



■ **Special Report**

The president has vowed to fight “special interests.” But his agenda has made Washington’s influence-industry professionals busier than ever.

Obama Versus K Street

■ **By Eliza Newlin Carney and Bara Vaida**

“Bring ’em on.” ■ Those were the fighting words President Bush once used to challenge terrorists who might be tempted to attack U.S. troops in Iraq. Now the nation’s new leader, Barack Obama, is throwing down a gauntlet of his own. But this time the challenge isn’t to America’s enemies abroad—it’s to Washington’s army of lobbyists. ■ In his weekly address on February 28, Obama signaled that he was itching for a fight. The president acknowledged that the sweeping Medicare, student-loan, and tax proposals in his fiscal 2010 budget “won’t sit well with the special interests and lobbyists who are invested in the old way of doing business.” ■ He continued, “I know they’re gearing up for a fight as we speak. My message to them is this: So am I.”

But Obama's crusade to muzzle lobbyists—and the “special interests” that he repeatedly asserts are undermining the country—may prove as elusive as ending the violence in the Middle East or reining in federal government and entitlement spending at home. That's because even as Obama offers tough talk and new ethics rules for lobbyists in dealing with his administration, his agenda to dramatically expand the scope of government and increase federal spending has business booming on K Street.

Moreover, Obama's hiring of former lobbyists and other highly paid professionals from Washington's vast influence industry for some key executive branch posts has invited controversy. Some critics say that the president is falling short on his promises and that he risks undermining the very reform agenda at the core of his message.

There's no doubt that Obama's ambitious budget, health care, and energy proposals, not to mention his fiscal stimulus and rescue packages that together total more than \$1.5 trillion, have thrown the lobbying industry into high gear. As an economically battered nation turns to Washington for answers, the city's approximately 14,000 registered lobbyists are finding themselves busier than ever.

Former Sen. J. Bennett Johnston, D-La., and former Rep. Thomas Bliley, R-Va., both lobbyists at the firm Steptoe & Johnson, agree with that. And, they argue, when so much is at stake in Washington and a range of interests across the country are clamoring for representation, bashing lobbyists is counterproductive.

“It makes for very good politics to blast the lobbyists,” Johnston says, but “it's absurd, and most people in town know it's absurd. Lobbyists, by and large, know more about the issues than the people they deal with on the Hill and elsewhere. Most members of Congress understand that.” Bliley adds: “It sells [to] blast lobbyists. But the difference between blasting and what is practical is like night and day.”

Thomas Susman, director of government affairs at the American Bar Association points out, “When government is the solution, lobbyists are part of the process.” He adds: “One person's adversity is another person's opportunity, and the last few months of bad news for the economy—soaring deficits, troubled businesses—have provided tremendous opportunities for lobbyists.”

Not that K Street has suddenly turned into Easy Street. The economic crisis has taken its toll on law and lobbying firms, corporations, and trade associations, particularly those representing the hard-hit financial, real estate, and auto industries. Some associations have been forced to cut staff and cancel events as their mem-

■ Hill Hands



Former Rep. Thomas Bliley, R-Va. (left), and former Sen. Bennett Johnston, D-La., are lobbyists for Steptoe & Johnson.

bers merge or go out of business. Various contract lobbyists are seeing their monthly retainers slashed even as their workloads spike.

“Washington is a sideshow in this historic economic downturn, and a lot of companies are looking to reduce their Washington costs because they need to devote the resources to turning on the lights at their factories,” maintains J. Steven Hart, chairman of and a partner at law and lobbying firm Williams & Jensen.

Obama's tough rules and his rhetoric—which he first cranked up when he launched his presidential campaign more than two years ago—have once again put lobbyists on the defensive. The Scarlet Letter “L” that lobbyist Heather Podesta sported prominently, somewhat in jest, at the Democratic National Convention last summer, has, for better or worse, turned into a commonly referenced symbol for the profession that the president targeted as a foil for his policy agenda.

