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Don't Cry for the Lobbyists

David Boaz - July 25, 2011

Headlines this week [reported](#) a slight decline in reported expenditures by federal lobbyists. Of course, it would have been hard to keep up the pace set as companies and other interest groups fought to get a piece of the TARP bailout, the massive stimulus bill, the [omnibus](#) appropriations bill, the health care bill, and other spending and regulatory bills that passed during the 2008-2010 legislative frenzy.

But don't worry about the big lobbying firms. They'll do fine. Indeed, Chris Frates of *National Journal* [reports](#):

Some of Washington's biggest lobbying shops are pulling down good money this year, but you wouldn't know it from their public disclosures.

The early reports of second-quarter revenue numbers, due at midnight on Wednesday, had lobbyists bemoaning how a slumping economy and a deficit-obsessed Congress were hurting business. But that downturn in lobbying revenue is more than offset by the regulatory work, political intelligence, investigation prep, and agency lobbying that is part of the unreported influence economy, insiders say....

Indeed, the passage of health care and Wall Street reform, from which K Street made a killing lobbying for two years, have now morphed into a regulatory gravy train as corporations scramble to influence the hundreds of rules that will soon govern their industries.

And because regulatory work requires specialists who understand the rule-making process and can help clients comply with, or challenge, the new rules, it is much more lucrative than traditional lobbying—paying two to three times more.

Construction may be on the ropes, apparel manufacturing is falling fast, even financial companies have been laying off thousands. But Washington lobbyists are doing just fine.

People who support an expansive government with many services, from consumer protection to health care to education to infrastructure and so on, dream of a federal government made up of selfless, public-spirited officers and employees, so unlike the greedy, self-interested private sector. But the reality is that people are people. Government employees are just as self-interested as corporate employees. And therefore they are susceptible to political influence, persuasion by interested parties, actual bribes, and personal preferences. The libertarian argument for keeping more of society in the private sector is not that there's no self-interest or corruption in business; it is that the market system has more competition, more checks and balances, and more incentives to satisfy customers. You can make money in the private sector by cutting costs; government agencies that cut costs find their appropriations reduced. Businesses must constantly search for better ways to deliver goods and services lest customers move to their competitors. Government agencies are usually monopolies that forbid competition. With no owners seeking a profit on their investment, no financial reward for doing a good job, no penalty for wasting money, government employees and agencies have little incentive to deliver goods and services efficiently. As [Adam Smith](#) suggested with his "invisible hand" metaphor, the competitive market system channels self-interest in a socially beneficial way—into the search for ways to attract customers—while the uncompetitive non-market system actually encourages pure self-interest.

And one aspect of that is lobbying. Big government means big lobbying. When you lay out a picnic, you get ants. And today's federal budget is the [biggest picnic](#) in history.

Lobbyists love spending bills. They also love a complicated tax system with myriad rates and exemptions. And as *National Journal* noted, they especially love complex regulations. Just look at some of the lobbying stories in the past week: "Facing increased regulatory scrutiny for its proposed acquisition of T-Mobile," AT&T is [spending more](#) on lobbying. "Desperate to stop AT&T [in Washington, not in the hearts and minds of consumers], [Sprint Doubles Lobbying Spend](#)." "Google, facing an antitrust probe by federal authorities, [boosted its lobbying expenditures](#)." "[Goldman Sachs flexes its lobbying muscle](#)." GM and

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