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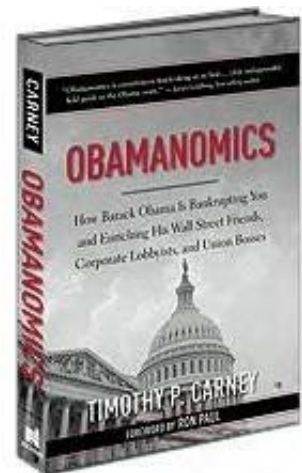
NewsBusters Interview: Tim Carney, Author of 'Obamanomics'

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During the 2008 presidential campaign, Americans were treated to a number of populist sermons on the "special interests" who would oppose "reform" at any cost to maintain the "status quo" from which they "profit financially or politically." The drug companies, the energy companies, the Wall Street bankers, and the health insurers were the corporate enemies of a just and harmonious America, or so one might have gathered.

Obama was at the vanguard of this populist charge. But since his election, he has proposed health care legislation that would subsidize Pfizer and PhRMA, a cap and trade plan that would drive profits to General Electric, and Wall Street bailouts that lined the pockets of the same Goldman Sachs bankers he so reviled during the campaign. What happened?



Washington Examiner columnist Tim Carney exposes and investigates this monumental disconnect in his new book "Obamanomics: How Barack Obama is Bankrupting You and Enriching His Wall Street Friends, Corporate Lobbyists, and Union Bosses [1]." Carney explores the "political strategy of partnering with the biggest businesses in order to create new regulations, taxes, and subsidies." Those measures, he argues, actually benefit the biggest businesses by crowding out competition, consolidating market share, or giving billions in subsidies directly to those companies.

To the chagrin--though hardly the surprise--of many conservatives, very few members of the media raised questions about the blatant contradictions between Obama's "little guy" attitude during the campaign and his support for the behemoths of big business as president. Few have noted his tendency to demonize opponents as lackeys of some large corporation, when in fact the Goliaths of the private sector are on board with his agenda, standing as they do to to make billions from it.

With thorough research to back him up, Carney goes where the mainstream media will not, exposing the cronyism, hypocrisy, and economic damage that Obamanomics entails. In his interview with NewsBusters, Carney discusses his "free market populism", the failure of Republicans to live up to their own ideals, and his routine debunking of myths peddled by the liberal left. (Full disclosure: I was a summer intern at the Examiner and worked with Carney on multiple occasions.)

NEWSBUSTERS: You hear, especially from Tea Party folks, the word socialist get thrown around a

lot. But what you're describing, it's certainly not socialism because it works sort of within the framework of capitalism. Do you think the debate would be more honest maybe if it were actually a socialist capitalist dichotomy?

TIM CARNEY: Oh yeah. I always tell my liberal friends, I wish that we were debating about a single payer vs. a free market health care. Instead, we've got two different kind of mixed economies. Something like the current status quo of health care, against an individual mandate where the government is requiring us to buy health care. Or on global warming, what Obama pushes is not some vast strict regulatory regime, it's a cap and trade plan where people can get rich off of gaming the system right, maybe doing what the government wants them to, but special carve-outs get written in.

So calling Obama a socialist is off the mark. Saying that he believes in government control of the economy is accurate, but he still believes in sort of harnessing the power of profit and loss, and having the government kind of steer that ship while business does the driving. That's what I mean by Obamanomics is, it's big business together with big government changing the shape of the economy.

NB: And obviously the price of that, as you point out, is that small businesses get crushed under the regulatory weight--

CARNEY: They get crushed because they can't afford to comply with the regulations in the way the bigger guys can. The example I give in the book is Wal-Mart wanting an employer mandate on health care. A smaller retailer can't necessarily provide the health care the government mandates, Wal-Mart can. That's their best thing is using their economies of scale to get a lower price for something.

But also smaller businesses can't afford K Street lobbyists who make sure that the little details in the bill are beneficial to them or who know how to comply exactly with it, or who tweak the regulations, or who can go and actually get the handout being given. So the cost of regulation is one reason why big business benefits often from regulation, but the need for a lobbyist is another reason why small business is the biggest victim because they can't always afford a lobbyist.

NB: It's very hard to reconcile what the president has done with his rhetoric during the campaign, and even his rhetoric now, he was stumping for Coakley, and he's talking about how 'we don't need another big business senator in Washington'. The way you describe it, Obamanomics is a necessary consequence of Obama's agenda, not necessarily how he would have set out to accomplish that agenda.