It has been three years since imprisoned former lobbyist Jack Abramoff pleaded guilty to fraud, conspiracy, and tax evasion, but that scandal still hangs heavy over K Street. The Abramoff saga was front-page news in 2006 when National Journal presented its first special issue on the state of lobbying. Since then we've written about the sweeping lobbying and ethics rules enacted in the wake of that affair. The Honest Leadership and Open Government Act, passed in 2007, requires lobbyists and lobbying firms to file more-frequent disclosure reports with Congress, imposes the threat of criminal penalties, and bans all lobbyist-funded trips, meals, and entertainment.

■ Battle Lines

■ Obama's ambitious budget, health care, and energy proposals have thrown the lobbying industry into high gear.

■ Controversial waivers and other exceptions have allowed some former K Street practitioners into administration jobs.

■ The White House cites tough and unprecedented revolving-door rules as a “historic breakthrough” on ethics reform.

In this, *NJ*'s fourth annual special issue, we look at the economy's impact on K Street and at the new curbs imposed by the Obama administration, as enforcement fever spreads from Capitol Hill to the executive branch. On his second day in office, Obama signed an executive order imposing strict new revolving-door rules on lobbyists both entering and leaving his administration. The order also banned all gifts from lobbyists to executive branch appointees.

Adding to the challenge for K Street professionals are new Treasury Department restrictions on lobbyists' ability to communicate with department officials, the breakneck legislative pace on Capitol Hill, and a new cast of characters in the executive branch and in Congress. With Democrats in control of the White House and on the Hill, where they've expanded their majority, some Republicans are out of work, while well-connected Democrats are landing prestigious advocacy jobs.

For lobbyists, the dizzying mix of political, policy, regulatory, and economic change has been overwhelming, exhilarating, and sometimes frustrating. Lobbyists face greater demands than ever, even as they contend with both tighter operating budgets and harsher-than-ever public scrutiny. The Obama rules have ignited a public and sometimes contentious debate over just what lobbyists' role in today's high-stakes policy battles should be.

In an era when many advocacy professionals are not registered to lobby, the administration's restrictions strike some as arbitrary or subjective. Former Senate Majority Leader Tom Daschle, D-S.D., for example, whom Obama had tapped to head the Health and Human Services Department, earned millions of dollars as a health care "strategist" but was not a lobbyist. (Daschle bowed out amid controversy over both his advocacy work and his unpaid taxes.)

Obama's lobbying restrictions have set an impossibly high bar, some argue, and created both political and practical problems for the administration. Controversial waivers that have allowed K Street practitioners in the door—most notably former Raytheon lobbyist William Lynn, who is now the deputy Defense secretary—have angered lobbyists and reform advocates alike. Some also blame the White House's revolving-door restrictions and vetting rules for the plethora of high-level administration vacancies.

The Obama team is "having a hard time accommodating all the standards they have set, [while] taking care of all the problems they need to take care of," says John Merrigan, a partner at DLA Piper. "It's a complication."

But reform advocates and lobbyists agree that Obama's arrival in Washington has, ironically, pushed the so-called special interests he loves to hate to center stage.

"It's almost a perfect storm, because you have a new administration, new Congress; you have a down economy, so people are looking [to government] as part of their solution," says C. Michael Fulton, an executive vice president at consulting firm GolinHarris. "There's more interest in the advocacy community than ever before."

Recession-Proof?

Whether their clients embrace or oppose Obama's agenda, lobbyists of all stripes agree that this is no ordinary time. The eye-popping dollar amounts being thrown around in Congress—\$700 billion for financial-sector relief; \$787 billion in economic stimulus money; \$410 billion for a supplemental bill

to fund government through 2009; and a \$3.55 trillion 2010 budget—have raised the stakes from Main Street to Wall Street.

"Ironically, Obama is creating an environment where companies have to have a team of lobbyists," says Gwen Mellor, a partner with Hogan & Hartson. She describes "a level of near-hysteria" among clients who want to weigh in on the hundreds of billions in federal money being handed out for everything from road repairs to construction projects, education, and scientific research.

Obama's ambitious 2010 budget proposal also contains plenty of fodder for conflict on health care, climate change, financial services reform, and taxes. His sweeping proposals go right to the bottom lines of many powerful corporate interests, including major drug companies, health care providers, oil companies, and financial firms. Others stand to gain from these overhauls.

