

Democracy is Dead ... Lobbyists Rule America

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ARROYO GRANDE, Calif. — Democracy dead? Lobbyists ruling America? Lobbyists the new “Unseen Hand” of capitalism? Sadly yes.

And here’s why: Ask any neuroeconomist, behavioral-finance quant, investment psychologist or other practitioner of the mysterious “science of irrationality” and they’ll tell you that Americans have two self-sabotaging mental biases that killed democracy from within: “Denial” and “Magical Thinking” make us easy targets. Our brains are being manipulated by clandestine forces beyond our control. We can’t see them or resist.

Yet we refuse to believe in this new Orwellian America. We prefer the world of magic, myth and illusion.

Yes, folks, democracy is dead. Oh, the illusion will be kept alive in our history books, in the rhetoric of politicians, in the manipulated minds of America’s 95 million Main Street investors. The propaganda machine works. Like a child’s fairy tale, democracy has been deeply imbedded in our brains for decades; we prefer believing old, familiar stories. They comfort us, even when no longer true. The real democracy, what so many fought and died for since 1776, is dead.

Lobbyists now run America, own America, rule America. Forget the 537 politicians you thought we elected to the White House, Senate and Congress to run America for us. No, they’re mere puppets, pawns for the “Happy Conspiracy,” an oligopoly, plutocracy, cabal, monopoly all-in-one — a private club of America’s richest few on Wall Street, in Washington and in Corporate America.

Voters and elections are irrelevant. Lobbyists decide what’s in the best interests of this elite club. The usual suspects? Try the Forbes 400.

Last year Michael Barone wrote a “Defense of Lobbyists” in U.S. News & World Report: “Lobbying is as American as apple pie, going back to the colonies.” How naïve, how in denial.

He obviously missed reading Bob Kaiser’s brilliant 25-part series in the Washington Post a couple years earlier, on “how lobbying became Washington’s biggest business.” Turns out that modern lobbying actually began in the mid-1970s with the innovative “earmarked appropriations, federal funds directed by Congress to private institutions when no federal agency had proposed spending the money.”

Kaiser expanded the series to: “So Damn Much Money: The Triumph of Lobbying and the Corrosion of American Government.” In just three decades, Washington has earmarked hundreds of billions thanks to lobbyists peddling influence bribes to buy Washington votes.

After all, the cost of a Senate race has exploded from \$437,000 to \$7.9 million. So lobbyists shovel millions to friendly senators, like Connecticut Democrat Christopher Dodd and Alabama Republican Richard Shelby.

Lobbyists love spending your tax dollars

In another example of lobbyists stealing taxpayer dollars Kaiser tells how “last fall the House of Representatives set off a sudden collapse of the stock market by voting against the first version of the bailout legislation that had been hurriedly written to try to stabilize American banks and other financial institutions.” Lobbyists then “scrambled to change the legislation in ways that would win support for it from a majority of Congressmen.”

How? Simple: Within just days they manipulated Congress to throw in more taxpayer cash. “Sweeteners” included excise-tax rebates for Puerto Rican rum, tax breaks for stock-car-track owners, tax breaks for Hollywood movies made in the USA and lots more. So “days after rejecting the \$750 billion bailout, the House approved it.”

Why so easy? There’s a huge, highly paid army of mercenary lobbyists in Washington. Registered lobbyists may be 42,000 versus a mere 537 elected officials. American University political scientist James Thurber says there are actually 261,000 members of the “influence-lobbying complex” running your government. Many are former congressmen, senators and staffers. Others are ad hoc mercenaries, like the 350 hired by the GOP just to kill health-care reforms at a cost over a million bucks a day.

Another example: Former Senate leader Tom Daschle is not registered, yet has emerged as a key go-between for Obama and health-care insurers, a perfect example of how Obama’s \$9 trillion programs have fueled an explosion of influence peddlers. Daschle told the New York Times he sees no conflicts, although he’s highly paid by insurers. He calls himself a neutral “resource.”

This anti-democracy trend was recently exposed in a BusinessWeek piece, “Don’t Call Them Lobbyists,” where we see this industry rebranding itself as cooperators, as “special policy advisors,” “crisis managers” and “strategic planners.” Reminds us of that fairy tale about a “wolf in sheep’s clothing” guarding the hen house.

