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Timothy Carney

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Timothy P. Carney: Barack Obama and the Miracle on K Street

By: Timothy P. Carney
Examiner Columnist
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Lobbying expenditures, the Center for Responsive Politics told us this week, will probably shatter records in 2009. This surprised many pundits who took Obama's superficial anti-lobbyist policies would cause a downturn in the influence industry.

But Cato Institute executive vice president David Boaz explained it beautifully in a blog post on Wednesday: "Lay out a picnic, you get ants. Hand out more wealth through government, you get lobbyists."

In other words, when government is discussing making some products (such as health insurance) mandatory, some (such as the incandescent light bulb) illegal, some (such as a trip to the tanning bed) more heavily taxed, some (such as wind-mills) more heavily subsidized, and granting others (such as biologic drugs) lengthy government-enforced monopolies, you can expect businesses to lobby up.

When government controls more of the economy, businesses will invest more in government. That's good news for K Street.

Much of the media coverage this week has focused on the boom in health-care lobbying thanks to Obama's packages of subsidies, taxes, mandates, and regulations. Energy companies and manufacturers also lobbied up on climate legislation—both trying to avoid the government sickle and to feed at the corporate-welfare trough. Of course Detroit and Wall Street boosted their lobbying spending, too, as these industries latched permanently onto the Teat of State.

But the real cost of Obamanomics on this score is the way in which it sucks wealth from Main Street to K Street by forcing smaller businesses and industries, non-profits, and cities and towns to invest or invest more in lobbyists.

The City of Cordova, Alaska, population 2,251, retained not one, but two lobbying firms in 2009, to lobby for stimulus money and other federal spending.

And did you know there's a Reusable Industrial Packaging Association? They're not as big as, say, the

Pharmaceutical Researchers and Manufacturers of America or the American Petroleum Institute. In fact, their national headquarters are not on K Street or even on Duke Street – they're out in Landover.

RIPA, according to federal filings, had spent \$0 on lobbying this decade until this year. In February, RIPA hired the K Street firm Bingham & McCutchen, and has shelled out \$10,000 every month for the services of the firm's lobbyists, including Gary Slaiman, a former top Republican lawyer for the Senate's Judiciary Committee and a subcommittee on labor.

Obama's climate and energy bill could hurt this industry by imposing costs on shipping and on manufacturing. But the industry is also lobbying for special mandates and subsidies for the reuse of materials, which, after all, is at the heart of their business.

The Boys & Girls Club of Santa Clarita Valley in March jumped into the lobbying game, hiring two former staffers of Rep. Buck McKeon R-Calif., to lobby for federal support. The organization had paid these lobbyists more than \$16,000 by the end of September. This is one fruit of big government: rather than hit up your neighbors for voluntary donations, charities find it more effective to hit up government for taxpayer loot.

Obviously, not all the lobbying boom is attributable to Obama and the Democratic Congress. George W. Bush's expansion of federal power also stoked a lobbying boom. Education company Blackboard Inc., for instance, went from zero lobbyists to ten this year.

While the stimulus spurred some of this investment, clearly, No Child Left Behind is the prime driver in the education industry's investment in Washington. With the Department of Education increasingly calling the shots on funding and curriculum, education companies are the new Beltway Bandits.

The tiny city of Cordova, the obscure industry of reusable industrial packaging, a modest Boys & Girls Club in California, and the newly Beltway-entrenched Blackboard Inc, are just random examples I found of entities that lobbied up this year. This is what big government does: it provides incentives for lobbying and introduces costs for not lobbying.


Even if Washington isn't threatening your industry, but is instead only handing out goodies, you still suffer by not investing in K Street, because your competitors will just get your share of the loot.

If 2010 brings as much Change as 2009, K Street will see it as tidings of comfort and joy.

Timothy P. Carney is The Washington Examiner's lobbying editor, His K Street column appears on Wednesdays.

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