CARNEY: Well, let me put it this way. What I'm not saying, and I write this explicitly in the book, what I'm not saying is that Obama is bought and paid for by special interests. You could look at all the money he got from Wall Street and the drug makers and look at how the drug makers benefit from health care reform and Obama likes all the bailouts and say, okay he was bought and paid for, but that's reading into his heart and mind and that's just not something you can do from available evidence is know what his actual intentions are.

I'd say there are two reasons why Obama ends up teaming up with the likes of Goldman Sachs and Pfizer. The first is tactical necessity. He needs allies in his efforts to make these broad changes, whether it's Wall Street, health care, the environment, etcetera.

The second is the economic laws that I was discussing earlier. Big government will inevitably benefit big

business. A caveat there: a giant communist steamroller will crush big business. A single payer plan will crush big business. But the big government of the sort Obama is willing to do, a left of center big government, that will inevitably help big business. So you can even imagine Obama believed he was going to run the special interests out of town, and then he starts erecting his, you know, his health care reform, his cap and trade, and all of a sudden the big businesses come flocking going 'we love it! tweak this, tweak that, and we'll make profit.' And he might have been a bit surprised, but I don't think so considering that he raised more money from Wall Street than any candidate ever, he raised more money from the drug industry, from the health insurance industry, and even from the oil industry, than any candidate ever. I don't think he was surprised by the big business embrace of his agenda.

NB: You I think refer to it as 'the big myth' in the book, sort of a useful myth, that even people who knew that Obama would not be this savior and stand up to big business and lobbyists, people like Paul Krugman would peddle this myth as a way to give Obama some populist appeal.

CARNEY: Yeah, and the heart of the myth is that if it's big government, than it's anti-big business. That's the Krugman line. That's to some extent the Thomas Frank line. And now you're seeing it again with Wall Street. 'Oh well Scott Brown's with Wall Street because he opposes this regulation.' Well, look at who the top Wall Street lobbyist is right now, it's a man named Thomas Nides, I talk about him in the book. He's a Morgan Stanley banker, who comes from Fannie Mae, we know what Fannie Mae was. Fannie Mae was sort of a money laundering operation for politically connected Democrats. The top lobbyist maxed out to Barack Obama, maxed out to Rahm Emanuel. These are the Wall Street lobbyists he pretends he's taking on. And I looked at the other WS lobbyists, they all have four, five, six visits to the white house.

So Obama comes in, he says he's battling Wall Street, but he doesn't name who he's battling. He proposes regulations, and then, the next step, the unstated major premise here, is that business always wants to be deregulated. And so then he gets to tar his opponents as being the stooges of business even though there's no evidence right now that Wall Street is opposing regulation. They're opposing the rough idea of a big bank tax. And I promise you, just like you saw the health care reform get brought around to be exactly what the drug makers wanted, and some of what the health insurers wanted, you'll see the Wall Street regulation end up being the sort of thing that protects the big banks by keeping out smaller competitors.

NB: With yesterday's election [US Senate in Mass.], all the columnists are saying this is a repudiation of, well, cronyism seems to be the way everybody's describing it. Do you read it as voters sort of waking up to Obamanomics?

CARNEY: I think part of it is certainly the unseemly deal making. My wife said to me last night, 'every politician promises to be transparent. Why did we believe Obama?' The point is we did. Even those of us who opposed all his policies, we thought, well maybe, maybe he'll be something of a reformer. My friend and now my colleague at the Examiner Dave Freddoso, his book last summer, 'The Case Against Barack Obama', said no, Obama has no record of being a reformer, so if he does come into the White House and sort of cleans stuff up, and ends the game playing as he said, that would be a change. And the change didn't happen. Obama's kept being the politician that he was. And I don't think he's a corrupt politician, but he's a politician, and politics is inherently a bit corrupt; I mean its deal-making, its compromise.

And this union carve-out on the health care bill, it's probably a moot point, but it's still a great moment. And it might have been a big moment in tipping the race to Scott Brown in Massachusetts because it said, 'we're going to raise taxes on people, unless you're in a labor union', which, the labor unions are the major political

force driving the Democratic majority. And, guess what, if you're thinking about joining a union, well now you have that much more incentive because you get an automatic tax cut by joining a union. And so it was this, on the surface, dirty deal, and I think that'll stick in people's minds. Some of what I talk about, the deals with the drug company, really stuck in the minds of the left I think, when he cut a deal with Billy Tauzin to advance the drug bill. Some of the other stuff I talk about is more behind the scenes, I try to draw it out, but that labor union deal, that was right out there in the open, and I think that that might be turning a lot of voters off.

