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D.C. wants a bite at the Apple

When tech companies get 'too big,' politicians and regulators move in to meddle

BY [DAVID BOAZ](#) / NEW YORK DAILY NEWS



JEFF CHIU/AP

Like Bill Gates of Microsoft before him, Apple CEO Tim Cook may soon find himself forced to pay more attention to the demands of Washington politicians and bureaucrats.

Every successful company finds out that it can't just work on improving its products and serving consumers. Sooner or later, it's going to have to deal with politicians and regulators sniffing around its business.

Yes, Apple — praised to the skies for being an innovator and job creator by Washington politicians when that narrative serves their interests — has become the latest target of the political class.

According to Politico, the daily newspaper of lobbyists and political consultants, industry giant Apple spent a mere \$500,000 in Washington in the first quarter of 2012, compared to more than \$7 million Google and Microsoft spent on lobbying and related activities from January through March of this year.

Then Politico lowers the boom: “The company’s attitude toward D.C. — described by critics as ‘don’t bother us’ — has left it without many inside-the-Beltway friends.”

“Don’t bother us”? I say, amen. But Washington says, no way. The attitude on the Potomac is: “Nice little company ya got there, shame if anything happened to it.”

The core problem, as far as Washington sees it? After years as a cute little niche player, Apple has suddenly started producing wildly popular products such as the iPod, the iPhone and the iPad.

With a rising position in the market has come endless, reflexive scrutiny.

The biggest example: The Federal Trade Commission has started rumbling about Apple’s threat to competition. Note the absurdity here. Apple creates whole new products and industries, consumer benefits that didn’t exist before — and the federal government wrings its hands about the possibility that it’s somehow going to “limit” competition in a market it created.

It’s not just the FTC. The Justice Department’s antitrust division is investigating Apple’s e-book pricing arrangements. The U.S. International Trade Commission has conducted investigations into Apple’s wireless patents (finally clearing Apple in one recent case).

And congressional committees regularly pressure the company about how smartphone apps — which a very savvy consumer marketplace is perfectly capable of monitoring on its own — might threaten privacy or enable illegal activity.

Make no mistake: This will continue unless and until Apple gets with the program and starts spending a few million a year on Washington lobbying.

And even then, it will not stop.

Heard of “too big to fail”? Well, to Washington, Apple is now too big not to nail.

Sadly, I get to write this same column every time a new company makes enough money to draw the attention of the wielders of money and power in Washington. Remember Microsoft? For more than a decade, Microsoft went about its business, developing software, selling it to customers and — legally — making money.

Washington politicians and journalists sneered at the company’s naiveté. A congressional aide said, “They don’t want to play the D.C. game, that’s clear, and they’ve gotten away with it so far. The problem is, in the long run they won’t be able to.”

A major antitrust case and a few other inquiries later, Microsoft got the message. They now play the game.

A decade later, it was Google. After a humble start as a research project by two Stanford students, Google delivered a terrific product — and became the biggest success story of the early 21st century.

But in our modern politicized economy, which author Jonathan Rauch called the “parasite economy,” no good deed goes unpunished for long. Policymakers worried about the company’s size and influence — including in many markets it had ostensibly created — started threatening Google.

Sure enough, Google opened a Washington office, hired well-connected lobbyists and ramped up its spending.

And now Apple.

Make no mistake: A growing drumbeat of questions from Washington puts a damper on innovation. Reflecting on Microsoft’s decline after its decade-long antitrust case, tech expert Adam Thierer wrote in *Forbes*, “When antitrust hangs like the Sword of Damocles, every decision about how to evolve and innovate becomes a calculated gamble.”

A bigger and bigger priority becomes how to bend the tax and regulatory system so it causes as little pain as possible.

Why? Because government is a weed. The federal budget has grown steadily over the last 60 years or so to about \$3.7 trillion. The number of pages in the Federal Register, where new regulations are printed, now grows by about 70,000 every year.

No wonder total spending on lobbyists has doubled in the past decade, to \$3.3 billion in 2011.

Dragging Apple into the political swamps is just the latest tragic example.

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