

Behind *the* Throne

BY FRED BARNES

With Republicans gaining power in the U.S. Congress, which staff members are wielding the most influence? A behind-the-scenes look from a veteran Washington reporter.

Last August, House Majority Leader Eric Cantor (R-VA) distributed a memo listing the “top ten job-destroying regulations” initiated by the Obama administration. They were an unseemly lot, hand-picked by Republican committee chairmen as examples of atrocious regulatory overreach. Seven of the regulations had been issued—or were soon to be—by the Environmental Protection Agency, once popular but now the most controversial branch of the administration. Criticism of the EPA by the business community, economists, and Republicans had taken its toll.

The president responded. A few days after the Cantor memo circulated, Obama ordered the EPA to withdraw its draft regulation tightening the limit on ozone emissions. He conceded the regulation would put economic recovery at risk.

An important player in Obama’s retreat: Heidi King, the staff director of the House Energy and Commerce Committee, which has challenged the administration’s regulations more aggressively than any committee in the Republican-led House. It was King, a Caltech economist, who put together the package of EPA regulations that dominated Cantor’s top-ten list.

The list wasn’t a direct cause of Obama’s backpedaling, but it was a catalyst. It heightened pressure on the president, forcing him to pull back. EPA Administrator Lisa Jackson and the environmentalist lobby were horrified. King and committee Chairman Fred Upton of Michigan had, for once, gotten the better of them.

Outside of Capitol Hill, King is a no-name. The tradition in Congress is that senators and House members have an exclusive claim on media attention. Their aides, even the most influential ones, are to stay in the background and remain anonymous. They’re never on TV and their names rarely appear in the papers. When they do, it’s often regarded as an egregious *faux pas*.

The public wouldn’t know Larry Lavender, the long-time adviser to Chairman Spencer Bachus (AL) of the House Financial Services Committee, from John Maynard Keynes. Nor would they recognize Tim

Fred Barnes is executive editor of The Weekly Standard.

THE INTERNATIONAL
ECONOMY
THE MAGAZINE OF
INTERNATIONAL ECONOMIC POLICY
888 16th Street, N.W.
Suite 740
Washington, D.C. 20006
Phone: 202-861-0791
Fax: 202-861-0790
www.international-economy.com
editor@international-economy.com



None matches her for boldness, candor, and willingness to be quoted:
Heidi King, Majority Chief Economist, House Committee on Energy and Commerce.

Flynn, the chief economist for the House Budget Committee, and confidant of its chairman, Paul Ryan (WI).

But lobbyists, policy experts, and reporters know who Lavender and Flynn are. And today that's true of dozens of economists in Congress, whether graduate school-trained like King or self-taught.

The most influential have two things in common: they work for the most powerful members on economic matters, and they are Republicans. For now, their advice is more consequential in the House than the

Senate. This is true not only because Republicans control the lower chamber, but also because House Republicans now set the direction on major economic issues (spending cuts, tax reduction, entitlement reform, and so forth).

In 2012, their impact on economic policy may grow. Should Republicans capture the White House and the Senate along with holding the House—a quite possible outcome—their clout will skyrocket. And so would the influence of their economic advisers. Some would join the White House staff of a Republican president, others would monopolize the key staff positions in Congress.

For now, they are strategically situated in both chambers with the potential to become a potent force for radical economic reform. But they've yet to band together, as a cabal of Republican economic advisers on Capitol Hill did in the late 1970s and early 1980s, to plot sweeping free market initiatives.

With stagflation stifling economic growth, the fractious group of staff economists in the 1970s and 1980s pushed

supply-side economics as the path to recovery. They operated as a quasi-conspiracy allied with Representative Jack Kemp of New York to promote sweeping cuts in income tax rates. Their most important convert was Ronald Reagan, who took the supply-side philosophy to the White House.

The Kemp faction—among them Bruce Bartlett, Steve Entin, and Paul Craig Roberts—was cocky and free-wheeling. They joined forces with Robert Bartley, editor of the *Wall Street Journal* editorial page, academic economists such as Robert Mundell of Columbia University, and others who identified with their cause.

But that “dynamic” doesn't exist under the radar in Congress these days, Ryan says, though he wishes it did. “There aren't those edgy, driven economic aides on Capitol Hill any more.” Rather, the economists tend to be narrowly focused and less inclined to collude on behalf of a far-reaching economic theory.

