

[*Obamanomics: How Barack Obama Is Bankrupting You and Enriching His Wall Street Friends, Corporate Lobbyists, and Union Bosses*, Timothy P. Carney, Regnery, 256 pages]

Big Government, Big Business, Big Rip-off

By Michael Brendan Dougherty

THE RIGHT HAS GONE MAD, it's true. The conservative head, already suffering traumatic brain injury after insisting that pre-emptive war, waterboarding, and debt are enduring Western values, finally went blank when Barack Obama ascended the federal throne. Tea-party activists say that a Kenyan Nazi is readying a death panel for Sarah Palin. Fascism is liberal nowadays; communism, too. It's all connected. Glenn Beck is chalking lines between Keith Olberman, Levi Johnston, and Leon Trotsky. How can the Right fight an enemy that will not release its birth certificate?

Fortunately, Timothy P. Carney has a cure for such dementia: muckraking journalism, of the sort he ably exhibits in *Obamanomics: How Barack Obama Is Bankrupting You and Enriching His Wall Street Friends, Corporate Lobbyists, and Union Bosses*. Don't let the Fox-appearance-fetching title throw you: George W. Bush comes in for nearly as much abuse as Obama. A reporter for the *Washington Examiner* and a protégé of the late Robert Novak, Carney has carved out a career of picking apart Washington's latest regulations on industry and exposing the lobbyists and corporations getting rich in the name of public interest.

In *Obamanomics*, he demonstrates time and again how Big Business and Big Government are natural allies: an incumbent business loves nothing better than a regulator that raises overhead

costs for its smaller competitors or introduces legislation that ensures all Americans are compelled to buy its products.

Carney doesn't bother drawing ideological lines between Rahm Emanuel and Karl Marx. He is too busy documenting how Emanuel deals with his former partners at Goldman Sachs or reporting the activities of former Senate Majority Leader Tom Daschle, who now splits his time between advising the president on healthcare reform and cashing checks from health-industry clients.

Carney points out how the media treat nefarious partnerships between large corporations and government regulators as a surprise or as "proof that the case for reform is overwhelming," when in fact cooperation is routine and often involves easily discernible financial interests. As he puts it, "The economic law underlying *Obamanomics*—opaque to most journalists and contrary to conventional wisdom—is this: increased government control centralizes industries and favors the biggest businesses." So while liberal bloggers like Matt Yglesias and Ezra Klein welcome the support of red-state behemoth retailer Wal-Mart on their side of the healthcare debate, Carney points out that Wal-Mart is using government regulation to raise overhead costs for Target, which offers fewer health benefits than Wal-Mart.

Obamanomics also puts the lie to Obama's campaign rhetoric, in which he excoriated corrupt Republicans for promoting deregulation because they were subservient to large corporate interests and told lobbyists that their days were numbered. Obama claimed, for instance, that McCain had voted 23 times against "alternative energy like solar, and wind, and biodiesel." Carney notes, however, that most of these votes were against ethanol subsidies—a government program that acts as a simple wealth-transfer scheme from taxpayers to agribusiness giant Archer Daniels Midland, with no broader economic or environmental benefits.

Chapter 9, "GE: The For-Profit Arm of the Obama Administration," is worth the price of the book and provides a perfect case study. Just days after Obama's inauguration, General Electric CEO Jeff Immelt wrote to shareholders, "The global economy, and capitalism, will be 'reset' in several important ways. The interaction between government and business will change forever. In a reset economy, the government will be a regulator; and also an industry policy champion, a financier, and a key partner." Translation: Washington will subsidize our industry, provide grants for our research, and mandate our products for environmental reasons. *Kaching!* "The company makes light bulbs and refrigerators, sure," writes Carney, "but it also has a finance arm, a transportation arm, a healthcare arm, a communications arm, and more. The above letter from Immelt reveals what these arms all have in common: they all reach out for government favors."

Let us count the ways. GE launched its own PAC to solicit donations from its employees for candidates "who share GE's values and goals." Unsurprisingly, Obama received more money from GE employees than any other politician. Immelt now sits on Obama's economic recovery board and enjoys a weekly phone call with White House economic adviser Austan Goolsbee. In the past decade, GE has spent more on lobbying than BlueCross, Exxon, or Altria, the owners of Philip Morris. Former Sens. Trent Lott (R) and John Breaux (D) lobby for GE. And former Rep. Dick Gephardt, tribune of the working man, lobbies for NBC Universal, which as we go to press is a subsidiary of the GE conglomerate. If by any chance Obama forgets to ask himself "What would Jeff Immelt do?" before signing legislation, GE has recruited Linda Daschle, wife of that authentic North Dakotan voice of reform, Tom, as another of its lobbyists.

