

Collaborating in Europe

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The role of lobbying in political decision making

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University of Warwick Brussels Office

Lobbying and interest groups play a high-profile role in many advanced countries' political decision making. At the same time, public confidence in political institutions is at an all-time low in many countries with recent referenda and election results a reflection of this sentiment.

One issue is that the general public disapproves of the personal financial conduct of politicians. 'Institutional corruption' describes the process by which a bad set of incentives, often political money, interacts with political institutions to produce outcomes that strongly favour special interests over public welfare.

Professor Mirko Draca, an economist from the University of Warwick, and **Professor Wyn Grant**, a political scientist from the University of Warwick, will explore the research evidence on the role of lobbying and interest groups in political decision making. For example, former political insiders account for around 60% of lobbying firm revenues and the analysis suggests that connections account for a very large fraction of these revenues.

The two University of Warwick academics are joined by:

- **Mr Harry Cooper**, Reporter, Politico,
- **Mr Aidan O'Sullivan**, Head of Cabinet to the European Ombudsman, and,
- **Mr Philip Sheppard**, Board Member, Society of European Affairs Professionals, who will discuss the multitude of issues that arise in the regulation of lobbying.

The discussion will be moderated by **Mr Richard Tufts**, Senior European Adviser, European Regions Research and Innovation Network.



Professor Mirko Draca on institutional corruption

This briefing puts forward the idea that political decision-making in the US and the UK is being affected by an increasing trend towards 'institutional corruption' driven by the personal incentives affecting our political elites:

- 'Institutional corruption' is not corruption in the technical sense of illegal activity. Instead, this term describes the process by which a bad set of incentives, 'political money', collides with our institutions to produce outcomes that strongly favour special interests over public welfare. This paper provides evidence on the 'revolving door' between government and private sector employment in Washington, especially the lobbying industry.
- Our research shows that the 'revolving door' is a core feature of Washington political careers. Former political insiders account for around 60 per cent of lobbying firm revenues. Empirical modelling work indicates that there is a significant market for access in the lobbying industry. That is, we are able to show that connections explain a very large fraction of lobbying revenues.
- Finally, a comment on recent UK lobbying legislation. This legislation has put forward an inadequate lobbying register with minimal information. Specifically the UK legislation has major deficits relative to the US model with limited coverage of lobbying activity and no information on money spent, issues covered, or the people working on major lobbying contracts.

Professor Wyn Grant on the arguments for and against lobbying in the democratic process

Professor Wyn Grant will consider the arguments for and against lobbying in the democratic process. The freedom to associate is at the heart of liberal democracy and the presence of a vast array of political associations in a country could be seen as a sign of healthy civil society in which citizens are freely able to express their views. Autocracies either prohibit their citizens from joining associations other than state approved or organised bodies or at the very least associations enjoy a perilous existence with their offices raided or their activists imprisoned.

In more practical terms, lobbying can help to make better policy by giving decision-makers information they would not otherwise have. Without this information policies could be devised that were too costly to implement or simply ineffective. One also wants to avoid imposing harm on the European economy without offsetting benefits.

However, it is important to maintain a political balance. Big business should be heard, but it should not be allowed to dominate which is a real risk. Smaller businesses make an important contribution to innovation, economic growth and employment and their voice needs to be heard. It is also important to ensure that European citizens feel that their voices are heard in the decision-making environment and that issues such as climate change and ground level air pollution are tackled.

The need for a pluralistic political balance is one reason why regulation of lobbying is needed. However, it is also needed to protect the reputation of the industry which is its greatest asset. The consequences of the recent Bell Pottinger scandal in the UK show how important this is.

The EU as a polity has been ahead of the curve in many respects, certainly in comparison to the UK which introduced a new registration system for consultant lobbyists in March 2015. Criticisms of the register focus on which lobbyists are included; the range of interactions that is covered; and the impact of the legislation on existing activities by public interest organisations. The register only applies to lobbyists who are available for hire.

In the EU, greater transparency has been achieved and funding has been provided for public interest groups, although this has proved controversial. The European Parliament, which has always been a strong supporter of lobby transparency, initiated regulation for lobbyists in 1996 based around the issue of passes to the institution. In 2007 the European Commission approved a voluntary register for all those seeking to influence decisions taken in the European institutions. This register was launched in 2008. In 2011 a voluntary transparency register was launched covering the

European Parliament and the European Commission, but not the Council.

The objective was to identify which interests were being pursued, with whom and at what cost. However, there is still an unfinished agenda, for example in relation to a full record of meetings with Commissioners. Real progress has, however, been made. That much derided polity (at least in the UK), the EU, has perhaps done the most to systematically tackle biases in lobbying. It does seem to have had some real success in offsetting biases in stakeholder participation. The evidence and literature would seem to support an optimistic view over the democratic credentials and legitimacy of the EU consultation regime.

