

How Washington Lobbyists Peddle Power

The equivalent of six health-care lobbyists for every member of Congress are registered for this year's biggest political battle.



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If labor lobbyist Robert “Bobby” Juliano didn’t move away from his stakeout just off the Senate floor from time to time, he might be mistaken for a statue.

Other lobbyists have moved on to BlackBerrys and instant messaging. (He calls them “the thumb generation.”) But for Mr. Juliano, who has been in the thick of every big labor issue in the past 36 years, there’s no substitute for face-to-face contact with members of Congress.

“I’m not going to be sitting in an office when my workbench is the seat of power for the whole world,” he says, standing in the ornate Senate reception room where lobbyists mingle with members before and after floor votes.

The lobbying world has shifted dramatically since Juliano came to Washington in 1973 to lobby for the Hotel Employees and Restaurant Employees and Bartenders International Union, shaking hands and trading stories with such labor allies as Hubert Humphrey, Jacob Javits, and Edward Kennedy, and pushing issues ranging from the minimum wage to healthcare and comprehensive immigration reform.

But, now representing an expanded labor group, UNITED HERE, he says the fundamentals are the same: Get there early. Stuff your pockets with business cards. And if it’s a tax issue, don’t come in unless you’ve got legislative language, committee support on both sides of the aisle, and a start laying the groundwork on the Senate side.

Lobbyists like Juliano and their efforts to shape policy are back in the spotlight this year, as Congress works a legislative agenda of historic size and scope. The battle over reform of the nation’s healthcare system is the biggest effort to influence national policy in nearly a quarter century.

Some 3,300 lobbyists have registered on the healthcare issue alone, all striving to shape the outcome in their clients’ interest. With the equivalent of six healthcare lobbyists for each member of Congress, experts say the battle today is larger than that over President Clinton’s 1993 healthcare reform push.

The fight over healthcare is “the largest lobbying effort” since the 1986 battle royal over tax reform during the Reagan administration, says Sheila Krumholz, executive director of the Center for Responsive Politics (CRP), which tracks the impact of money and lobbying on government policy.

The struggle over healthcare has a far-reaching and profound impact “on the corporations involved, on the interest groups involved, and on each and every American,” she says.

Also looming is a major battle over climate and energy legislation that narrowly passed in the House of Representatives last June and is expected to come up for Senate action this fall. It faces stiff resistance from business groups who say the House version of the legislation would raise energy prices and result in lost jobs.

SINCE THE EARLIEST DAYS OF THE NATION, LOBBYISTS HAVE BEEN popular political villains. Their current image is that of highly paid, well-fed white men in expensive suits and tasseled loafers working to game the system on behalf of the rich and well-connected – the dreaded special interests.

For example, Washington tailor Georges de Paris sells suits that range in price from \$3,500 to \$25,000 and says 80 percent of his business is with lobbyists.

But lobbyists are also people like Fred Wertheimer, dressed for an interview like a college professor in a button-down shirt and slacks. He ran Common Cause for many years and now leads – and lobbies for – Democracy 21, which has as its stated goal to lessen the impact of money on politics.

“Money is the core issue in this city when it comes to lobbying,” he says.

Most members of Congress are loath to talk about their relationships with lobbyists, who are a vital source of campaign funds for legislators who aspire to a leadership position. The most effective lobbyists are constituents “who are personally involved in something important to them,” argues three-term Sen. Jack Reed (D) of Rhode Island. “They are a lot more central and crucial to a lot that you’re doing than someone paid in Washington.”

Still, in addition to concerned and vocal citizens CRP says there are 12,552 professional lobbyists working the halls of Congress on behalf of what might be called special interests.

But the meaning of special interest is in the eye of the beholder. The groups that hire lobbyists range widely in motives and funding levels. Some seek special advantage and a chance for their clients to feast at the federal-spending trough. Others seek to protect the old, the infirm, the wilderness, and religious freedom. It is hard to find a segment of American society that does not lobby – from bakers to bankers, chicken breeders to independent colleges, and even the church that publishes the Monitor.

