

Influence peddling charged over Iraq's debt

Do Washington heavyweights have a private interest at stake?

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In meeting after meeting, President Bush's special envoy, former Secretary of State James Baker, has lobbied world leaders to reduce the crushing debt owed by Iraq.

But at the very same time, a high-powered consortium — including Baker's firm, the Carlyle Group, former Secretary of State Madeleine Albright and other Washington heavyweights — has been pitching a seemingly conflicting proposal. The plan urges one of the wealthiest nations in the Middle East to maximize what it collects from Iraq.

How? By hiring the consortium.

"I don't care how eminent the people are, or the groups, this is as bald-faced influence peddling as you are ever going to see anywhere," says international finance expert Jerome Levinson, a law professor at American University in Washington, D.C.

The target: the oil-rich kingdom of Kuwait, which is owed tens of billions of dollars in reparations from Iraq arising from Saddam Hussein's invasion in 1990.

In a series of documents, the consortium warns that Baker's diplomatic mission puts the billions Iraq owes Kuwait in "imminent jeopardy." It says Albright's "unique experience and political access," the Carlyle Group's "roster of political stars," and other assembled talent could conduct high-level negotiations to "protect" Kuwait's interests.

Bill Arkin, an NBC News analyst and expert on Iraq, calls the documents, first obtained by "The Nation" magazine, an unusually revealing window into how Washington really works.

"Former government officials are using their positions and using their experience to essentially strong arm a small country into hiring them to ensure that they will get what they're already due," says Arkin.

A spokesman says Baker "at no time was aware of this proposal" to help Kuwait until informed by NBC News.

The Carlyle Group first said — in spite of what the documents suggest — its only role "would be to invest funds on behalf of Kuwait" and it had no role in writing the proposal. Then, Wednesday, the firm provided a letter claiming Carlyle "was never part of the consortium" and "does not want to participate ... in any way, shape or form."

The firm adds that Baker believed Carlyle would not be involved in the deal, when he was named special envoy last year.

Former Secretary Albright, who visited Kuwait to lobby for the deal, says her purpose was "to help secure justice for victims of Saddam's invasion of Kuwait" and ensure that money is "used to promote reconciliation, environmental improvements and investment in ... the region."

Wednesday night, an Albright spokesman pronounced the Kuwait deal "dead." The consortium's potential fees, some estimate, could have topped a billion dollars — big money even by Washington lobbying standards.

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