

By Josh Boak October 16, 2011 [Link](#)

House Majority Whip Kevin McCarthy hopes to revive the economy by taking a page from the script of the new Brad Pitt film "Moneyball."

With the government trying to foster job growth and curb its \$1.3 trillion deficit, policymakers in both parties have drawn lessons from the true story about how the cash-strapped Oakland Athletics built a winning season in 2002, as told in the book of the same name by Michael Lewis.

Athletics general manager Billy Beane — portrayed in the movie by Pitt — ignored the conventional wisdom of baseball scouts and relied on overlooked stats to sign some players whom wealthier franchises ignored.

"The thing I love about it is the matrix of measurement," said McCarthy. "Instead of taking a stimulus and throwing away money, don't do it the way the Yankees would do it. Do what Billy Beane would do. Take a measurement of what is actually successful."

Beane relied on stats such as on-base percentage to predict how many runs his team could produce, eschewing much more closely watched data like batting averages. McCarthy has his own "Moneyball" indicators: the number of start-ups, consumer confidence and the time it takes to build a factory or approve a new drug compared with the time required in other countries.

So, McCarthy says, the Obama administration's \$800 billion stimulus package and proposed \$447 billion jobs bill violate the spirit of "Moneyball" — big headline-grabbing moves that miss the point of the lesser-noticed factors that truly drive the economy, like start-ups that create jobs, he said. He's sponsored a bill that would allow the new companies to raise capital more easily.

"How old is Google?" McCarthy said. "Who would have said that two guys in the garage are

going to have thousands of people and a big campus? There's no telling what hits next."

It's not just McCarthy who is getting into the act. Among the disciples of "Moneyball" is White House Office of Management and Budget Associate Director for Performance and Personnel Management Shelley Metzenbaum.

Just as Beane "figured out that a player's on-base percentage was more important to winning than was his batting average," Cabinet agencies and the Social Security Administration are using analytics to "do more with less," she recently blogged.

"'Moneyball' is a great illustration of the value organizations realize when they use data to find what works," Metzenbaum told POLITICO.

"Moneyball" author Lewis has been in the Washington spotlight before.

His 2010 narrative about the financial crisis, "The Big Short: Inside the Doomsday Machine," received glowing shout-outs from prominent Democrats, including Senate Majority Leader Harry Reid and Majority Whip Dick Durbin. A follow-up entitled "Boomerang" was published this month.

"Whatever they're doing with my book and movie is not my fault," Lewis said. "But the story is about those with a heightened awareness of their limited resources. ... That is a really useful story for Washington."

Still, it's a lot easier to track economic indicators than it is to create jobs. And after President Barack Obama unveiled his jobs plan last month, Democrats accused Republicans of not offering a specific recipe for job growth, beyond calling for no tax hikes and attacking Obama's ideas. At the core of the GOP proposal is a plan to repeal 10 "job-destroying" regulations, in addition to proposals sitting in the Senate that would enable offshore drilling and stop the Environmental Protection Agency from regulating the greenhouse gas emissions blamed for climate change.

"The GOP has a .000 batting average," said Drew Hammill, spokesman for House Minority Leader Nancy Pelosi (D-Calif.). Hammill charged that McCarthy's bill, which recently cleared the Financial Services Committee by voice vote, "is extremely small-bore legislation that has nothing to do with creating jobs, jump-starting the economy or winning the American League pennant."

Also, the principles in "Moneyball" don't necessarily lead to conventional Hollywood endings. After all, the Athletics lost in the 2002 playoffs.

"Even when you're the card counter at the blackjack table, you're still at the mercy of fate," Lewis cautioned.

Going into last year's House campaign, McCarthy gave congressional candidates copies of Lewis's 2003 book that was adapted for the film.

McCarthy charted House races with a specific set of metrics about campaign spending and candidate demographics, the political equivalent of finding ways to maximize reaching first base and scoring runs. Republicans took back the House, and now, they argue that economic policies should be backed up by extensive data-driven analysis.

In a letter last month, House Speaker John Boehner, Senate Minority Leader Mitch McConnell and other GOP leaders told Federal Reserve Chairman Ben Bernanke to avoid additional forms of stimulus without "ample data proving a case for economic action and quantifiable benefits to the American people."

In the debate over jobs, McCarthy backs an approach that minimizes costs for the government, one that draws on outside sources of funding, analogous to the Athletics' use of aging slugger David Justice, he said.

The Yankees agreed to cover half of Justice's \$7 million salary if the Athletics took him off their

roster, meaning the so-called Bronx Bombers were essentially paying him to play against them. Similarly, Congress should leverage the holdings of private companies to produce more jobs, the congressman said.

McCarthy noted that U.S. corporations have more than \$2 trillion of cash sitting on the sidelines, money that could be put on the field to help a stalled economy suffering 9.1 percent unemployment.

"What I would do is find out what unshackles them," he said, "and use that as a stimulus."

McCarthy, who paid his way through college after founding a deli, explained that increasing the number of start-ups is a critical step for lowering unemployment.

Companies with fewer than 500 employees, he noted, added 7 million jobs between 2001 and 2007. Larger corporations cut a million jobs during that time.

Entrepreneurship suffered with the recession. The country created 550,000 new businesses in 2006, a figure that dropped to about 400,000 during the downturn, according to U.S. Census Bureau figures analyzed in a July report by the Ewing Marion Kauffman Foundation.

As an example of how "Moneyball" translates into policy, McCarthy unveiled a bill making it easier for start-ups to attract capital.

Under current rules, smaller businesses have to go through the expensive process of registering with the Securities and Exchange Commission before approaching accredited investors.

McCarthy's bill would lift that restriction. Rather than applying for loans and making monthly payments, start-ups could offer investors equity in the company.

The congressman said his measure should eventually lead to more jobs, though he refrained from saying just how many.

"You have to have the country believe in the long-term perspective," he said. "So those who do have capital say, 'It is a good time, but tomorrow will look better.'"