“The media has done a pretty good job demonizing us,” says David Wenhold, president of the American League of Lobbyists. “I love the term ‘special interest groups are behind this.’ Is Greenpeace a special interest group? Clean Coal? The Girl Scouts of America? Because they are. That term gets thrown around, but they are all lobbyists.”

In fact, many who work to influence events in Washington do not fall under the formal rules for registering as a lobbyist. For example, law firms hire former senior government officials to function as “senior advisers” rather than have them register as lobbyists. One notable example is former Senate majority leader Tom Daschle.

Registered lobbyists account for only a small portion of the cost of influence and advocacy in Washington, says James A. Thurber, director of American University’s Center for Congressional and Presidential Studies.

Last year, lobbying – defined narrowly by those who must register with Congress – was a \$3.4 billion industry, according to CRP statistics. But when the cost of grass-roots efforts and of strategic advisers are all counted, total spending on influencing policy in Washington approaches \$9.6 billion a year, he estimates.

Combing Senate records, Bloomberg News determined that 3,300 lobbyists signed up to work on healthcare and that more than 1,500 organizations have healthcare lobbyists. Spending on healthcare lobbying was \$263.4 million in the first six months of 2009, up from \$241.4 million in the same period of 2008, according to CRP figures.

What do lobbyists do in return for that kind of money? The American League of Lobbyists says its members research and analyze legislation or regulatory proposals, monitor and report on developments, attend congressional or regulatory hearings, work with coalitions interested in the same issues, and then educate not only government officials but also employees and corporate officers as to the implications of legislative changes.

“The next few months are going to be huge with lobbying [on] healthcare,” says Mr. Wenhold. “Every lobbyist is going to have some part of it in one way or another.”

And if some version of healthcare reform passes, demand for lobbyists will probably increase.

“This is the tip of the iceberg,” Wenhold says. If health reform passes, doctors and companies involved in healthcare “are going to need a huge lobbying presence to make sure their voices are heard in Washington” as new healthcare regulations are first written and then enforced, he says.

WHILE THE HEALTHCARE LOBBYING BATTLE is perhaps the most visible effort to shape national policy at the moment, the influence industry touches virtually all aspects of public policy.

The so-called “iron triangle” of defense industries, Congressional defense-related committees, and Pentagon officials is one of the best known areas.

Lobbyists also attempt to shape US foreign policy, with the American Israel Public Affairs Committee (AIPAC) being perhaps the most powerful single force in that field, spending \$2.5 million on lobbying in 2008, according to CRP statistics.

In 2008, lobbyists for foreign interests reported more than 22,000 contacts with various branches of the federal government, seeking favorable policies on a wide variety of issues. That estimate comes from an analysis of filings under the Foreign Agents Registration Act by the Sunlight Foundation and ProPublica, an independent journalism organization.

LOBBYING IS ROOTED IN THE U.S. CONSTITUTION which prohibits Congress from making laws that restrict the people’s right to “petition the Government for a redress of grievances.”

And lobbying has been around since the nation’s earliest days. During the First Congress, Pennsylvania Sen. William Maclay wrote in his diary that New York merchants employed “treats, dinners, attentions” to delay passage of a tariff bill, according to a detailed 1980 speech on the history of lobbying given by Sen. Robert Byrd (D) of West Virginia as part of a series of addresses on Senate history and operations.

Even influence-industry watchdog groups see great merit in lobbyists’ ability to provide detailed expertise to Congress. The typical member often lacks the highly detailed knowledge needed in drafting legislation.

“Lobbyists play very valuable and helpful and important roles here in terms of expertise and information and strategic advice – the ability to help the various players on the Hill know what everyone is doing,” says Mr. Wertheimer.

GIVEN THE ONGOING NATIONAL DEBATE ABOUT HEALTHCARE, it’s not surprising that healthcare companies were the sector of the economy that spent the most on lobbying from 2006 through 2009.