"I think this is really an extraordinary time," says Nancy Dorn, vice president of government relations for General Electric. "We have more complex issues on our plate than I have seen in a 'normal' year, with climate change, a trillion-dollar stimulus, financial regulation, and health care reform."

Health care alone will be a major fight. At a White House forum on the issue on March 5, many of the stakeholders pledged to work with the administration, but that won't preclude an expensive lobbying battle. "You can't underestimate the undertaking that health care reform presents," says John Jonas, a veteran health care and tax lobbyist with Patton Boggs. "It's a very, very major rearranging" of the current system.

Just look at the numbers. Health care interests, including drug companies, providers, and insurers, spent more on lobbying in 2008 than any other sector—a total of \$480.4 million—while handing out \$162.3 million in campaign donations, the Center for Responsive Politics reports.

The fight over energy reform, which revolves around a proposed tax on carbon emissions and investments in alternative energy, is likely to be just as expensive.

In 2008, more than 770 manufacturing, health, and environmental groups and companies hired 2,340 lobbyists seeking to influence climate-change legislation in their favor, according to the Center for Public Integrity. In total, energy and natural resources interests spent \$394.2 million on lobbying and gave \$74.7 million in campaign contributions, the Center for Responsive Politics says.

Also looming is a battle royal over the Employee Free Choice Act. The bill, which Obama supports, would make it easier for employees to organize unions. The U.S. Chamber of Commerce has said it will spend at least \$10 million this year to fight the measure, and other business groups will pour in millions of dollars more; labor unions are poised to spend just as aggressively to enact it.

With big dollars and big issues crowding the agenda, lobbyists are having to work harder and smarter to cut through the clutter. "We have to make sure our clients understand that, in this environment, small-stakes issues are not going to get significant attention," says Wayne L. Berman, managing director of Ogilvy Government Relations. "And issues have to be set in the context of the broader crisis environment that the administration and the Congress [are] operating in."

Former Sen. Johnston agrees: "You have so many train wrecks happening at once."

And plenty of money to be made.

Winners and Losers

These and other legislative battles began brewing on K Street last year, as polls showed that Obama was likely to win the presidential election. Overall, the Washington lobbying sector covered by the Lobbying Disclosure Act—which includes firms that represent clients and organizations that spend their own lobbying budgets—was a \$3.2-billion-to-\$3.8-billion business in 2008, according to various reviews of lobbying records by *National Journal* and other independent organizations. Even struggling financial services companies that received money from the government's \$700 billion financial bailout reported spending \$114.2 million on lobbying and campaign contributions last year, the Center for Responsive Politics found.

Some on K Street have fared better than others, with many of Washington's biggest lobbying firms experiencing a drop in revenues last year over 2007. Not surprisingly, boutique lobbying firms connected to prominent Democrats have flourished. These include Tony Podesta's Podesta Group, as well as his wife's firm, Heather Podesta + Partners. Other shops with Democratic ties that had a strong year in 2008 were Brownstein Hyatt Farber Schreck, and McBee Strategic Consulting (which made our top-25 list for the first time). (See charts, p. 32.)

Firms with clients in the high-technology sector are also feeling good. The industry has applauded Obama's moves to create the first fully wired government, and he included proposals to boost spending for health care and energy technologies in both his recently passed stimulus package and his budget.

"It's clear this administration is coming at high-tech issues from a fundamentally different place," says Sharon Ringley, founder of the Ringley Policy Group, which represents a number of clients in the sector. "They understand and use the technology. They understand its importance and potential, so from that perspective, it's a brand-new day."

Labor organizations are faring well, too. Less than two weeks after taking office, Obama signed the Lilly Ledbetter Fair Pay Act of 2009, which makes it easier for workers to file wage-discrimination suits.

Obama's election "is a breath of fresh air," says Diane Shust, director of government relations for the National Education Association. His win has "made our lobbying strategy and approach very successful in the short time he's been in office."

Not so the financial services industry. It is reeling from the stock market's collapse, government bailouts of major players, the prospect of sweeping new regulations, and an atmosphere on Capitol Hill that one banking lobbyist described as "poisonous." Bank of America was so sensitive to appearances that the financial giant announced in January it would not lobby the federal government on the bailout money.