Where's the profit in all this influence? For one, GE has been investing in "carbon offset" assets that have almost no value unless the Obama administra-

tion institutes its cap-and-trade energy plans. Sure enough, HR 2454, the American Clean Energy and Security Act of 2009, is a GE lobbyist's dream come true. The bill aims to provide manufacturers with "incentives" to sell energy-efficient appliances. Those enticements would mean that GE stands to reap \$75 of taxpayer money for each dishwasher it sells until 2013, \$200 for each refrigerator, and up to \$300 for each hot-water heater. As an added bonus, GE gets tax breaks and billions in loan guarantees for its wind-power projects.

More egregiously, GE lobbied for the ban on its own incandescent light bulbs, a reliable product that for more than a century has turned a profit and employed thousands of factory workers in Kentucky and Ohio. Why would they do that? So they could blame "government regulation" for closing down their costly American plants, of course. GE manufactures its more expensive fluorescent bulbs—generally hated, but now federally mandated—in China and the Philippines.

Though Carney spends the bulk of *Obamanomics* uncovering the dirty deals and following the money as it sloshes around K Street, he does take one chapter to suggest a method of political resistance, and an intriguing one: libertarian populism. He sets out an opposition agenda for the GOP that includes making HMO's compete for business across state lines and lifting reimportation bans on pharmaceuticals, thus forcing drug companies to work against Canadian and European price controls. Carney's Republicans would end energy subsidies, oppose cap-and-trade, and recall the bailouts to pay down the national debt. Carney even picks up the banner for Ron Paul's dream of auditing and abolishing the Federal Reserve.

Such a populist-libertarian agenda would seek to shutter the den of corporate welfare known as the Department of Commerce. In its place, Carney would implement Cato Institute scholar Stephen Slivinski's plan for a bipartisan anti-corporate-welfare commission. The

commission would have authority to send a bill to Congress closing down all corporate giveaways. Political opponents would be forced to defend in public the enrichment of Goldman Sachs, GE, and Boeing over any other cause that might be looking for a \$100 billion government handout. "Imagine the debate," fantasizes Carney, "Obama arguing explicitly on GM's and Goldman Sachs' side, with Republicans arguing to protect taxpayers and Main Street. It would be a good political cudgel, as well as excellent policy."

Perhaps Carney lets his anti-statist fancies soar too high. He even dreams of a constitutional amendment to ban the government from buying companies or offering private businesses subsidized loans. And pork might fly. Still, positive reform requires this kind of zeal.

Carney admits that his ideal GOP would "turn off traditional Republican donors" such as Boeing. He insists, however, that Republicans can reorient their income streams. Corporate funding of the Right has always been skittish, short-term, and issue-driven. "[Republicans] still could haul cash from rich people," Carney suggests, "but from entrepreneurs rather than Fortune 500 CEOs."

Obamanomics offers an attractive fusion of populism and libertarianism. Yet that blend could be taken further both politically and theoretically. It's fun to imagine what Republicans could do if they labeled Jeff Immelt a welfare queen and attacked Goldman Sachs executives as free-riding loafers. It would be the completion of a century-long process of realignment. Bank-hating heartlanders could finally sign up with the party of Nelson Rockefeller. But why not include conservatism's inadequate, yet politically potent, cultural populism in the same anti-corporate coalition? After all, most Americans do not suffer lectures from "diversity consultants" at their local town hall but in their corporate office parks. Outside of state-funded schools, the government is not responsible for the cultural revolution that traditionalists detest. The average American

is more likely to encounter ruthlessly enforced speech codes, racial-awareness training, and instruction in "tolerance" at the behest of his employer. It's time to say so.

Though the greedy collusion and hypocrisy Carney exposes should be sufficient to motivate a political movement, the intellectuals and polemicists of the Right need to reconnect with a broader, richer conservative philosophy—a worldview that distrusts the corporatist state in all its forms, not just in its individual corruptions. Let them rediscover Justus Möser's criticisms of large combines. Let our scribblers dilate on Hilaire Belloc's vision of the servile state in which government and business co-opt us into indentured labor in the name of economic security. Let them rhapsodize, Ayn Rand-like, on the erotic qualities of entrepreneurs and the flaccidity of public and private bureaucracy. Or how about using James Burnham's *Managerial Revolution* as inspiration? He connected the emergence of the corporation as the dominant economic unit with the flourishing of the executive branch. Conservatism never should have been mere apologetics for state-capitalism.

If *Obamanomics* and the ideas that inform Carney's writing infiltrate the tea-party set, American conservatism has a shot at becoming something worthwhile again. But the book may be just as important for self-styled anti-movement conservatives. Localists, traditionalists, and other politically endangered species usually turn against libertarian policy goals. They fear the unregulated corrosion of traditional norms and values by the market. Yet as Carney shows us, Big Business, far from regarding Washington as its enemy, sees the state as a "financier," "champion," and "partner"—to quote GE's Immelt. If you want to whack big corporations, aim at Washington first. ■

Michael Brendan Dougherty is a former TAC associate editor and a 2009-10 Phillips Journalism Fellow.

