

## In the Sequester Fight, Fiscal Hawks Win Over Cronyism

By: Veronique de Rugy – March 12, 2013

---

A few weeks ago, *Roll Call* had a piece explaining why the sequester cuts were in part the result of lobbyists not getting what they wanted: more government spending.

The seemingly inevitable sequester cuts that will slash \$85 billion from the federal budget on Friday reflect not only Washington's political paralysis but a bitter lobbying failure for K Street interests across the board.

From university professors and scientists to cancer victims, defense contractors and federal workers, hundreds of advocacy, trade and labor groups have lobbied aggressively for months to head off the cuts. They've run ads, testified on Capitol Hill, staged demonstrations and hounded lawmakers, all to no avail. . . .

But the path forward could be a lobbying nightmare. A continuing budget resolution that's keeping the government open expires at the end of March. Congress must then enact either another resolution or an omnibus spending bill to keep operations running, which is when some sequestered programs' funding might be restored. "It's a mess," Scott said.

Let's hope that this is the case. The unhealthy marriage between the private sector and the government results in a massive amount of taxpayer money being spent every year on private interests, but it also, as my colleague Matt Mitchell puts it, "impedes genuine economic progress, breeds corruption, and undermines the legitimacy of both the government and the private sector."

In a piece in *Foreign Affairs* last Friday, the Cato Institute's Chris Preble warns that "it is *way* too early for budget hawks to declare victory." He writes:

The defense contractors and special interests still have enormous firepower in Washington, and they've turned their attention to the "continuing resolution" that will fund the government for the remainder of the year.

Preble is right that fiscal hawks shouldn't overlook the incredible power of lobbyists, the interests they represent, and the willingness of Congress to indulge them by spending our money. In this piece, Jeremiah Goulka tells the epic story of how Lockheed Martin went from "facing bankruptcy due to cost overruns and cancellations of programs" to squeezing "Uncle Sam for a bailout of around \$1 billion in loan guarantees and other relief," and then selling "the military another fleet of C-130s that it didn't want." He writes:

To be fair, the Air Force *did* request *some* C-130s. Thanks to Senator John McCain, the Government Accountability Office (GAO) did a study of how many more C-130s the Air Force requested between 1978 and 1998. The answer: Five.

How many did Congress add on? Two hundred and fifty-six.

How did that happen? By putting its lobbyists to work.

They focused on legislators in key committee positions and in states where Lockheed, like others in the defense industry, had strategically located their operations and subcontracts. The company poured millions of dollars into lobbying and political donations.

Tracking lobbying is hard to do, but to give a sense of the scope of the numbers, Lockheed has reported \$22,289,859 in political donations since 1990 and millions in lobbying expenses every year, peaking in 2008 at \$16,181,506, according to the Center for Responsive Politics. And that doesn't include what it paid its PR people or the work of defense and aerospace industry advocacy groups or the think tanks those industries fund. As an example of the latter, consider the boldly titled "research study," *C-130J: How the Best Military Aircraft Became Even Better*, written by Lockheed consultant Loren Thompson and published by the Lexington Institute, which was founded by a Lockheed lobbyist. Of course, the puff piece mentions no affiliations with the company. For these reasons, Dina Rasor of the Project on Government Oversight, which ranks the company #1 on its Federal Contractor Misconduct Database, calls Lockheed "the ultimate pay-to-play contractor."

Most of the dollars the company spends on lobbying are tax dollars. According to its 2011 annual report, "82% of our \$46.5 billion in net sales were from the U.S. Government, including 61% from the Department of Defense." And don't forget that a significant part of the 17% of its sales that went to international customers in 2011 were actually paid for by Uncle Sam under the rubric of foreign military aid. Only 1% of its sales that year were to "U.S. commercial and other customers." Its CEO made \$20,538,981, while the company paid only \$722 million in net federal and foreign taxes in that same year.

The whole piece is here. For more examples of defense cronyism, check out this article by Peter Schweizer from a few months back..

While defense spending is a very legitimate role of government, defense cronyism is something worth fighting against every step of the way. Sequestration, in all its imperfections, is a welcome signal that lobbyists do not always win.