

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

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Additional Sources Online

- Portela, Pospieszna, Skrzypczyńska & Walentek (2020): Consensus against all odds: explaining the persistence of EU sanctions on Russia, *Journal of European Integration*
- D'Angelo & Ranalli (2019): The Dark Side of Sunlight - How Transparency Helps Lobbyists and Hurts the Public. *Foreign Affairs*, 2019
- Transparency International
 - EU Political Integrity and Lobbying:
 - <https://transparency.eu/priority/eu-money-politics/>
- Link to an invitation to a WIIW Webinar: India's Covid Crisis in the global context (May 12th, 4 p.m.)
 - <https://wiiw.ac.at/india-s-covid-crisis-in-the-global-context-e-522.html>
 - Amongst the questions:
 - Is the EU doing enough to fight COVID-19 globally? Can there be a significant shift of policy in the coming months?

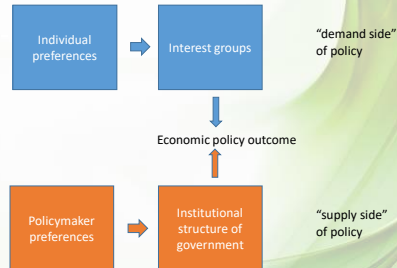
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EU Stage Policy Demand & Supply Factors

- **Types of actors:**
 - States (governments, ministers)
 - Formation of position depends on the results of interaction in the “domestic stage” of the game
 - Transnational actors
 - Lobbies at European level
 - EU institutions

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Domestic Stage Policy Demand & Supply Factors



Source: Rodrik (1995)

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A Few Additional Issues

- **Simulation v. the real world**
 - Multi-stage nature of the game: composition of teams
 - Intra-team discussion and ability to reach a stable output at inter-team communication
- **Role of transparency and lobbying**
 - Transparency – positive or negative role?
 - Would it help if all your discussions appeared in media?
 - Lobbying: intra- and transnational level
 - Example: <https://corporateeurope.org/en/2021/04/lobby-docs-show-big-pharmas-misleading-arguments-vaccines-asking-ec-reject-global>

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“Team” Composition Issues

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1. How much does the composition of the "nations" matter?

- Team represented stylized countries
- How does the presence of more extreme (and idealist) position influence the ability to reach a stable consensus?

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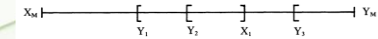
Putnam (1988) – Two Stage Game

- It is convenient analytically to decompose the process into two stages:
 1. Bargaining between the negotiators, leading to a tentative agreement; call that Level I.
 2. Separate discussions within each group of constituents about whether to ratify the agreement; call that Level II.
- Any successful agreement must fall within the Level II win sets of each of the parties to the accord (overlap necessary)
- The "win-set" for a given Level II constituency
 - The set of all possible Level I agreements that would "win"-that is, gain the necessary majority among the constituents-when simply voted up or down.

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Putnam (1988) – Two Stage Game (2)

- Features of the Level II win-sets are very important for understanding Level I agreements.
 - Larger win-sets make Level I agreement more likely
 - The relative size of the respective Level II win-sets will affect the distribution of the joint gains from the international bargain.
 - A small domestic win-set can be a bargaining advantage
 - Putnam: "Lamenting the domestic constraints under which one must operate is (in the words of one experienced British diplomat) "the natural thing to say at the beginning of a tough negotiation."



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T Schelling (1960)

- *The power of a negotiator often rests on a manifest inability to make concessions and meet demands....*
- *When the United States Government negotiates with other governments . . . if the executive branch negotiates under legislative authority, with its position constrained by law, . . . then the executive branch has a firm position that is visible to its negotiating partners....*
- *[Of course, strategies such as this] run the risk of establishing an immovable position that goes beyond the ability of the other to concede, and thereby provoke the likelihood of stale- mate or breakdown.*

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EU Sanctions: Russia

- Sanctions introduced in 2014
- In spite of polarization and attempts to influence public opinion, sanctions were renewed
- Portela et al (2020) – see this as a puzzle which they attempt to explain with the use of game theory
 - Franco-German endorsement was necessary although not sufficient to account for sanctions resilience
 - Consensus-building in the EU as a two-level game
 - The presence of at least one domestic group opposing sanctions in hawkish member states supports cohesion in the Council,
 - At least one domestic group needs to favour sanctions in dovish member states.

