

Yet perhaps the most important change is taking place in the world of advocacy itself. Here, the president's caricature of special interests perpetuates and masks another important shift. Obama's narrative is simplistic and ugly: Lobbying is all about some fat cat in an expensive suit handing out cash and cigars to lawmakers, while plying them with three-martini lunches in exchange for Bridges to Nowhere. This doesn't resemble the real world.

Today, lobbying, like government itself, is a large and complex enterprise. While the number of registered lobbyists in Washington doubled between 2000 and 2006 (from about 15,000 to 30,000), many believe that is just the tip of the iceberg. Political scientist James Thurber of American University believes the real number is three or four times larger.

In structure and tactics, the lobbying world looks a lot more like a well-organized political campaign than the classic individual "influence peddler." Its denizens are engaged in direct advocacy, but also in research, polling, message development, advertising, grassroots organizing, new media, and more.

Like many other aspects of politics—such as the proliferation of so-called 527 campaign finance organizations, following the "reforms" to ban soft money—lobbying has changed faster than the government's ability to regulate it.

Consider two lobbyists. The first arranges for 10 face-to-face visits with lawmakers to urge the defeat of a piece of legislation. He or she should register as a lobbyist. The second produces a media or grassroots campaign with exactly the same message, aimed at the same 10 lawmakers. He or she is not considered a lobbyist under the law. Only some modes of lobbying activity are regulated, and use of the new, unregulated lobbying tools is growing.

Many get around Obama's "Scarlet L" by giving their work another name. Former lawmakers and former senior administration officials offer high-priced advice, strategic information, and intelligence about how to affect public policy but call themselves "strategists" instead of using the "L"

word—and don't register as lobbyists.

Consider "Business Forward," a group whose formation was announced last week. According to the *New York Times*, it will engage in "public advocacy" on behalf of President Obama's agenda, including health care and climate change, but will not "lobby" administration officials or members of Congress. It is, in effect, an organization of non-lobbyist lobbyists.

Finally, some government relations executives who previously registered as lobbyists are now "delisting"—causing a growing number of former interest group advocates to move out of the federal disclosure regime entirely. "Why should I take all the cheap shot criticism for being a 'lobbyist' when I spend most of my time doing other things, like managing my staff and giving advice to senior management about public policy?" an executive

with a major corporation asked me.

Others see "deregistering" as a problematic trend. "One of the unintended effects of President Obama's anti-lobbyist reforms," Thurber told me, "is fewer advocates are registering and more are deregistering, thus creating less transparency in Washington."

So despite the president's political rhetoric and protestations, lobbying is entering a golden age, with much of the activity hidden from public view. Curtailing the size and reach of government—as Samuelson suggests—would be one way to curb it. The other would be to amend the Constitution to eliminate Americans' First Amendment right to petition the government for redress of grievances, for, given the Obama trajectory of government expansion, the list of grievances and of lobbyists out to remedy them will certainly grow. ♦

Say It Ain't So, Larry

Did the president's top economic adviser really sign off on these policies? **BY IRWIN M. STELZER**

Ninety years ago the Chicago White Sox intentionally lost—dumped, to you sports fans—the World Series. Legend has it that a young fan implored the team's star, "Shoeless" Joe Jackson, as he emerged from the court house, "Say it ain't so, Joe." The Shoeless one allegedly responded, "Yes, I'm afraid it is, kid."

Let's hope that chief White House economic adviser Larry Summers wouldn't respond similarly if someone were to charge that he sat

silently when the administration's political types decided it would be just fine to submit a budget that will take the ratio of debt-to-GDP from around 40 percent to 80 percent—most critics say 100 percent is where the debt-to-GDP ratio will in fact end up in ten years. Surely Summers knows that many economists use a rule-of-thumb that suggests that such an increase will force interest rates up between 1.25 and 1.5 percentage points, with unpleasant consequences for our economic growth rate. Or that, according to the highly regarded Stanford professor John Taylor, we could only inflate our way out of the problem by allowing a 100 percent rise in the price level over a ten-year period.

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More important, it was only a few weeks ago that Summers told an audience at the Brookings Institution that it is “a criterion of fiscal sustainability that ensures that once the economy has recovered, the ratio of the nation’s debt to its income stabilizes rather than continuing to grow. . . . Once your income has returned to normal . . . your debts can’t be rising relative to your income.” But just such an increase is built into the president’s ten-year budget.