King, in an odd twist, came to the Energy and Commerce Committee after two years at the Obama White House. She worked in the Office of Information and Regulatory Affairs, an island of non-partisanship whose mostly career staff evaluates regulations by economic measures such as cost-benefit analysis.

Why did she depart for Capitol Hill? “I wanted to go and work for Congress and see how things work,” she told me. “I'm thrilled to be here.” (King is unusual for a congressional aide other than a press secretary in her willingness to talk on the record.) Among other things, King says, she was eager to assess “the cumulative impact of EPA regulations.” Her initial conclusion: EPA lowballs or ignores the cost to the public of its regulations and exaggerates the benefits.

Among economists, Tim Flynn of the House Budget Committee has the advantage of working for Ryan, the leading Republican policymaker on taxes, spending, debt, entitlements, health care, and a good bit more. Ryan's “Road Map” and the 2012 federal budget he drafted—it passed the House—reflect the reigning Republican vision on economics.

When Ryan became ranking Republican on the budget committee in 2007, Flynn had already arrived as a detailee from the Treasury Department. Ryan quickly hired him full-time. He describes Flynn as “a Chicago guy” who didn't attend the University of Chicago but has absorbed the free-market principles of its economics department.



“Chicago guy” **Tim Flynn**, Majority Chief Economist, House Budget Committee, didn't attend the University of Chicago but has absorbed the free-market principles of its economics department.

*The most influential have two things
 in common: they work for the most
 powerful members on economic matters,
 and they are Republicans.*

The committee's communications director, Conor Sweeney, is close to Ryan, and he's also mastered the intricacies of the budget. Sweeney has worked for Ryan since he graduated from Marquette University in 2007.

Ryan regularly taps another source for advice: prominent conservative economists. He met many of them when he worked for Jack Kemp and Bill Bennett in the 1990s at



*Chairman Bachus' friend and political ally from Birmingham, **Larry Lavender** is Majority Chief of Staff, House Financial Services Committee.*

Empower America, a now-defunct think tank in Washington. He talks to a dozen of them, a group that includes John Taylor of the Hoover Institution and Douglas Holtz-Eakin, former chief of the Congressional Budget Office.

Bachus doesn't have an economist on his staff, but he does have Lavender, his friend and political ally from Birmingham who's worked for him off and on since 1992. With Lavender's help as staff director of the Financial Services Committee, Bachus has pushed vigorously to reduce the power and scope of the Dodd-Frank Act, particularly by transforming the nearly autonomous Consumer Financial

Protection Bureau into a five-member commission subject to congressional oversight.

When Bachus is term-limited as chairman in 2013, Lavender will presumably step down, too. Congressman Jeb Hensarling of Texas is expected to succeed Bachus as chairman (or ranking Republicans in the unlikely event Republicans lose the House next year). His former aide, Ed Skala, has joined the committee to work on housing issues and could become Hensarling's economics counsel. When Dick Armey was majority leader, Skala, a Capitol Hill veteran, was his legislator director.

In a Republican-run Washington, policy aides to House GOP leaders would become heavyweights at the White House, a federal agency, or Congress.

*An influential economist despite working for a committee that turns out dense but authoritative reports: **Robert O'Quinn**, Minority Staff Director, Joint Economic Committee.*



At the Ways and Means Committee, Chairman Dave Camp (MI)'s senior economics adviser is Warren Payne, a conservative economist who echoes his boss's pro-growth, pro-tax reform, and pro-free trade policies.

In a Republican-run Washington, policy aides to House GOP leaders would become heavyweights at the White House, a federal agency, or Congress. Cantor's policy expert, Neil Bradley, appears to have an especially bright future. He is as highly regarded for his knowledge and insightfulness on nearly every issue as any Republican aide in Washington. Bradley accompanied Cantor during weeks of bipartisan talks on deficit reduction led by Vice President Biden.

When House Speaker John Boehner (OH) negotiated with President Obama on a grand bargain on spending cuts and taxes, he took his top policy adviser, Mike Sommers, with him. Like Bradley, he's an ardent conservative. Steve Pinkos was staff director of the House Judiciary Committee and a Commerce Department deputy undersecretary before becoming House Republican Whip Kevin McCarthy (CA)'s top policy guy.