[*Koestler: The Literary and Political Odyssey of a Twentieth-Century Skeptic*, Michael Scammell, Random House, 720 pages]

True Believer

By Lee Congdon

AFTER READING Michael Scammell's epic biography of Aleksandr Solzhenitsyn, Harold Harris, Arthur Koestler's literary executor, offered the biographer/translator exclusive access to Koestler's papers and introductions to his friends and colleagues. Scammell jumped at the chance "to explore the life and writings of this extraordinarily gifted and charismatic individual" and set out on a scholarly trail that seemed to have no end. For 20 years, he worked at the Koestler Archive in Edinburgh, traveled the world, and interviewed countless men and women willing to share memories of the controversial writer.

Having reached his destination at last, Scammell has given us a full report of the discoveries he made along the way. *Koestler: The Literary and Political Odyssey of a Twentieth-Century Skeptic* contains fascinating details, many of them previously unknown, about its protagonist's adventures in places and times that read like chapter headings for the 20th century: Palestine under British mandate, Weimar Germany in its death agony, Soviet Russia in the 1930s, Spain during the Civil War, France at the outbreak of World War II, England during wartime, France after Liberation, Israel at birth.

Rather less fascinating are the multiple and graphic accounts of Koestler's notorious misconduct—bouts with the bottle, boorish and predatory behavior, and appalling treatment of women. Scammell offers manic-depression and instances of extraordinary generosity as mitigating factors. But the problem remains: he dwells on Koestler's life at the expense of his work.

Koestler would not be remembered today had he merely made us more

aware of the evils of self-indulgence or had he remained in the world of everyday journalism, a world he entered by chance while eking out an existence in Palestine during the late 1920s. Always a thoughtful man, he understood early on that the post-Christian world was haunted by the specter of nihilism. In response, he, like so many other 20th-century intellectuals, went in search of a new faith.

As Scammell points out, "religious yearnings had been apparent in [Koestler's] work from the start." Born in turn-of-the-century Budapest to a family of assimilated Jews, he remained ambivalent about his Jewishness, primarily because, like Henri Bergson, he did not wish to dissociate himself from the Jews in their times of tribulation. His youthful attraction to Zionism should therefore be understood as a spiritual quest, not an identity crisis.

When Zionism began to lose its religious appeal, Koestler turned to communism: "the God that failed," he and other ex-communists later confessed. While working as an editor for the Ullstein newspaper chain in Berlin, he joined the Communist Party and for several years served what he regarded from the outset as a secular religion. In 1932, he made a pilgrimage to the Red Mecca, the Soviet Union, where he planned to gather material for a book showing how an alleged "anticommunist" had metamorphosed into a communist after viewing firsthand the achievements of the first Five-Year Plan.

Although he observed life in the USSR through communist lenses, Koestler's journalistic instincts and residual honesty began to work a change in him. It was the time of the "terror-famine" in Ukraine. At train stops he saw, but affected to disregard, "infants pitiful and terrifying with limbs like sticks, puffed bellies, big cadaverous heads lolling on thin necks." When party leaders read the propaganda manuscript he dutifully produced, they concluded that he was less than reliable and sent him back to the West.

With Hitler in power in Germany, Koestler joined the emigré community

in Paris, where he worked for Willy Münzenberg, the Comintern's propaganda impresario. With Münzenberg's encouragement, he went to Spain, then in the throes of civil war, to obtain evidence of German and Italian intervention on the side of General Franco's Nationalists. He was arrested and imprisoned in Seville. Koestler did not know that he had been sentenced to death, yet neither did he know he had not been. As a result of this "dialogue with death," he experienced what Freud called the "oceanic feeling," a sense of communion with a transcendent reality. His life was never to be the same.

Released in exchange for a captured Nationalist pilot, Koestler resigned from the Communist Party in 1938 and wrote the novel that made him famous, *Darkness at Noon*. Based upon Soviet purge trials and inspired by Dostoevsky's *Crime and Punishment*, the novel tells the story of Nikolai Rubashov, a veteran revolutionary who is caught up in the Terror and persuaded to confess to imaginary crimes as a last service to the Party—if not as just punishment for crimes he did commit in the Party's name.

After breaking with communism, Koestler committed himself with equal fervor to the cause of anticommunism—writing essays, delivering speeches, and debating communists and fellow travelers, most notably French intellectuals such as Jean-Paul Sartre, Simone de Beauvoir, and Maurice Merleau-Ponty, the brilliant philosopher who answered *Darkness at Noon* in *Humanism and Terror: An Essay on the Communist Problem*. (Scammell unfortunately does not include a detailed analysis of this book, which betrays much about the totalitarian mind.)

Koestler's work for the Congress for Cultural Freedom came at a time, the early 1950s, when his anticommunism had become all-consuming. Secretly funded by the CIA, the CCF waged cultural war on communism, but in the end Koestler's go-for-the-jugular approach to prosecuting that war proved too confrontational for the Agency, which favored a more subtle strategy. He there-