Speakers' biographies

Mirko Draca



Mirko Draca is Associate Professor of Economics at the University of Warwick and a research associate at the Centre for Competitive Advantage in the Global Economy, also based at

Warwick. He works across many topics in applied economics including the economics of crime, political economy issues and the determinants of innovation. Current work includes research on the economics of international sanctions, political polarisation and network structures in the economy. He is also a research associate at the Centre for Economic Performance at the London School of Economics. Mirko's work has been published in major international journals such as the American Economic Review and the Review of Economic Studies.

Wyn Grant



Professor Wyn Grant is Emeritus Professor of Politics at the University of Warwick. He is a graduate of the universities of Leicester, Strathclyde and Exeter. He joined the

department in 1971 and was chair of department

from 1990 to 1997. He has worked closely on research projects with colleagues in the Department of Life Sciences and has taught there and at the Warwick Crop Centre, Wellesbourne. In 2010 he was presented with the Diamond Jubilee Lifetime Achievement award of the Political Studies Association of the UK at their Awards Ceremony. He was elected an Academician of the Academy of Social Sciences in 2011.

Panellists' biographies

Harry Cooper



Harry worked for five years in the European Parliament as assistant to ECR chairman Syed Kamall MEP and latterly Chairman of the Internal Market Committee, Vicky Ford MEP. He advised them

both on a wide range of policy areas, in particular financial services and technology. Prior to that, he was a lobbyist for the Confederation of British Industry, with a focus on environmental regulation and infrastructure policy. He is a history graduate of Oxford University and received his Master's in global politics from the London School of Economics.

Aidan O'Sullivan



Aidan O'Sullivan is Head of Cabinet to the European Ombudsman since 2014. Previously he was advisor to the Ombudsman after she was elected in 2013. He worked before that for four

years in the European Parliament. He also spent ten years in the IT industry as an engineer and consultant. He graduated from Dublin City University in 1998 with a B.Sc. in Computer Applications and in 2005 with a Masters in International Relations.

Philip Sheppard



Philip is an Anglo-Belgian citizen resident in Brussels for over 20 years. He has been a Board member for SEAP, the Society of European Affairs Professionals, for 9

years with responsibility as the convenor of the Policy & Codes Committee, which oversees SEAP's Code of Conduct. He is a director of the consultancy Zapparazzi sprl and services clients that include the International Public Relations Association, where he serves as Secretary General. Philip started his career with Shell in the UK, Ireland and Dubai before consulting for Ernst & Young in Switzerland and then working for the brands industry as a Brussels-based lobbyist. He has the honour of being a Freeman of the City of London.

Moderator's biography

Richard Tuffs



Richard Tuffs is currently a Senior Adviser in ERRIN – he had been the network's director for 7 years. ERRIN is a regional network that promotes the regional dimension of the European research and innovation agenda, European project

development and management and raising the profile of the network and its members. Richard has been working in the regional dimension of EU policy in territorial cohesion and research for many years and worked for the Kent and the West Midlands offices in Brussels before joining ERRIN. He has been involved in numerous EU projects such as science communication, Future Internet, Smart Specialisation, and eco-innovation. He is a member of the Smart Specialisation Mirror Group established by the European Commission and was the rapporteur for the European Commission expert group on the Capital of Innovation prize launched in 2013. He is often invited to moderate and present at conferences on European research and innovation topics.

About the Centre on Competitive Advantage in the Global Economy (CAGE)

Established in January 2010, CAGE is a research centre in the Department of Economics at the University of Warwick. Funded by the Economic and Social Research Council (ESRC), CAGE is carrying out a 10 year programme of innovative research.



Research at CAGE examines how and why different countries achieve economic success. CAGE defines success in terms of personal well-being as well as productivity and competitiveness. We consider the reasons for economic outcomes in developed economies like the UK and also in the emerging economies of Africa and Asia. We aim to develop a better understanding of how to promote institutions and policies which are conducive to successful economic performance and we endeavour to draw lessons for policymakers from economic history as well as the contemporary world.

CAGE research uses economic analysis to address real-world policy issues. Our economic analysis considers the experience of countries at many different stages of economic development; it draws on insights from many disciplines, especially history, as well as economic theory. In the coming years, CAGE's research will be organised under four themes:

- What explains comparative long-run growth performance?
- How do culture and institutions help to explain development and divergence in a globalising world?
- How can the measurement of wellbeing be improved and what are the implications for policy?
- What are the implications of globalisation and global crises for policymaking and for economic and political outcomes in western democracies?