Unfortunately, the vast majority of Americans will never hear about all the day-to-day shenanigans: The buying, selling and bartering of sweeteners, earmarks, votes and senatorial seats. Most of the behind-the-scenes deals never cross the radar of Middle America.

Most voters are destined to live in denial, trapped in mind-numbing illusions replaying over and over as they sit passively, dazed. Or they angrily feed their macho delusions of power at town-hall meetings, carrying AK-47s, convinced that grandma will be sacrificed by one of Obama’s death panels. Either way, they aimlessly drift, unaware of how lobbyists rule America, how lobbyists help the “Happy Conspiracy” rob them blind.

Sinking sensation ... democracy is rigged

Still, we feel it. As Frank Rich put it in the New York Times:

“What disturbs Americans of all ideological persuasions is the fear that almost

everything, not just government, is fixed or manipulated by some powerful hidden hand." This pervasive public "mood isn't just about the banks, Public Enemy No. 1. What the Great Recession has crystallized is a larger syndrome that Obama tapped into during the campaign. It's the sinking sensation that the American game is rigged, that, as the president typically put it a month after his inauguration, the system is in hock to 'the interests of powerful lobbyists or the wealthiest few' who have 'run Washington far too long.' He promised to smite them."

He can't. Why? Because like the rest of us, he's controlled by the new "Lobbyists Nation of America." Obama's now inside this "Happy Conspiracy," working with lobbyists like Daschle, all aggressively competing for their slice of a \$9 trillion pie for rich clients ... as taxpayers sail the good ship "American Titanic Deficits" into a huge iceberg, dead ahead.

Stop kidding yourself. Wake up, you're in denial, in fantasy world, dreaming of a new "American Democracy." Wrong, you no longer live in a democracy. Lobbyists run Washington. They even have their own greed-driven operating rules guiding members working inside "Washington's biggest business."

Here are some of the principles in the Manifesto of this new "Lobbyist Nation of America." This is real behavioral economics in action:

Manifesto: 'Lobbyists Nation of America' 16 Principles

1. **Lobbyists destined to fill a void left by democracy's failings.** Voters are irrational, cannot be trusted to act without guidance from lobbyists.
2. **Lobbyists are the new behavioral nudgers guiding America.** Forget behavioral scientists, special interest lobbyists will do the real nudging.
3. **Lobbyists must nudge voters to elect "friendly" politicians.** Lobbyists must invest millions to elect officials favorable to special interests.
4. **Lobbyists are the new "unseen hand" of American Capitalism.** Capitalism's new "unseen hand" is the enlightened deals of 261,000 lobbyists
5. **Lobbyists will guide economic recovery for special interests.** Congress, the president and regulators all have a price, find it and pay it.
6. **Lobbyists protect special interests using taxpayer money.** The wealthy will have ready access to the assets and credits of the Treasury.
7. **Lobbyists amass extra capital anticipating a new meltdown.** Plan ahead for the next recession by stockpiling benefits for your clients.
8. **Lobbyists hire new blood directly from inside government.** The contacts of senators and congressmen are worth millions to clients.

9. **Lobbyists reward politicians, treat them like co-lobbyists.** Everyone in Washington wants to get rich off big government, help them
10. **Lobbyists must defeat programs unfavorable to clients.** Programs that weaken the power of the rich must be aggressively defeated.
11. **Lobbyist clients' interests come before public interest.** Principles of fiduciary duty mean clients take precedence over public needs.
12. **Lobbyists must defeat or gut financial literacy programs.** Intelligent, informed investors undercut special interests; Kill the CFPA.
13. **Lobbyists give traders access to commercial bank assets.** Investment banks switched to get access to deposits for high-risk trading.
14. **Lobbyists never help mortgagees and credit-card holders.** Helping failing homeowners and card holders means less for bank insiders.
15. **Lobbyists want cap-and-trade derivatives for a new bull market.** America needs a new bubble, new bull — global warming trades will do trick.
16. **Lobbyists must reward the rich, eliminate the "death tax."** Eliminating inheritance taxes assures continuity of wealthy gene pools.

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