion Russia deal, the company **announced** a \$900,000 contribution to the William J. Clinton Foundation intended to rebuild schools in earthquake-ravaged Haiti. The foundation, which Hillary Clinton **now helps lead** with her husband and daughter, has become a popular charity for major corporations.

The company's ties came into play again this month when its in-house lobbyist, former Bill Clinton aide Tim Keating, co-hosted a fundraiser for Ready for Hillary, the super PAC backing her potential presidential run.

The Boeing relationship meshed well with efforts by Clinton to expand the State Department's advocacy of U.S. economic interests abroad, part of a broader philosophy that has emphasized partnering government with businesses to solve problems. A potential side benefit for

Clinton has been the chance to strengthen ties to the kind of powerful allies in the business community who could assist a possible presidential bid.

Clinton spokesman Nick Merrill said that her advocacy for Boeing's jet deal was "the job that every Secretary of State is supposed to do and what the American people expect of them — especially during difficult economic times. She proudly and loudly advocated on behalf of American business and took every opportunity to promote U.S. commercial interests abroad."

Boeing spokesman Sean McCormack said that the company sees its cooperation with the government to encourage exports and create jobs as a "mutual institutional interest, versus a personal one."

As for Boeing's support for the expo pavilion and its donation to the Clinton Foundation, McCormack said that the company's corporate giving, in the United States and abroad, is intended to serve the interests of both the company and the regions where it does business, and that it is "carefully vetted to ensure that it is appropriate and compliant with law."

A Clinton Foundation official said that Boeing was one of numerous large corporations to contribute after the January 2010 earthquake in Haiti and that the grant had no connection to Boeing's interactions with the State Department.

'A shameless pitch'

Clinton's October 2009 visit to Russia was dominated by discussion of Iranian sanctions, but she made clear that a top priority was Boeing's interest in selling planes for use by a new state-owned Russian airline, Rosavia.

"This is a shameless pitch for Rosavia . . . to buy Boeing aircraft," **she said** while touring a Boeing facility in Moscow.

The U.S. government has long pushed for Boeing to win contracts overseas, particularly in countries such as Russia where commercial jets are purchased by state-owned interests that are especially susceptible to high-level diplomatic lobbying.

Boeing has had a particularly close relationship with the Obama administration, which has made a goal of **doubling U.S. exports** and appointed the company's chief executive as chairman of a task force responsible for getting it done.

The nation's biggest exporter, Boeing employs tens of thousands and has for years been in a stiff competition for new jet sales with Airbus, which is based in France.

For Clinton and other American officials, the potential Boeing deal offered an enticing symbol of warming U.S.-Russian relations as part of **a diplomatic "reset"** announced in the spring of 2009.

Three days after Clinton's remarks in Moscow, according to State Department cables released by the anti-secrecy

group WikiLeaks, Boeing formally submitted its bid for the Russian deal.

‘We had no money’

At that point, Clinton was also in the midst of trying to turn around the cash-strapped U.S. pavilion planned for the 2010 Shanghai expo.

By all accounts, the American effort was already in trouble when Clinton took office in early 2009, with corporate fundraising faltering and the Chinese warning that meager U.S. participation would be viewed as a diplomatic affront.

Unlike most nations, the United States does not use government money to pay for its pavilions in world’s fairs, held once every four years. The 2008 economic crash made companies less than willing to participate; moreover, many had also signed up as sponsors of the Beijing Olympics and were not eager to give for another, similar event.

“We had no money and no working capital,” recalled Nick Winslow, who was the president of the nonprofit USA Pavilion, charged with getting the structure built. “No bank would invest in us.”

To kick-start her push, Clinton reached into her political network, appointing personal allies to take charge. She poured personal and political capital into an appeal to bring in \$60 million from more than 60 major corporations.

Winslow said he initially submitted a list in 2008 of about 140 companies he hoped to approach for money, including Boeing.

But State Department officials ruled out soliciting Boeing and other large firms with significant business relationships with the government. The list also included banks that had received federal bailouts.

“About half of [the names on the list] came back with an ‘X’ through it,” Winslow said. “Boeing was one of them. We weren’t even allowed to talk to them.”

Agency lawyers had nixed Boeing out of concern that the department’s work lobbying for the company’s interests overseas could present the appearance of a conflict of interest, said a former agency official familiar with the decision.

“Because of the occasions in which we would provide support for them, from an ethics point of view, it was decided donations should not be solicited from them,” said the official, who spoke on the condition of anonymity to avoid offending Boeing or Clinton.

‘This arbitrary number’

An appeal from Winslow and others involved in the project resulted in a new ruling in Boeing’s case: Since there was no direct conflict of interest, the expo could accept a donation from the company, but only up to \$1 million. The

goal was to ensure that Boeing did not dominate the event, the former official said.

The decision was frustrating for the struggling organizers, who saw Boeing as a natural fit for the event.

“They had this arbitrary number because they said it was a potential conflict of interest,” said Frank Lavin, who served as chairman of the pavilion’s steering committee. “There’s either a conflict or not. You don’t cap it.”

The announcement that Boeing would give \$2 million rather than the \$1 million maximum that had been set was made by Clinton on Nov. 16, 2009, as she toured the pavilion site. Earlier the same day, she visited a Boeing hangar in Shanghai and addressed executives from Boeing and other companies to stress the importance of the project.

How the decision was made to raise the cap remains a mystery, at least in public.

Neither Winslow nor Lavin, nor a number of other officials whose involvement with the expo pre-dated Clinton’s involvement, recalled the decision.

Said one former official: “Things were done for the pavilion that were not done in any other instance for fundraising purposes.”

The former official said a series of internal memos were written in 2008 and 2009 that laid out the reasoning behind the Boeing decisions.

State Department spokesman Alec Gerlach did not provide the memos or an explanation. He said that donors were “appropriately vetted and approved for participation at the 2010 Shanghai Expo, end of story.”

Two top fundraisers from Clinton’s 2008 campaign whom she appointed to take charge of the expo effort, former ambassador Elizabeth F. Bagley and San Antonio lawyer Jose Villarreal, did not respond to requests for comment. Neither did Kris Balderston, a longtime political aide dating to Clinton’s days in the Senate, who also assisted the effort.

A high-profile success

Merrill, the Clinton spokesman, said support from Boeing and other corporations was sought only because it was important for the success of the event. “Suggesting otherwise would be like saying that encouraging Pizza Hut’s sponsorship was done in an effort to get free pizza,” he said.

Winslow said Boeing’s \$2 million donation put the company in the upper tier of the more than 60 firms that donated to the expo, though it was eclipsed by five companies that donated \$5 million each.

The success of the U.S. pavilion was considered **one of the greatest achievements** of Clinton’s first year in office.

In the new Clinton biography “**HRC,**” by journalists Jonathan Allen and Amie Parnes, Villarreal said Clinton’s

connections and personal endorsement of the project were key.

“We knew how to get to the leadership of companies, and, of course, being able to suggest that this was a project that was very, very important to Secretary Clinton really, really helped in opening doors,” he said.

Alice Crites and Julie Tate contributed to this report.