NB: Obama has suggested that during and after the State of the Union, there's going to be a shift towards deficit reduction, more fiscal hawkishness. And deficit spending seems to have been a big driver of Obamanomics, because you can pretty much give handouts at a whim, so, in short, do you see an end to any of this?

CARNEY: I'm not going to predict what Obama's going to do, but I'll say this: I think it would be very difficult for him to get out of the game of picking winners and losers. Even if he's going to talk about deficit reduction, he's going to try to do it in a way where he's deciding who the winners are, who the losers are.

He still has to push some environmental thing and a health care plan and I think Barack Obama believes that men of intelligence and good will sort of should be steering the ship of state, and getting away from Obamanomics would be his sort of eating some humble pie, you know maybe reading some Hayek or something and giving up the fatal conceit and walking away and saying 'what I need to do is actually clamp down on government overspending, actually clamp down on special interests influence.' But what that's about, it's not fun, it's not saying 'we're going to go to the moon, we're going to build the Great Wall of China.' It's saying, we're going to get the government to stop doing things they shouldn't be doing.

NB: It's very natural for politicians to want to say 'we're going to do this, we're going to give you this.'

CARNEY: And there's something about it that compels you to promise to do that. I mean, Ron Paul gets away with not doing that, but in some ways that's become revolutionary. I always say if I ran for congress I would promise to not bring home any pork, not build any federal buildings and I would not create a single job. I don't think that would fly.

That's part of why Republicans I think fell into the big government trap, was it was job creation big government, it was pro-business big government, that was a lot of the Republican big government stuff, because politics has a pro-do something bias. The do nothing politician, maybe it doesn't work electorally or maybe the type of people who want to run for office are the busybodies.

NB: So you think there's a significant contrast to be drawn? Do you think Republicans can have a viable platform considering how upset people seem to be with Obama, in saying 'the government needs to do less'?

CARNEY: I'm not confident that Republicans will do that, but I still think it's possible. I do lay out in the last chapter of Obamanomics something of an agenda for Republicans, what I call free market populism, where they should try to go ahead and roll back the bailouts, make sure they block health care reform and the global warming stuff, and go after corporate welfare wherever it is. And Obama will agree with them on some of it, and will stick up for corporate welfare programs and that's just great politically.

So go after export/import bank. It's a government agency nobody's heard of, I write about it all the time, but it

just subsidizes Boeing, is basically what it does. So let's say 'let's get rid of it' and let Obama and Patty Murray take the side of Boeing. Let's go after the Federal Reserve. Why is there a federal reserve? I'd like to abolish it, if not abolish it at least make it feel very uncomfortable by drawing its work out into the open.

There's all sorts of things that Republicans could do, but the reason that I'm not confident is you still have the heads of the Republican party in both chambers are pro-bailout guys, these are guys who supported the Medicare prescription drug act, these are not guys who have a real attachment to limited government, and they are Republicans who do have an attachment to the business lobby, which, as I lay out in this book and in all my columns here at the examiner, the business lobby is not a pro-free market lobby. They are a pro-profit lobby.

NB: Getting a little more specific, and since I'm writing for NewsBusters I have to ask, you write about MSNBC being owned by GE, and sort of the obvious conflict of interest that that presents, and you stop short, and you note that you stop short of saying 'well, obviously MSNBC is shilling for GE's agenda under the guise of news.' And you say you don't really have to go that far because of this blatant conflict of interest. So, do you think--

CARNEY: You're asking if I am willing to go little bit farther?

NB: Yes, exactly.

CARNEY: I think that the Green Week that NBC does on all of its stations is the worst. That's the one that, every time it happens, it feels like this is shilling for the Ecomagination products that GE makes. The one time I saw Jeff Immelt go on CNBC and talk about GE products and not disclose that GE was the parent company of CNBC, he was talking about smart meters as part of the Green Week project, and that's the sort of thing, the whole green racket is so much about trying to pretend that at the same time you're being environmentalist and capitalist, while really you're being neither. You're a subsidy suckler who might not be doing anything for the environment. Now I like smart meters, they're one thing I could get excited about. But that's the one case where they're really trying to hype up the idea that greenhouse gas emissions are really threatening us, a groundswell for legislation that causes their profit. That's the one thing where I really do feel that they're acting improperly. I mean, you would never send a reporter out to cover the case in which he's been charged with a crime.

