

Are lobbies a threat for democracy?



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Lobbies: a threat for democracy?

Introduction

This paper will be guided by the intention of giving a holistic view of lobbying by giving an answer to questions such as the reason of its existence, its effects, the underlying interests involved, its relation with corruption or its benefits. The aim of this analysis is to demonstrate that lobbying is an activity that mainly favours those “ powers that be” that account with sufficient financial means to engage in such activity.

Literature review

In favour

Lobbying as a Political Insurance

Since Government has to deal with an enormous quantity of conflicting and heterogeneous interests, there is a high probability of having your own interests unheard or sacrificed in favour of some other alien interests. In this sense, far from conceiving lobbying as systematic corruption, this service diminishes the risk of having self-interests harmed or ignored[1].

Secondly, since the number of conflicts in society accounts for an abundant number, Government attention cannot attend every single inquiry. Thus, Government attention is a precious and scarce asset which can only be gained by groups of people with the same interests who are sufficiently organized.

Political uncertainty is another example of the challenges that interest groups have to face. In particular, this means that, even though interest groups are thought not to be able to determine political outcomes, they need to gain access to institutions in order to be able to monitor and track all the activity carried out by legislators. Analysing the likelihood of having an opportunity to attempt to inform or influence them in a way it is favourable for their interests as well as informing the client about the risk of any unexpected change in policy are some of the most relevant activities they carry out[2].

Finally, lobbyists and interest groups also provide a valuable source for legislators about the possible consequences their policies might have when applied and the likely reactions by the public. In this sense, since elected officials mostly worry about being re-elected[3], lawmakers also rely on external sources of information to satisfy their own benefits[4].

In a nutshell, far from representing a threat to the legislative process, lobbyists not only provide legislators with valuable information to carry out the law-making process, but also the inform them about the plausible repercussions that defective policies might have on their constituencies. Likewise, lobbyists also help to channel interests from interest groups to legislators, materializing this way the efforts of organization and coordination from these and giving voice to some collectivities that otherwise would not be able to.

Lobbying is not corruption

Conventional wisdom tends to use as synonyms both lobbying and corruption. However, there are some clear differences between these two terms. Although they both seek political influence, the means used to achieve this goal diverge.

First and foremost, money is not necessary for lobbying to take place. In these cases, knowledge, expertise or votes from lobbyists and interest groups act as an exchange for political influence.

Secondly, lobbyists tend to focus their activities on lawmakers seeking for better regulation that fits their interests. Contrarily, corruption tends to focus on the bureaucracy while trying to influence the way norms are – or not – applied[5]. Moreover, lobbying tends to be a practice only seen in developed countries, while corruption takes place – more actively – in developing countries. Political stability and strong institutions seem to scare corruption away while they foster an institutionalized way of political influencing[6].

At last, it must also be highlighted the fact that lobbying is a regulated activity, which means that it is lawful, unlike corruption. In the case of the United States, The *Lobbying Disclosure Act* of 1995 and the *Honest Leadership and Open Government Act* of 1997 are the main norms regulating this phenomenon. They impose transparency and disclosure requirements to anybody practicing lobbying as well as ethical conduct.

Lobbying as an honourable profession

Nowadays, there are 35, 844 registered lobbyists in Washington, DC, and ” few of these men and women would even contemplate breaking an ethical

rule or tolerate anyone who does”[7]. Reputation is easy to damage, and it is believed that corrupt lobbyists are the general norm, instead of exceptions. In fact, one benefit of having such scandals is that people can discard those lobbies who do not play fairly, thus leading to their extinction and expanding the demand for more qualified ones.

The law-making process is itself a competition: lawmakers do not depend on a single source of information but on many. Among them, there is a great number of lobbyists trying to use some of the very limited time lawmakers have available to influence them. This intense competition obliges lobbyists to make things right: to provide the most concise and objective information and to convince why their interests are also the best for the general public. There is no place for mistakes or for undue actions since too many things are at stake: the re-election of lawmakers, the reputation of lobbyists, long-term connections, etc.

Lobbies not only represent big firms, but also small ones, entrepreneurs, non-profits, crime victims, and children and many other minorities or collectivities which otherwise but not be able to fight for their interests. Lobbies represent all interests present within society without any kind of discrimination.

Moreover, public policy advocacy also plays an important role in a representative government by representing all those interests spread in society to which legislators might not have direct access to. By informing and “ bridging the gaps in divided and gridlocked government”, lobbyist bring effectiveness and efficiency to the legislative process[8].

Against

Lobbying and the Principal-Agent problem

A major problem arises when lobbyists convey their client's interests to their representatives due to the inexistence of monitoring mechanisms. The incapacity to track lobbyist's activity makes this activity to be tremendously opaque. No one knows if the interests that are being fought for are the ones from the lobbyist or its clients. Researchers have found that “ the positions that interest groups advocated for were very much at odds with what lawmakers heard from their own constituents”[9].