It's "a difficult environment," concedes a lobbyist for a major bank who says he has trimmed his budget by as much as 30 percent over the past three years. "People have to keep a much lower profile. It will take a while to get credibility back."

Associations representing homebuilders, mortgage bankers, and the recording and motion picture industries have all slashed their budgets and staffs in recent months. The National Association of Manufacturers is forgoing its annual public-affairs conference because its members can't afford to attend, while the

Pharmaceutical Research and Manufacturers of America has canceled its annual meeting on state government affairs. PhRMA, meanwhile, ended relations with two lobbying shops it had long retained. The National Restaurant Association is even forcing its employees to reapply for their positions to justify expenses.

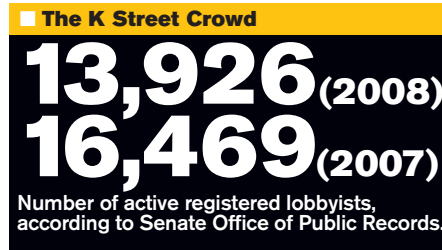
Individual lobbying firms have felt the pinch: BGR Group; Carmen Group; Cassidy & Associates; Dutko Worldwide; Livingston Group; Ogilvy Government Relations; and Quinn Gillespie & Associates were among the top firms that posted a decline in lobbying revenue in 2008. Law and lobbying firms, including Covington & Burling; DLA Piper; Hogan & Hartson; Holland & Knight; and Patton Boggs, also saw a drop in lobbying fees last year. Akin Gump Strauss Hauer & Feld; Arent Fox; Bingham McCutchen; Dewey & LeBoeuf; DLA Piper; King & Spalding; Pillsbury Winthrop Shaw Pittman; Orrick, Herrington & Sutcliffe; and O'Melveny & Myers had to lay off staff recently.

"We hear from clients, 'We appreciate what you are doing, but we have to tighten our belts, so we can't give you a raise,'" says Gary Andres, vice chairman of Dutko Worldwide.

Jonas of Patton Boggs concurs: "People are asking you to do more and more for

the same fixed retainer that they're paying. Some folks are asking for price adjustments with the retainers."

Like everyone else, lobbyists are wondering just how bad it's going to get. "We are on target for the year, but things are less predictable and reliable than in the past," says Jack Quinn, co-founder and chairman of Quinn Gillespie & Associates. "Lots of people need help and advice. They need strategic communications and legislative strategy services, but rarely has anyone seen so many sectors feel like they can't afford to get help."



Power of the Purse

This chart shows that budget and appropriations—earmarks and other government expenditures—was the No. 1 issue, by far, that lobbyists reported in their 2008 disclosure filings.

LOBBYING REGISTRATIONS, BY ISSUE (2008)

Budget/appropriations	18,740
Taxation/Internal Revenue Code	8,682
Health	8,191
Defense	8,049
Energy/nuclear	5,681
Medicare/Medicaid	4,912
Transportation	4,747
Environment/Superfund	4,163
Education	4,091
Trade (domestic/foreign)	3,947

SOURCE: Senate Office of Public Records LDA filings

In the Spotlight

As if the economy weren't enough to deal with, lobbyists are facing more scrutiny and public bashing than ever. The Abramoff scandal not only ushered in tough rules and penalties, it also created a lasting negative environment on Capitol Hill that has many lobbyists feeling "under siege."

"In everyone's heightened zeal to connect dots and identify nefarious conduct, a great deal of ethical and credible and legal behavior could be perceived, by virtue of timing or any other happenstance," to be inappropriate, says Stefan C. Passantino, head of the political law team at McKenna Long & Aldridge.

Margery Kraus, president and CEO of APCO Worldwide, agrees. "The problem is that this all exists in a 'gotcha' culture, so it creates an 'us versus them' feeling on K Street.

