

October 4, 2009

OP-ED COLUMNIST

The Rabbit Ragu Democrats

By [FRANK RICH](#)

IN the annals of American excess, there often arrives a moment when those with too much money, too much clout and too much hubris just can't stop themselves from tempting the fates. They throw an over-the-top party in public, or parade their wealth and power before the press, and the next thing you know their world, and sometimes ours, has crashed.

In the go-go Reagan 1980s, the junk bond king Michael Milken bedazzled investors with lavish Predators' Balls in Beverly Hills. Sure enough, he and Wall Street would end the decade in ruin. Back East, the financier Saul Steinberg celebrated his 50th birthday in 1989 with a \$1 million party in the Hamptons. "Honey, if this moment were a stock, I'd short it," he said when toasting his wife. He would soon [suffer a stroke](#) and see [his company go bankrupt](#).

Steinberg sold his vast New York apartment to the private equity titan Stephen Schwarzman. In February 2007, Schwarzman marked his 60th birthday with [a highly visible multimillion-dollar bacchanal](#) in the Park Avenue Armory. Though Schwarzman hasn't suffered much since — he is tied for 50th on the [new Forbes list of the 400 wealthiest Americans](#) — his bash presaged the bust to come. He became, as James Stewart [wrote in The New Yorker](#), "the designated villain of an era on Wall Street — an era of rapacious capitalists and heedless self-indulgence."

It's in this context that you have to wonder what some of the Obama era's most moneyed and White House-connected lobbyists were thinking as they preened before a Washington Post reporter recently [for two lengthy articles](#). We're not even nine months into the new administration, yet these swaggering, utterly un-self-aware influence peddlers seem determined to prove that nothing except the party affiliations has changed in the Beltway's pay-for-play culture since Tom DeLay. If these lobbyists were stocks, I'd short them.

One of the articles focused on Heather Podesta — "The It Girl of a New Generation of Lobbyists" — who lobbies for health care players like Eli Lilly, HealthSouth and Cigna. Podesta is half of what The Post has called a "mega-lobbying" couple. Her husband, with his own separate (and larger) lobbying shop, is Tony Podesta, the brother of John Podesta, the Clinton White House chief of staff who ran the Obama transition. Back in November, Tony Podesta [told The Times](#) that only "very unsophisticated" clients would hire his firm because of his brother's role in assembling the new administration. That encyclopedic and [ever-expanding list](#) of "unsophisticated" clients includes Amgen and the American Coalition for Clean Coal Electricity — and that's just among the A's. His business was [up 57 percent from last year](#) in the first six months of 2009. Heather Podesta's was [up 65 percent](#).

When we first meet Heather Podesta in The Post, she is being bussed on the cheek by Charles Rangel at his August birthday party at New York's Tavern on the Green. In keeping with the usual pattern of blowback, it

took only one day after the article appeared for [The Times to report](#) that Rangel, the ethically challenged chairman of the House Ways and Means Committee, was guilty of yet another lapse: He'd neglected to list at least \$500,000 in assets on his 2007 Congressional disclosure form. As if that were not karmic retribution enough, Tavern on the Green [filed for bankruptcy just days after that](#).

The second Post article, on the front page two weeks ago, described the scene, as well as the rabbit ragu, at Ristorante Tosca, the lobbyists' hangout on F Street in downtown Washington. The Post did not mention that it is just four blocks away from the location of [the now defunct Signatures](#), the restaurant whose owner, Jack Abramoff, was the go-to fixer of the DeLay "K Street project" [before scandal brought him down](#).

The stars of Tosca's "Power Section," we learned, include the Podestas, Tom Daschle ("not technically a registered lobbyist" but, as The Post put it, "a 'special policy adviser' — wink wink") and Steve Elmendorf (who "eats lunch out only at Tosca"). Elmendorf was chief of staff to the former Democratic House leader Dick Gephardt. A quick visit to [opensecrets.org reveals that Elmendorf Strategies' client list](#) includes Citigroup and Goldman Sachs, among other players in the coming battle over financial regulation reform. Then again, [as The Nation details in its current issue](#), Gephardt has also lobbied for Goldman, among many other corporate clients in opposition to the populist policies he once championed.