Summers is famous for his intellect and ability to shoot down nonsensical ideas, so if he was not asleep or absent, he must have gone along. Say it ain’t so, Larry.

The administration, led by GM and Chrysler CEO Barack Obama, also decided to lay hands on the auto industry. First it shortchanged the companies’ creditors—pension funds and investors who had lent the companies money on terms that gave them preferential access to the companies’ assets should there be a bankruptcy. What matter contractual obligations when the United Auto Workers is awaiting payback for its support of Obama in the primary and general election campaigns? Surely Summers knows that such a move will make investors more reluctant to lend in the future and inclined to charge higher interest rates to any companies they do finance. Some say Summers sat in on these meetings and either lost the argument—implausible, in the view of those who have jostled with him in the past—or remained silent. Say it ain’t so, Larry.

The administration has also promised to lower health care costs by introducing new IT systems and expanding insurance coverage. Virtually every expert says that information technology might be a nice thing—automated records, easily accessible—but at best will have only a trivial effect on costs. And just how expanding coverage can lower costs remains a mystery to most economists. Unless, of course, the administration is planning to ration health care, a nightmarish system that until recently led the National Health Service in Britain to deny treatment to patients suffering from macular degeneration until they were blind in one

eye. Summers knows all about these cost figures and the inefficiencies of rationing. Did he decide to go along to get along? Say it ain’t so, Larry.

Then there is energy policy. The president says he can make us independent of foreign oil. Summers knows he can’t. He knows too that many economists contend fuel efficiency standards are more likely to deny consumers the cars they want than to have any effect on global climate, given the developing countries’ plans to build thousands of new coal-fired generating stations. Summers had the opportunity while at Harvard to sit at the feet of the wonder-

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ful energy economist Professor William Hogan (as did I, although the thought of Summers meekly sitting at the feet of a colleague does strain credulity). So he must have decided either to nod off during the energy policy meetings at the White House or to defer to climate and energy policy czar Carol Browner. Say it ain’t so, Larry.

The administration is determined to encourage trade union membership and the growth of union power. Rules for reviewing the expenditures of union officers are being relaxed. “Card check” is to replace the secret ballot in union recognition elections. Compulsory arbitration is to be accorded a large role in the future, putting government arbitrators in a position to respond favorably to union demands. Summers once believed that unionization contributes to long-term unemployment. That was 20 years ago, and he now says circumstances might have changed. But it is worth reading what he wrote in *The Concise Encyclopedia of Economics*:

Another cause of long-term unemployment is unionization. High union wages that exceed the competitive market rate are likely to cause job losses in the unionized sector of the economy. Also, those who lose high-wage union jobs are often reluctant to accept alternative low-wage employment. Between 1970 and 1985, for example, a state with a 20 percent unionization rate, approximately the average for the fifty states and the District of Columbia, experienced an unemployment rate that was 1.2 percentage points higher than that of a hypothetical state that had no unions. To put this in perspective, 1.2 percentage points is about 60 percent of the increase in normal unemployment between 1970 and 1985.

So is he in favor of card check, compulsory arbitration, and the rest of the Obama trade union agenda? Say it ain’t so, Larry.

There’s more, but you get the idea. When Barack Obama won the election and began to staff up, those of us who worried that the administration’s policies would lean so far in the direction of political pandering as to create serious economic problems took heart when we learned that Larry Summers was to be at the center of policy-making. His fearless intelligence and debating skills would certainly prevent the administration from making terrible, irrevocable policy errors. Christina Romer, chosen by Obama to chair his Council of Economic Advisers, might prefer that appointment to fidelity to her academic research findings—tax cuts are more effective in stimulating an economy than is spending—but surely Larry Summers would not. So great is his reputation that Obama’s chief political adviser, David Axelrod, told the press, “I’m not sure we would have gotten him but for the fact that we have a crisis that is equal to his talents.”

Many of us joined Axelrod in praising Obama for landing Summers. And those who know him even slightly had no doubt that he has the good sense to treat fools slightly more kindly than his reputation would lead one to expect. So he could be heard. But we wonder if his voice of sanity has gone the way of Paul Volcker’s, stifled and ignored. Say it ain’t so, Larry. ♦