The financial sector is another major force in lobbying activity – ranking second in 2006 and 2007, third in 2008, and second again so far this year. Last year, financial-sector firms – including those in the fields of finance, insurance, and real estate – spent \$459 million on lobbying.

The US Chamber of Commerce, representing 3 million businesses, is Washington’s lobbying powerhouse. Among individual organizations, the Chamber “is the No. 1 spender on lobbying over time and again this year so far,” says Ms. Krumholz. “If there ever is a corporate battle, they are at the head of it. This is what they do best.”

In 2008, the Chamber spent \$91.7 million on lobbying, according to CRP. Part of the Chamber’s power comes from the presence of local chambers in congressional districts around the country. In Washington, the Chamber has a deep bench of policy experts and an in-house law firm, the National Chamber Litigation Center, which works to shape legal policy.

The other top individual spenders on lobbying in recent years: Exxon Mobil, the Pharmaceutical Research and Manufacturers Association, AARP, the American Medical Association, and the American Hospital Association.

It is clear that the Chamber does not cover before the Obama administration.

“I have a good relationship with the White House. We are dealing with them on all kinds of things,” says Chamber President Thomas Donohue. “We are trying to be fair and helpful, but that doesn’t mean we roll over and play dead just because they are excited about something when in fact we know it ain’t going to work,” he said at a recent lunch sponsored by the Monitor.

R. Bruce Josten, executive vice president for government affairs at the Chamber, tracks some 300 legislative issues of interest to his employer. “Solid, sound research and information counts for something in this town ... where facts matter and people are important,” he says.

And Mr. Josten notes the formidable grass-roots efforts the Chamber can mount using its capacity to mobilize local businesses.

“We generated 208,000 letters against the House healthcare plan in six weeks,” he says, which is an impressive volume even on such a controversial issue.

Some critics question the effectiveness of big lobbying budgets focused on Washington.

“Every dollar that the Chamber of Commerce spends on a lobbyist is a waste of money,” argues Grover Norquist, president of Americans for Tax Reform and himself a registered lobbyist.

He stresses the importance of building support for legislative initiatives through grass-roots efforts rather than working the halls of Congress.

“The Christian Coalition in the 1990s had three people in D.C. – everyone else was in the field,” says Mr. Norquist. “They were a power and they won elections. K Street is here, they’re grouped in big buildings, but they have no grass-roots capacity.”

Those who compete with the Chamber and other well-funded entities stress the key role of grass-roots efforts to build support for action in Washington. “We know we can’t match the money that is being spent by the opposition,” John Sweeney, AFL-CIO president, said at a recent Monitor breakfast.

“Our strongest asset is our rank-and-file activist. To have 250,000 people in the field, as we did during the [2008 presidential] campaign and [that] we have now on healthcare, that is the strongest weapon that we have, and the more we strengthen that, the stronger we will be.”

A NUMBER OF INDUSTRIES have trimmed lobbying expenditures because of the weak economy. Data from the CRP show revenues at several major Washington lobbying firms dropped 10 percent or more in the first half of 2009. The home building, defense, and transportation industries have all trimmed their lobbying efforts, and the number of registered lobbyists in Washington now stands at 12,552, down 2,248 from a year ago.

Another factor making the life of a lobbyist less pleasant is stiffer rules on lobbying imposed by the Obama administration.

“They applied unprecedented rules to their own administration,” Democracy 21’s Wertheimer says. Among other things, the administration imposed rules barring administration appointees from leaving office and seeking lobbying jobs while Barack Obama is president. They also forbid new officials from making policy on matters involving their former employers or clients for two years or working for an agency they lobbied within two years.

The administration also barred executive branch officials from speaking to lobbyists seeking economic stimulus funds under the American Recovery and Reinvestment Act.

After a protest from the lobbying community, the Obama administration later revised the rules, narrowing the time frame when the ban applied and expanding it to cover everyone seeking to exert influence on contract awards, not just lobbyists.