Table 1. Attitude to EU sanctions on Russia among domestic factions in Poland and Spain.

Country	Type	Leadership	Public Opinion	Opposition	Business
Poland	Hawk	Supportive	Supportive	Supportive	Critical
Spain	Dove	Supportive/ambivalent	Critical	Supportive/ambivalent	Critical

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Transparency Issues

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2. 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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EU and Transparency

- Opinion of Transparency International
 - At the EU level, despite a number of promising reforms by the Juncker Commission, **the full spectrum of EU policy and decision-making remains opaque and unaccountable to citizens.**
 - **Council of the EU** ... also refuses to open its decision-making process to the public
 - **Commission and Parliament** ... respective ethics bodies are **unable to effectively deal with cases of conflict of interests** or effectively tackle **revolving door risks** between public positions and private interests.
 - The Parliament and Commission have a **joint voluntary register for lobbyists**

Source: <https://transparency.eu/priority/eu-money-politics/>

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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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Lobbying

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US Data

- Wouters (2020):
 - *This observational study, which analyzed publicly available data on campaign contributions and lobbying in the US from 1999 to 2018, found that the pharmaceutical and health product industry spent \$4.7 billion, an average of \$233 million per year, on lobbying the US federal government; \$414 million on contributions to presidential and congressional electoral candidates, national party committees, and outside spending groups; and \$877 million on contributions to state candidates and committees.*
 - *Contributions were targeted at senior legislators in Congress involved in drafting health care laws and state committees that opposed or supported key referenda on drug pricing and regulation*

Wouters DJ. Lobbying Expenditures and Campaign Contributions by the Pharmaceutical and Health Product Industry in the United States, 1999-2018

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PHARMA INDUSTRY'S EU LOBBYING

Big Pharma is among the most powerful industry sectors in Brussels. With an army of lobbyists, pharmaceutical corporations continuously lobby EU decision makers to ensure private interests and profits come before public health - even during a pandemic.

PHARMA'S TEN BIGGEST SPENDING COMPANIES INVEST MORE THAN **€15M** ANNUALLY TO INFLUENCE THE EU

MORE THAN **175 LOBBYISTS** IN BRUSSELS PUSH FOR THE INDUSTRY'S INTERESTS

Source: <https://corporateeurope.org/en/2020/09/power-and-profit-during-pandemic>

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Lobbying and Collective Action

- **Olson (1965)**: lobby organization is easier with fewer members, in more concentrated industries, with more similar members, with greater external threats
 - Problem of lobbying – **free riders**
 - Olson – logic of collective action
- **Becker (1983)**: small groups will be successful in taxing larger groups for their subsidies
 - *"The political effectiveness of a group is mainly determined not by its absolute efficiency-e.g., its absolute skill at controlling free riding-but by its efficiency relative to the efficiency of other groups."*
 - Model of political competition amongst pressure groups
- 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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Thank You for Your Attention!

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References

- Portela, Pospieszna, Skrzypczyńska & Walentek (2020): Consensus against all odds: explaining the persistence of EU sanctions on Russia, *Journal of European Integration*
- Putnam (1988): Diplomacy and Domestic Politics: The Logic of Two-Level Games. *International Organization*, Summer, 1988, Vol. 42, No. 3 (Summer, 1988), pp. 427-460
- D'Angelo & Ranalli (2019): The Dark Side of Sunlight - How Transparency Helps Lobbyists and Hurts the Public. *Foreign Affairs*, 2019
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