Robert O'Quinn at the Joint Economic Committee is an influential economist despite working for a committee that turns out dense but authoritative reports. Vice Chairman Kevin Brady (TX) elevated him to Republican staff director in 2009 when Chris Frenze, the long-time chief of staff, retired. "He's a very formidable economist," says Brady, who is emerging on his own as a prominent Republican voice on economics.

In the Senate, Republican economists have less influence, since Democrats run the place. But the minority tax counsel on the Finance Committee, Mark Prater, is an exception. He's now moonlighting as staff director for the bipartisan supercommittee assigned to come up with \$1.2 trillion in deficit reductions by November 23.

*The best on Capitol Hill, bar none: **Mark Prater**, Chief of Staff, Joint Select Committee on Deficit Reduction.*





He's really influential.
Jeffrey Wrase, *Minority Chief Economist, Senate Finance Committee.*

"He's the best on Capitol Hill, bar none," says Senator Orrin Hatch (UT), the top Republican on the Finance Committee. "He's a terrific economist. He's my principal guy."

Prater's greatest strength is as a negotiator respected by Democrats and Republicans. This explains why he was chosen as the supercommittee's chief staffer. In fact, Democrats appear to admire Prater even more than Republicans do. They cite his pivotal role in the

1990 agreement in which President H.W. Bush abandoned his "no new taxes" pledge and the 1997 deal that created S-CHIP, the children's health care program.

A colleague of Prater, Jeffrey Wrase, is the chief economist at the Senate Finance Committee. He's a Ph.D. economist who, Hatch says, "keeps me on top of macroeconomics." Hatch relies on Wrase for advice on reforming Social Security. "He's really influential there," according to Hatch.

Senate Minority Leader Mitch McConnell (KY) has two economic advisers. Rohit Kumar worked for Trent Lott and Bill Frist when they were majority leaders and, before that, for Senator Phil Gramm, an economist himself. For what it's worth, *Roll Call* listed Kumar in 2010 as one of the top fifty aides on Capitol Hill.

When Kumar was promoted to McConnell's deputy chief of staff last year, he was replaced as chief economist by Jon Lieber, whose economic orientation is free-market and libertarian.

Lieber came to Washington in 2002 with a master's in economics from Tufts and no job. He was soon hired by economist Allen Meltzer at the American Enterprise Institute, then joined the House Ways and Means Committee as an analyst before moving to the National Economic Council at the Bush White House.

Lieber is active on Twitter. He tweets what he calls "purely personal thoughts on fiscal policy, the future, and life's minutia." In September,

The tradition is that senators and House members have an exclusive claim on media attention. Their aides are to stay in the background and remain anonymous.

for instance, he tweeted a quote from the *New York Times* about Obama's proposal for limiting itemized deductions. It "fell flat in Congress."

Senator Richard Shelby (AL), the top Republican at the Banking Committee, divides banking issues among various staffers. "They know parts of banking," a lobbyist says. Bill Duhnke, his staff director, is not a banking expert. He came from the Senate Intelligence Committee.

Of the economists working for Republicans in Congress, none matches Heidi King for boldness, candor, and willingness to be quoted. I asked if she felt the EPA was guilty of regulatory excess at a time of economic weakness and high joblessness. She replied, by email, with one succinct paragraph.

"The EPA," she wrote, "has, in recent regulatory actions, failed to take into account all aspects of well-being of the American people, such as the tremendous cost to the health and financial security of Americans caused by unemployment. Furthermore, the EPA has assumed that many of these regulations will offer tremendous benefits, when in many cases the science does not support that such benefits are likely."

She went on: "Enormous benefits are attributed to protecting people from air that has been designated as clean! As the result of these flaws—omitting costs and including assumed benefits—the regulations can be made to appear to be helping Americans when in fact an unbiased analysis would reveal they would cause harm."

Well said. Heidi King's moment as an economist on Capitol Hill has just begun. ◆



Active on Twitter:
Jon Lieber, *Policy Adviser, Office of Senate Minority Leader Mitch McConnell.*



One of the top fifty aides on Capitol Hill, according to Roll Call:
Rohit Kumar, *Deputy Chief of Staff, Office of Senate Minority Leader Mitch McConnell.*