The continuing legal fallout from the Abramoff investigation doesn't help. Some 19 lobbyists, congressional aides, and public officials have gone to trial, were convicted, or pleaded guilty in the scandal. The latest is Ann Copland, a former aide to Sen. Thad Cochran, R-Miss., who pleaded guilty on March 10 to conspiring with Abramoff and his associates to commit honest-services fraud.

Last month, prominent lobbying firm PMA Group announced that it would be shutting down, and many of its lobbyists moved to other firms after the disclosure that the FBI had raided its offices in November. Federal investigators are looking at potentially questionable campaign donations made to Rep. John Murtha, D-Pa., and other lawmakers. Murtha, who chairs the Defense Appropriations Subcommittee, has steered millions of dollars in earmarks to PMA Group clients.

Earmarks continue to make news. Having promised on the campaign trail to slash earmarks, Obama kept them out of his stimulus package but didn't fight them in the omnibus spending bill. Controversy over the \$7.7 billion in earmarks in the 2009 appropriations measure delayed its passage until March 10, and even some Democrats objected that Obama had allowed pork-barrel projects to slip through.

There was "no justification" for the earmarks in that bill, insists Sen. Russell Feingold, D-Wis., who has partnered with Sen. John McCain, R-Ariz., on legislation to give the president line-item veto power.

On the heels of that criticism, Obama on March 11 signed the appropriations bill while urging Congress to pass legislation reforming the earmarks process. Going forward, the president said, earmarks should be subject to public disclosure and hearings before a vote and have a "legitimate" public purpose. House Democratic leaders also proposed rules on the earmarking process.

Government watchdog groups have cheered Obama's strictures on lobbyists, particularly his stringent revolving-door rules. Democracy 21's Fred Wertheimer calls the president's actions "groundbreaking" and "unprecedented," because they go further than any previous administration's in limiting lobbyists' roles in the executive branch.

But even reform advocates admit that there have been bumps along the way. No sooner had Obama imposed the new rules than he began handing out waivers.

Lobbyists granted an administration pass include Lynn; Jocelyn Frye, former general counsel for the National Partnership for Women & Families, who was appointed director of policy and projects in the Office of the First Lady; and Cecilia Munoz, a former senior vice president for the National Council of La Raza, who is now the White House's director of intergovernmental affairs.

Treasury Secretary Timothy Geithner announced strict limits on lobbyists working for clients seeking financial bailout money, then turned around and hired former Goldman Sachs lobbyist Mark Patterson as his chief of staff. On the flip side, reform advocates waged a successful campaign to block the appointment of Mark Gitenstein, a lawyer and lobbyist for Mayer Brown, to head the Justice Department office that oversees legal policy and judicial nominations.

Still, an analysis by *National Journal* found at least 30 instances of individuals who were registered as lobbyists at some point in the past five years and who have been nominated for or are now serving in senior administration posts. In a twist, Obama's strict rules have put those appointments under an even harsher spotlight.

"Obama risks making the public think his administration is less ethical, ironically, by setting the bar so high," says Sheila Krumholz, executive director of the Center for Responsive Politics.

James A. Thurber, director of American University's Center for Congressional and Presidential Studies, has even stronger words for Obama's policy: "It's very difficult for him to look ethical and to govern with this new standard."

Thurber maintains that the number of lobbyists who actually register and disclose their activities is only a small percentage of the booming advocacy sector. By his count, the lobbying and influence industry writ large, including grassroots and strategic work, spends closer to \$9.6 billion a year, about three times what is publicly reported—meaning that almost everyone involved in policy in Washington is connected to the influence and advocacy sector.

"For Obama to say that he would basically govern without lobbyists is disingenuous, in my opinion" Thurber says. "We're a pluralist democracy. There's no way that we can run a government without advocacy."

Some also wonder whether Obama has hamstrung his own appointment process by screening and vetting Cabinet picks so exhaustively. As of early March, key vacancies remained at the Defense, Education, Energy, and Treasury departments. Notwithstanding a string of recent high-level appointments at Treasury, the lag time at that department in particular prompted criticism that Geithner was "home alone" during a crucial phase.

"I think [the president is] hurting his administration and hurting our government by making it exceedingly difficult to hire people who have been involved in a particular issue in the past and would be qualified people now," Thurber says.

