

Outcome of the Negotiations: *Accounting for Transparency & Lobbying*

Vilém Semerák, Ph.D.
vilem.semerak@fsv.cuni.cz

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A Few Additional Issues

- Simulation v. the real world
 - Role of lobbying
 - Transparency – positive or negative role?
 - Role of the public
- Features of selected policies
 - Climate clubs
 - Carbon tariffs
 - FTAs

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Additional Sources Online

- D'Angelo & Ranalli (2019): The Dark Side of Sunlight - How Transparency Helps Lobbyists and Hurts the Public. *Foreign Affairs*, 2019
- W. Nordhaus (2019): Climate Change: The Ultimate Challenge for Economics. *AER* 2019, 109(6): 1991–2014
- Nordhaus: Climate Clubs and Carbon Pricing in Cramton et al. (eds.): *Global Carbon Pricing*
- Massiot (2020): Climate action: the latest target of Europe's fossil fuel lobbyists

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Massiot (2020):

- *The European Green Deal, the commission's €1tn plan to prepare the European economy for confronting the climate crisis, has prompted a round of intensive lobbying activity.*
- *"Since 2010, the five main oil and gas corporations and their fossil fuel lobby groups have spent at least a quarter of a billion euros buying influence at the heart of European decision-making,"*
- Pascal Canfin, MEP: **"DG Energy is very permeable to the gas lobby,"**

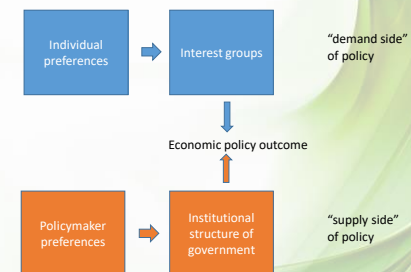
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How much more difficult would it be to reach a viable consensus if:

- The public was present at the negotiations?
- If the lobbyists were trying to influence the outcome?

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Economic Policy: Demand & Supply Factors



Source: Rodrik (1995)

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• *James D'Angelo and Brent Ranalli: The Dark Side of Sunlight - How Transparency Helps Lobbyists and Hurts the Public.* Foreign Affairs, 2019

• Interesting claims:

- The U.S. Congress is broken. **Legislators prioritize political posturing and self-aggrandizement over the actual business of legislation.**
- The problem began in 1970, when a group of liberal Democrats in the House of Representatives spearheaded the passage of new rules known as “**sunshine reforms**.”

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Sunshine burning...

- By diminishing secrecy, they opened up the legislative process to a host of actors:
 - corporations, special interests, foreign governments, members of the executive branch—that pay far greater attention to the thousands of votes taken each session than the public does.
- The reforms also deprived members of Congress of **the privacy** they once relied on **to forge compromises** with political opponents behind closed doors, and they encouraged them to bring useless amendments to the floor for the sole purpose of political theater.
- David King:
 - “The reform of longest-lasting significance provided that House votes in the Committee of the Whole be recorded on request.”

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EU v. the USA

- Different system of elections
- EU institutions – bigger distance from voters?
- But: lobbying still takes place
 - Massiot (2020): Climate action: the latest target of Europe's fossil fuel lobbyists
 - <https://www.theguardian.com/world/2020/mar/04/climate-action-the-latest-target-of-europes-fossil-fuel-lobbyists>
 - Interesting role of experts – such as the CEPS
 - *Firms are welcome to join CEPS as corporate members. ExxonMobil, for example, pays €15,000 a year for this access. The thinktank has organised members-only breakfast meetings with guests such as Frans Timmermans, now EU commissioner in charge of the Green Deal.*

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From the Text (Not Verified):

- The European Energy Forum (EEF) is the perfect organiser: it is headed by Jerzy Buzek, an MEP for the European People's party (EPP), a former prime minister of Poland, a former president of the European parliament and currently chair of its industry research and energy committee. The forum boasts 82 associate members, firms that pay “at least” €7,000 a year in membership fees. Predictably they are all in the oil and gas sector
- The EEF politely turned down a media request to attend an earlier gathering on 26 November entitled “Gas: Driving the Energy Transition”. “*We do not accept journalists at our events,*”

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Lobbying and Collective Action

- Problem of lobbying – **free riders**
- **Olson (1965)**: lobby organization is easier with fewer members, in more concentrated industries, with more similar members, with greater external threats
- **Becker (1983)**: small groups will be successful in taxing larger groups for their subsidies
- Consumers are as a group **much weaker than concentrated industries** – there are many of them, very different in their preferences, potential benefits are low for each individual, it is easy to be a free rider

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Selected Features of the Consensus

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FTAs and Environment

- Yes
 - Current examples: discussion over EU-Mercosur agreement
 - European Greens: Stop the EU-Mercosur trade deal and make all trade agreements work for sustainable development
- But...
 - New FTAs take time to negotiate
 - Negotiation often includes many compromises
 - Implementation & enforcement not necessarily simple
 - Political changes possible
 - EU side: competence disputes

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Thank You for Your Attention!

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