My broader point is, Obama is GE's whole story; they are the for-profit arm of the Obama administration. Obama says embryonic stem cells, GE starts an embryonic stem cell line. Obama says high-speed rail and freight trains, GE goes ahead and hires Linda Daschle to be their lobbyist in that. Obama says health care reform, GE launches a line of health care imaging, MRI-type things. Obama says global warming, GE is all over that creating greenhouse gas offsets already, something that only gets a real value once cap and trade passes. And GE spends more on lobbying than any company in America. When you put that all together, you see the success of Barack Obama is the success of General Electric, so that's where the conflict of interest is just utterly glaring.

GE is lining up to sell NBC to Comcast, which I think is good in removing a lot of that conflict of interest. They'll still have a stake, but it won't be a controlling stake. But of course you know what the Comcast CEO does? As soon as Comcast is buying the TV stations, the Comcast CEO comes out for health care reform, so it's just, it's still murky.

I do enjoy drawing out in the book the Rachel Maddow, Keith Olbermann rants based on the big myth. Maddow went on a rant about how you've got Dick Arney from FreedomWorks helping to push the resistance to health care over the summer. Meanwhile, he was a lobbyist at a firm called DLA Piper whose biggest client was a drug company called the Medicines Company, a drug maker. And so Maddow connects the dots and tries to say 'now we see that it's really the drug companies that are trying to undermine reform.' Drug companies love this bill; they spent \$100 million advertising in favor of it. The drug companies already cut a deal, and Medicines Company just stuck into the provision, and maybe its dead now, but they stuck into the bill a provision that would give them a billion dollars in added revenue. So they're not opposing the bill. And then I also have an Olbermann thing in there where he rants, gives half the numbers. That Olbermann would be misleading and dishonest is not news.

NB: Certainly not to NewsBusters readers. Wrapping up with a much more general question, in the last chapter, the speeches that I assume you wrote, you know, if only John McCain had said this during the campaign. I got chills when I was reading those, thinking 'oh man that would have been so great.' But there are even people on the right who would read that and go, 'wait minute, no TARP? No bailouts?' That on both sides of the aisle was seen as a very key step to recovery, and obviously was put in motion by a Republican president. So sort of a 2-part question: it seems that a lot of this free-market populism is, even among conservatives, somewhat esoteric. And then, more generally, what would your path to recovery have looked like?

CARNEY: Yes, the majority of Senate Republicans voted for the bailout, I think about half of the house Republicans voted for the bailout, and I think that at that particular moment, it was as if Ben Bernanke and Hank Paulson had a gun to the head of everybody in America, going 'get in the car! get in the car! we don't have time to ask questions!' and so some of them I don't blame for it. It was the more free market guys--the Paul Ryans, the Eric Cantors, the Tom Coburns--who should have known better, who should have been able to say 'stop! Government rushing for huge, dramatic, radical change is probably a bad thing.'

And now they say, 'oh well it became a slush fund and we didn't intend that.' That sounds just like the Democrats saying, 'oh, well we voted for the Iraq war but we didn't intend for it to become like this.' It was an abdication of responsibility by Republicans to vote for that bill and I think that the Republican Party would be stronger if their leaders who voted for it came out and admitted that it was a mistake, but they haven't done that. I mean I almost feel like it should be like the Civil War, where if you voted for the bailout you would lose your ability to be a party leader.

But what would I have done? I mean, there are all sorts of proposals that could have been done... There were structured bankruptcy plans that were floated, they were all a lot more modest, a lot more humble, and they all accepted the fact that there would be a serious short-term evaporation of lending. And that's the sort of thing that a conservative should be able to deal with, that very short-term pain. The cost of averting the short-term pain is often worse than the short-term pain. It's like if every time you felt a little ache, you made sure to pop some morphine. In the long run, yeah, you might never feel any pain, but in the long run that's not going to do you good.

That's a problem that I think liberals often fall into, that Republicans and conservatives fell into that shows how unrooted they are in a conservative philosophy and in a belief in limited government. This is why I think populism is an important element to this is because what did cause the opposition to the bailout to be so strong, yes you had Reason magazine, you had other people, you had the Cato Institute giving the free market argument, but that's not as convincing as simply saying 'don't take our money and give it to the banks!' I mean

Barack Obama now is saying 'we want our money back', I didn't give my money to Goldman Sachs! You took my money and you gave it to Goldman Sachs! And so that sort of thing, the populism is sort of the spirited horse you can ride on to make the free market arguments, and it's more convincing.

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