

## The “L” Word

**T**O MOST AMERICANS, THE WORD “LOBBYIST” has an inherently negative connotation. The “L” word often conjures images of alligator loafers, cellular phones, endless fundraisers, and backroom deal-making.

Although examples of this stereotype do exist, the majority of lobbyists engage in a more mundane and respectable trade—working day-to-day as advocates for a constituency, a cause, or a client.

These advocates operate at all levels of government. They often pursue the same policy objective with different audiences, adjusting their lobbying strategies to fit the particular forum. (This article focuses primarily, though not exclusively, on the federal legislative arena, recognizing that many readers are already familiar with state regulatory processes.) Webster’s *New World College Dictionary* (Fourth Edition) defines “lobbyist” as “a person, acting for a special interest group, who tries to influence the introduction of or voting upon legislation or the decisions of government administrators.”

The key terms in this definition are “special interest” and “influence.” Influence seems a straightforward concept, although it could encompass activities as diverse as education and arm-twisting. Determining what constitutes a special interest—and identifying the underlying agenda—can be a more complicated prospect.

Special interests include most groups of like-minded or similarly situated individuals or entities. Energy companies and trial lawyers are two of the obvious ones. However, the list arguably includes many groups with a more positive public image—such as environmentalists, small-business owners, and senior citizens.

To achieve their advocacy goals, special interest groups employ a multitude of lobbyists. According to the Clerk of the U.S. House of Representatives, as of May 1, 2001, there were 15,119 individual employees registered as active lobbyists—a ratio of about 35 lobbyists to each member of the House.

### On Your Behalf

It’s a dirty little secret that *everyone* is a special interest. You might be surprised to learn that hundreds of

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lobbyists are actively working right now on *your* behalf. If you are age 50 or older, the AARP is seeking to establish a Medicare prescription drug benefit for you. If you pay taxes, the National Taxpayers Union is fighting to reduce the amount you owe the federal government each year.

Other groups are striving to reduce the burden of government regulations on your company and protect your family from unsafe consumer products.

In all likelihood, there are many organizations advocating policy positions that are consistent with your own philosophy or interests. In some cases, however, groups that seem to share your viewpoint are actually advancing policies you may question.

### Informing the Public Debate

At the federal level, public policies are largely set through legislative or regulatory proposals advanced by elected officials (i.e., politicians). As a result, the policy-making process is inherently political, though many of the groups involved in shaping it operate on a “non-partisan” basis. (In the policy arena, being political does not necessarily equate with being partisan.)

Elected officials must face the reality of regular reelection campaigns (unless they plan to retire). The commodities on which they logically place a high value, therefore, are *money* and *votes*. Despite the enactment of recent campaign finance reform proposals, money is still the fuel that drives political campaigns. Voters' opinions can be shaped by paid advertisements—but those require significant amounts of money. Voters may also be influenced by the candidate endorsements of grassroots citizen advocacy groups (particularly those with large, politically active constituencies).

Of course, candidates for reelection are also judged by the policies that they pro-

mote while in office. Most policy-makers conscientiously strive to advocate what they consider to be "sound" public policy. To that end, objective, expert advice is also a valuable commodity. The Academy's public policy efforts are fueled by this commodity—namely, the actuarial expertise of its members, who repeated-

ly volunteer extensive amounts of their time to inform the public debate and advance the profession as a whole.

Actuaries are uniquely qualified to advise policy-makers on the consequences (intended and unintended) of their actions. If the expertise of professionals in the field of actuarial science has value to society in shaping public policy, then it makes sense to increase the profession's role in legislative and regulatory debates. In order to achieve that goal, the Academy must demonstrate what its members can "bring to the table" (i.e., their expertise) by stating actuarial conclusions. Those conclusions, in turn, will influence policy-making.

#### Advancing the Profession

Informing the public debate is certainly a laudable objective by itself. However, there's another reason the Academy's members should care about public policy—namely, because it has the potential to significantly impact the profession's future and their own bottom line. The growth of the financial services industry and changes in the current regulatory structure present particular challenges. Similarly, the Enron debacle and extreme events such as the Sept. 11 terrorist attacks are driving policy-makers to reevaluate the federal government's role—and its level of regulatory control.

Any new regulatory paradigm can and should recognize the unique expertise of the actuarial profession, but that will not occur unless actuaries have a strong voice in the policy-making process. Millions of Americans regularly engage in this activity, as does the Academy. Through its members, the Academy will continue to strengthen the profession's voice in public policy debates. ●

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## What's in a Name?

Some advocacy groups adopt names with broad appeal, thereby suggesting that their policy goals enjoy equally widespread support. Two examples include "Citizens for a Sound Economy" and "Friends of the Earth." The names sound good, and no one wants to support an "unsound" economy or be an "enemy" of the Earth, right? Upon closer inspection, however, you may feel differently about their specific agendas.

You probably wouldn't guess that "Citizens for a Sound Economy" wants to scrap the federal tax code in its entirety, replace it with a flat tax, and eliminate all deductions and "loopholes for special interests." One of those current "loopholes," though, is the home mortgage interest deduction. If you're one of the homeowners who claim the deduction each year, the flat tax proposal may raise concerns for you.

Similarly, many "Earth-friendly" individuals would tend to support efforts to reduce the use of pesticides. According to the U.S. Food and Drug Administration, about a quarter of U.S. corn planted in 1999 contains a gene that produces a protein toxic to certain caterpillars, eliminating the need for certain conventional pesticides. However, "Friends of the Earth" lists one of its top priorities as: "Help pressure Kraft Foods to remove genetically engineered ingredients from their products."

Obviously, deciphering the true objectives of many interest groups is not as easy as it seems. But ultimately, public policy is shaped by the self-interest of all of these special interests. (It's worth noting that the representatives of these "special interests" even have their own advocacy group—the "American League of Lobbyists," headquartered just outside of the nation's capital.)

— Todd Tuten