Administration officials counter that Obama is ahead of schedule in making high-level executive branch appointments compared with previous recent presidents. As of March 6, Obama had filled 545 top political positions; his predecessor had selected only 408, according to an analysis provided to *National Journal* by the White House.

As for the waivers, the Office of Government Ethics is preparing more-precise guidelines for when they should be granted, said Norm Eisen, special counsel to the president for ethics and government reform. The administration has attempted to strike a balance, Eisen notes, by closing the revolving door without barring lobbyists absolutely.

The president's aim is to promote the public interest over special interests, and the lobbyists who approach his administration in the same spirit will be the most successful, says Eisen, a lawyer who co-founded the watchdog group Citizens for Responsibility and Ethics in Washington.

■ **Bob Maloney**

LIZ KINZIE



“Part of the role of a lobbyist is to transfer information ... a blanket prohibition will stifle what may be good information.”

Still, some lobbyists feel shut out. Geithner’s January 27 lobbying edict has particularly rankled. The department said it will be issuing rules “restricting contacts with lobbyists in connection with applications for, or disbursements of” money under the Emergency Economic Stabilization Act. An administration source said that lobbyists aren’t banned from Treasury, but rules laying out limits on communication with the department regarding TARP will be forthcoming. Meanwhile, the American League of Lobbyists is considering a series of “major initiatives” to challenge the constitutionality of Treasury’s restrictions as well as “to challenge the administration’s and Congress’s supposed climate of change,” says the group’s president, Dave Wenhold.

“Part of the role of a lobbyist is to transfer information,” says Bob Maloney, an Obama supporter and the founder of Maloney Government Relations. “Granted, we understand there have been problems and abuses, but a blanket prohibition will stifle what may be good information.”

Some lobbyists fear that other departments and agencies will follow Treasury’s lead. “Are they going to say lobbyists can’t approach the Pentagon, or can’t approach Homeland Security, or they can’t approach the Energy Department?” asks Golin-Harris’s Fulton.

So where does that leave lobbyists who need to talk to the executive branch? On the one hand, the Obama administration has invited any number of K Street players, including those representing business-friendly groups such as the U.S. Chamber of Commerce, PhRMA, and the U.S. Travel Association, to the White House.

“My experience, in a month, is that the Obama administration has reached out several times,” says John

Castellani, president of the Business Roundtable. “We have tried to be as helpful as humanly possible, whether it’s pulling together CEOs to talk to about the need for the stimulus, or to participate in [a budget] summit.”

On the other hand, many lobbyists told *National Journal* that they remain unclear about “the rules of the road” and are afraid to contact administration officials directly. Instead, they are asking lawmakers and their aides to reach out on their clients’ behalf. Administration newcomers are still finding their desks, and vacancies have made it hard for lobbyists to make contact.

Even Democrats are feeling the chill. “I’m just trying to find out information about the process, but no one wants to call and ask questions, because it might be perceived as lobbying,” says a Democratic lobbyist. “So right now, you are almost doing a bank shot. I’m advising clients to go call your champion on the Hill and have them ask questions.”

Maloney says that it has been “frustrating” trying to connect with the Treasury Department on behalf of a minority housing group, for example. “I am pulling my hair out” trying to find someone to meet with the client, he said.

Maloney called the administration’s new policies “a work in progress,” adding that he thinks the White House and lobbyists will “reach a balance with regard to access to the administration.” Still, he says he feels a “subliminal chill” even from administration aides he knows personally.

More to Come

For all of their complaints, many on K Street say that the ever-tighter regulations on Capitol Hill and in the executive branch are simply accelerating an industry-wide trend away from “access” and relationships in lobbying toward substantive policy information and expertise.

“Today, effective lobbyists are individuals who have subject matter expertise,” says Walter B. McCormick Jr., president and CEO of the United States Telecom Association. “The era of the handshake and the pat on the back is really over, and has been for some time.”

Feingold, who co-wrote the Honest Leadership and Open Government Act with then-Sen. Obama, says that Washington is a cleaner place since the new rules were enacted. “At the moment, [lobbyists] are on the defensive, and the culture has changed to the point where people are worried about giving gifts or getting caught giving favors, because they’ve seen that there are real consequences,” Feingold says. “They don’t just shrug it off.”