Barack Obama promised a change from this revolving-door, behind-closed-doors collaboration between special interests and government. He vowed to "[do our business in the light of day](#)" — with health care negotiations [broadcast on C-Span](#) — and to "[restore the vital trust between people and their government](#)." He said, "[I intend to tell the corporate lobbyists that their days of setting the agenda in Washington are over](#)." That those lobbyists would so extravagantly flaunt their undiminished role shows just how little they believe that a new sheriff has arrived in Dodge.

In [his scathing Wall Street Journal column](#) on The Post articles last week, Thomas Frank crystallized the gap between Obama's pledge and this reality. "There is something uniquely depressing about the fact that the National Portrait Gallery's version of the Barack Obama 'Hope' poster previously belonged to a pair of lobbyists." That's no joke: [It was donated by Tony and Heather Podesta](#).

Obama's promise to make Americans trust the government again was not just another campaign bullet point; it's the foundation of his brand of governance and essential to his success in office. At the first anniversary of the TARP bailout of the banks, we can see how far he has to go. Americans' continued suspicion that Washington is in cahoots with powerful interests in joints like Tosca is contributing to their confusion and skepticism about what's happening out of view in the battle over health care reform.

The public is not wrong. The administration's [legislative deals with the pharmaceutical companies](#) were made in back rooms. [Business Week reported](#) in early August that the UnitedHealth Group and its fellow insurance giants had already quietly rounded up moderate Democrats in the House to block any public health care option that would compete with them for business. UnitedHealth's [hired Beltway gunslingers](#) include both Elmendorf Strategies and Daschle, a public supporter of the public option who nonetheless does some of his "wink, wink" [counseling for UnitedHealth](#). The company's in-house lobbyist is [a former chief of staff to Steny Hoyer](#), the House majority leader. Gephardt [consults there too](#).

But it's not as if the Republicans now have the public's back. DeLay may be reduced these days to violating public taste rather than the public trust on "Dancing With the Stars," but back on Capitol Hill, his successors

keep the K Street faith. In their campaign to kill the public option, G.O.P. leaders often cite data from the Lewin Group, a research company, which has [projected that 88 million Americans might quit their private insurance plans if given a government alternative](#). (The Congressional Budget Office puts the figure at the far less earthshaking 10 to 11 million.) Lewin, which repeatedly insists it's still a nonpartisan outfit, was actually bought by a subsidiary of UnitedHealth in 2007. The Huffington Post reported in August that John Boehner and Eric Cantor — who use Lewin's findings to scare voters about a “government takeover” of health care — are [big recipients of UnitedHealth campaign cash](#).

Next up will be the overhaul of financial regulations. With [job seekers now outnumbering job openings 6 to 1 in America](#), many still wonder why most of the big-dog culprits who helped speed the national meltdown — from lying and gambling bankers to shyster subprime mortgage packagers to executives at delinquent ratings agencies — have not shared their pain. In [his speech](#) marking the anniversary of Lehman Brothers' failure, Obama chastised Wall Street for having taken irresponsible risks. But of course [it is already back doing exactly that](#).

Meanwhile, we're hearing of behind-the-scenes Congressional softening of perhaps the most promising component of the White House's modest financial regulatory package, a Consumer Financial Protection Agency. Real-estate brokerages are being [exempted from its purview](#), and banks will not be required to offer “plain vanilla” mortgages. As in health care, the question of what the White House will really fight for in financial reform remains open. While the ostentatious daily predators' ball at Ristorante Tosca is a bad omen, we don't know yet whether that omen is for the lobbyists, or the Obama administration, or both.

This is history that the president still has the power to write. It will be written in the bills he will or won't sign into law. We can only hope that he learned an important lesson from his [stunning failure to secure Olympic gold](#) for his political home of Chicago last week. If the Olympic committee has the audacity to stand up to a lobbyist as powerful as the president of the United States, then surely the president of the United States can stand up to the powerful interests angling to defeat his promise of reform.

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