There are mainly three causes for this distortion between what the constituents want and what eventually is conveyed by lobbyist. First of all, the great diversity of opinions that might exist among lobbyists' clients regarding a certain issue or interest. Second, representing minorities or marginalized populations' interests seems to be harder to track for those collectivities involved. Therefore, lobbyists tend to prioritize those interests that come from their wealthier clients, who normally have more means to follow their activity[10].

Linked to the latter idea is the fact that only few may have its interests defended by lobbies effectively. Even though there is certainly diversity in terms of interest groups represented through lobbies, most of them tend to represent business corporations, business trade associations, and professional organizations. Business and financial interest groups account for a 24% of the total number of interest groups, while labour unions for example, only for a 2%[11]. This overrepresentation leads to a totally

unbalanced power between that held by big companies and the most profitable sectors in the economy and that held by minorities and more social-leaning interest groups. Within business interest groups, larger firms are the ones who normally tend to join lobbies. They have between 15-20% more chances to join them compared to smaller companies[12]. Therefore, lobbies tend to represent business groups in general, and the biggest firms in particular. Furthermore, research shows that financial means make the difference. The wealthiest interest groups are the ones exercising more influence[13] thanks in part to the less opposition they face[14] and the prioritization of their interests in front of less powerful groups[15].

Lobbying and the status quo

Although one of the most commonly used arguments to defend the practice of lobbying is to consider it as a changing force in society fostered by bringing the claims of the unattained interests to Capitol Hill, reality shows that lobbying is primarily used as a mean to maintain the *status quo*.

One of the main reasons for such a thing to happen is due to the “information-based equilibrium”[16]. Since a certain policy can bring together both groups “against” and “for” with the same available information, counter proposals and claims often bring discussions to nothing, being consensus rarely reached. As a matter of fact, when a change in policy is aimed by some interest group and affects other interest groups, the latter tends to mobilize more energetically to avoid any possible harm to their interests. Likewise, the uncertain consequences that a change in legislation might provoke makes it even more demanding to confront the *status quo*.

Unsurprisingly, challengers to the *status quo* are the ones who face more opposition from the Congress than those who defend it, something that reinforces the idea of the lack of effectivity of interests groups when trying to change the policy landscape; “ defence is a winning game in Washington”[17].

Does lobbying buy policies?

Three types of unfair influence are the most regarded in scholarly research: insider advantage, campaign contributions, and financial resources.

First, “ the insider advantage” refers to the utilization of personal connections within institutions to have a direct influence during the policy-making process. In these lines, the “ iron triangle” theory refers to the interaction from three different actors during such process: congressional members (those who pass every piece of law), bureaucrats (those who execute them) and interest groups (whose work consists in influencing both the legislative process and the executive one). The aim of such a triangle is to create mutually beneficial policies in detriment of the general public[18].

Another way of influence is through the so-called “ revolving door”[19]. This mechanism consists of lobbying firms hiring members exiting the Government. In this sense, firms take advantage of the knowledge and connections from ex-Government officials and at the same time, these can see their professional careers prolonged and an increase in their salary of a 1, 452%. It is estimated that today, 50% of Senators and 42% of Congressmen end up in lobbying firms if they are not re-elected. Revolving

doors have thus converted in the general rule (*Represent. us* Anti-Corruption Organization).

The second way of influencing is through campaign contributions. These contributions generally pursue three objectives: changing the composition of the legislature; buying access to politicians and buying legislator's votes[20]. It must be said that there is a certain consensus among scholars regarding the fact that campaign money does not *per se* determine policy outcomes. It is believed that is not the quantity provided, but how it is used what really determines the outcomes. In this sense, " lobbying intensity", measured by days spent in Washington, hours worked per week or time spent in policy-making for example, are factors that explain lobbying success[21]. This fact, however, does not contradict the fact that lobbies with greater financial means have an unfair advantage over others[22]or the " upper-class accent" in the interest group system[23]. Overall, the greater the resources an interest group has, the greater the ability to influence politics[24].

Conclusion

The core democratic value of representativeness is unarguably affected by the lobbying industry. Even though there is certain diversity in terms of interest groups represented through interest groups, most of them tend to represent business corporations, business trade associations and professional organizations, which further leads to an overrepresentation of the interests of a small proportion of our society. Due to their capacity of offering professional to elected members of parliament, their major financial capabilities to fund political campaigns or political organizations, and the

minor number of obstacles they seem to face in comparison to lobbies representing the public interests, private and corporate lobbies carry out a much more effective task and enable their clients to have a more direct influence in policymaking.

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