One area, though, remains untouched by both the new ethics and lobbying laws and the economic downturn: campaign finance contributions. Political action committees continue to grow in number; members of Congress still raise money

■ **Money Keeps Flowing**

PACs continue to pour money into campaigns, and lawmakers continue to rely on lobbyists’ donations and their ability to bundle contributions. Political fundraisers remain exempt from lobbying restrictions.

TOP-SPENDING PACS (2007-08)

National Assn. of Realtors	\$3.9 million
Int’l. Brotherhood of Electrical Workers	3.3
AT&T	3.1
National Auto Dealers Assn.	2.9
National Beer Wholesalers Assn.	2.9
American Bankers Assn.	2.8
International Assn. of Fire Fighters	2.7
American Assn. for Justice	2.7
Operating Engineers Union	2.7
Laborers Union	2.5

SOURCE: Center for Responsive Politics

from lobbyists, and fundraisers remain exempt from lobbying restrictions.

“Because the lobbying engine, the advocacy engine, is really fueled by political fundraising, PAC contributions are probably going to be one of the last things that get cut,” says John Graham, president and CEO of the American Society of Association Executives.

Little wonder that reform advocates, who perceive Obama as a powerful new ally, are pushing for public financing of presidential and congressional campaigns.

“We have always argued that the 800-pound gorilla in all of this [is] the campaign finance rules,” says Democracy 21’s Wertheimer. The new ethics regime on Capitol Hill and in the executive branch represents “major progress,” he adds, but “we have to change the campaign finance rules” to really change Washington.

Reform advocates acknowledge that they will have to fight for attention, given the economic crisis and other major policy fights. Still, they argue that the financial meltdown has renewed public enthusiasm for transparency and accountability in government.

“This economic train wreck is due in large part to Congress looking the other way,” says Arn Pearson, vice president of programs for Common Cause. “Instead of trying to protect consumers, they were busy raising money. And a lot of the money comes from Wall Street.” Common Cause also endorses a ban on lobbyists’ political contributions and on campaign bundling by lobbyists.

Some on Capitol Hill may prove receptive. Rep. Zoe Lofgren, D-Calif., who chairs the Standards of Official Conduct (Ethics) Committee, says that Congress may consider changing campaign finance rules to ban lobbyists from donating to candidates.

“That the [lobbying] rules have pushed more lobbying into fundraising is an unintended consequence, and some thought needs to be given to whether [campaign finance] rules should be changed” to curtail lobbyist donations, she told *National Journal*.

If nothing else, Obama’s embrace of the Internet appears to signal a new era of government transparency, including lobbying. The administration has stepped up reporting of who receives government contracts, and it has established a website,

Recovery.gov, to monitor the economic stimulus package.

Obama’s transition team posted hundreds of meetings with advocacy groups and lobbyists online, along with any accompanying white papers. That same transparency model will be used in the executive branch, Eisen says.

In his fiscal 2010 budget, Obama called for posting lobbying reports on a “centralized, online database.” Also in the mix is a centralized website, dubbed *Ethics.gov*, that would be a clearinghouse for all ethics and lobbying information. Ultimately, good-government groups endorse public reporting of all lobbying contacts with federal lawmakers and executive branch officials.

“I don’t think [Obama officials] have any problem meeting with lobbyists so long as it is disclosed,” says Mark Keam, who is on leave from Verizon, where he once lobbied, to run for a seat in Virginia’s House of Delegates. Keam also volunteered for the Obama campaign.

Of course, elaborate disclosure rules would likely meet with resistance on Capitol Hill, particularly when it comes to earmarks. As the Obama administration has discovered, it’s a lot easier to excoriate lobbyists on the campaign trail than to silence them in real-life policy debates.

“They’re up against an enormous challenge,” the Center for Responsive Politics’s Krumholz says of Obama administration officials. “It’s going to be, I think, incredibly difficult to change this Washington culture, particularly with regard to lobbying—certainly more challenging than many have thought. And it’s not a given that it’s do-able.” ■

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