Reviews are mixed on the effectiveness of the new rules. Reporting requirements on those seeking stimulus funds are off to a slow start. In August, the government reported only eight lobbying contacts on the \$787 billion stimulus bill, according to the Associated Press. The Pentagon, which controls \$7.4 billion in stimulus spending, reported only one contact from a lobbyist so far this year.

The White House argues that the low number of reported interactions shows the rules are working. “This is a good thing, not a bad thing,” White House counsel Norm Eisen told the Associated Press. But one lobbyist said that rather than visit the Energy Department herself to seek stimulus funds, she sent her client, who wasn’t a registered lobbyist. So the low number of reported interactions may indicate some lobbyists have found a way around the rules.

Administration rules trying to slow the revolving door between government and lobbying firms received high praise from influence-industry watchdog groups.

“They demonstrated that President Obama was serious and cared about these issues,” says Wertheimer. “No one has come close to doing what they have done in terms of the revolving-door provisions for people who leave the administration.”

But the revolving-door rules also make it difficult for lobbyists for nonprofit causes to work on issues to which they have devoted their lives.

“I’m disappointed that the president has adopted such a restrictive policy,” says Ralph Neas, chief executive officer of the National Coalition on Health Care and a longtime civil rights activist. “It is a tragedy ... too many good people have been kept out.”

In some cases, the Obama administration ran into what CRP executive director Krumholz calls “the cold, harsh reality of the onerous task of filling political appointments” and did end up hiring lobbyists for key positions.

A National Journal tabulation shows 30 of Mr. Obama’s top appointees – 11 percent – had been lobbyists within the past five years. Among the exceptions the administration made in its revolving-door rules: Former Raytheon lobbyist William Lynn, who was named deputy Defense secretary.

The revolving-door rules matter because experts say the most effective tool for affecting legislation is hiring a former member of Congress or a key congressional staffer.

“The healthcare battle is instructive in the sense that we know that the vast majority of players who care about this battle have hired at least one insider,” says Krumholz. “So they have got the revolving door working for them ... former members are golden if you can get them.”

In her view, the next most effective lobbying tool is the ability to bundle campaign cash for a candidate or a member of Congress. The current limit for individual giving is \$2,400.

“If you can multiply that by 100 people, [it means] that you can deliver a big message to a candidate or a member of Congress,” Krumholz says. “In that way, you can funnel money to the targets that are most valuable to you as chairmen or ranking members of key committees that can move your legislative agenda forward fastest.”

Lobbyists “catch us when they catch us, and that’s usually at a fundraiser,” says former 11-term Rep. Chris Shays (R) of Connecticut. “The dollars don’t buy votes, they buy a better shot at access. There’s a distortion but a much different one than most people think.”

The practice of plying legislators with food and drink and taking them to sporting events has fallen off in the wake of tough new rules adopted because of the lobbying scandal surrounding Jack Abramoff, who was convicted of fraud, tax evasion, and conspiracy to bribe public officials by trading gifts, meals, and sports trips for political favors. The 2007 Honest Leadership and Open Government Act has a provision some in Washington sarcastically refer to as “The Jack Abramoff Reform” that prohibits members of Congress from receiving gifts, including gifts of meals, entertainment, and travel, from lobbyists.

Measuring the success of lobbying efforts is difficult, experts say.

“Members of Congress almost never make up their minds, first, on any one thing, or based on what a single lobbyist is saying to them,” Wertheimer says. “There is a hell of a lot of smoke blown in Washington by lobbyists to their clients about what they have single-handedly accomplished.”

And, of course, sometimes the battle in Washington is to keep things from happening, which can be harder to track than an action in favor of some industry.

For example, Krumholz cites the success of oil company executives in warding off legislative action when oil prices were high. “Although they were the target of such public ire and although they were marched up to Capitol Hill to explain themselves and their high profits at a time of high gas prices, they were able to diffuse the issue, and I think lobbying and campaign contributions had a lot to do with that.”

Another example of lobbying success, Wertheimer says, is the battle to impose tougher regulation on cigarettes. It was, he says, “a David and Goliath battle against enormous resources.”