

RICSI QUASI Seminar Series: 1/22/21 Chat Transcription

Does Corporate Lobbying Benefit Society?

Yes: Brian Richter; No: David Levy; It Depends: Kathleen Rehbein; Moderator: Aseem Prakash

11:42:18 From Mike Barnett to Everyone : Hi folks. Please post your comments here. The speakers will draw from any questions posted here, and fellow attendees will respond as well.

11:45:07 From Mike Barnett to Everyone : If it's largely ineffective, then why would firms (rationally) engage in it?

11:45:08 From Alan Brejnholt to Everyone : well is it an argument of getting an outcome from being engaged or not getting status quo from not lobbying..?

11:45:15 From dorozco to Everyone : Does the literature examine any differences between state vs. federal lobbying?

11:45:38 From Sandra Waddock to Everyone : What is the relationship between corporate PACs and lobbying?

11:45:39 From Thomas Peyton Lyon to Everyone : This is a nice argument, but it tries to make a clean separation between "lobbying" and the other forms of CPA, like electoral contributions, dark money, independent expenditures, charitable contributions, etc. Do you really believe that clean distinction exists in practice?

11:46:46 From Thomas Peyton Lyon to Everyone : Contrary to the piece you cited, other researchers find that it is primarily whom you know, not what you know. Bertrand, M., Bombardini, M., & Trebbi, F. (2014). Is it whom you know or what you know? An empirical assessment of the lobbying process. American Economic Review, 104(12), 3885-3920.

11:46:58 From Robert Tomasko to Everyone : Are we looking only at individual firm lobbying when considering effectiveness? What about industry association lobbying?

11:47:48 From George F to Everyone : How is lobbying different/similar when comparing the US and EU (UK included)?

11:48:07 From Irene M Henriques to Everyone : So should we lobby editors to get our papers published?

11:49:19 From Zhao Li to Everyone : A lot of people are disturbed by how PPP loans appeared to be disproportionately given to lobbying clients (which are often larger and arguably less in need of government assistance). Is there a charitable interpretation of this observation (assuming it is true)?

11:49:34 From Sandra Waddock to Everyone : Doesn't that argument about voice continue the (flawed...) argument that corporations are persons?

11:49:40 From Thomas Peyton Lyon to Everyone : How much disclosure around lobbying should be required? Should firms be required to disclose the positions they take, and not just aggregate expenditures?

11:50:26 From Michelle Westermann-Behaylo to Everyone : Exactly Thomas Peyton Lyon--The issue is not to shut down the provision of information, but the secretive nature of it!

11:51:12 From Mike Barnett to Everyone : So, so long as the information that lobbyist offer is done openly, would it be OK?

11:51:23 From Zhao Li to Everyone : @Thomas: some states require lobbying clients to disclose their positions. There's a pretty cool paper that takes advantage of this:  
<https://www.journals.uchicago.edu/doi/abs/10.1086/707619?journalCode=jop>

11:51:44 From Thomas Peyton Lyon to Everyone : Thanks Zhao!

11:51:50 From Zhao Li to Everyone : Np!

11:52:29 From Robert Bwana to Everyone : The market will decide what is OK. But transparency may push things towards a more beneficial result for more people

11:53:35 From Robert Tomasko to Everyone : Firms may see themselves as non-voter constituents.

11:53:46 From Thomas Peyton Lyon to Everyone : What market is that @RobertBwana? The market for politicians?

11:55:06 From Timothy Werner to Everyone : @Tom: lobbying disclosures required of foreign firms at the federal level (governed by FARA) are also very close to what you are imagining... FARA is the law Paul Manafort went to jail for violating

11:55:26 From Noa Gafni to Everyone : What are your thoughts on the recent insurrection and corporations' decisions to stop funding politicians?

11:56:00 From Maggie DELMAS to Everyone : David, are you showing slides?

11:56:16 From Mike Barnett to Everyone : Yes, he is -- can't see them, Magali?

11:56:17 From Robert Bwana to Everyone : @Thomas, I was thinking more along the lines of the stock market.

11:58:23 From Thomas Peyton Lyon to Everyone : Mike, could the presentations be shared? I'd like to follow up on some of the references in them.

11:59:43 From Mike Barnett to Everyone : Absolutely. All slides, all videos, all chat logs, and all reading lists are posted on [business.rutgers.edu/ricsi](http://business.rutgers.edu/ricsi). We'll post all of the materials from today's session within the next few days.

12:00:17 From Thomas Peyton Lyon to Everyone : Great, thanks Mike!

12:00:22 From Christoph Biehl to Everyone : Is CropLife not Bayer?

12:01:59 From Zhao Li to Everyone : This paper might be of interest to folks (mentioned in Bombardinini & Trebbi's latest review on empirical lobbying research): " We find that a 10 percent increase in lobbying expenditure leads up to a 2 percent gain in value-added. Finally, we conduct a series of counterfactual analyses, using the estimates from the empirical analysis,

to show that the return to firms' lobbying activities amounts to a 11 percent decrease in aggregate productivity in the U.S." <http://web.mit.edu/insong/www/pdf/misallocation.pdf>

- 12:02:52 From Frank de Bakker to Everyone : CEO - Corporate Europe Observatory is another helpful source: <https://corporateeurope.org/en>
- 12:03:17 From Irene M Henriques to Everyone : Follow what they do (spend on) rather than what they say...
- 12:03:51 From Brian Kelleher Richter to Everyone : @Zhao, I second looking at In Song Kim's Missallocation paper for a good argument against lobbying being good for society, but it measures only economic output (not social welfare and distribution across entities)
- 12:04:13 From Zhao Li to Everyone : @Brian: True. Welfare analysis is hard :)
- 12:04:16 From Onna Malou to Everyone : Though money spent does not necessarily translate in influence, as many studies have shown...
- 12:04:58 From Robert Bwana to Everyone : @Onna and as Brian mentioned in his presentation
- 12:04:59 From Maggie DELMAS to Everyone : What type of empirical evidence do we have on the return on investment of lobbying?
- 12:05:41 From dorozco to Everyone : I wonder if anyone has looked at lobbying to increase professional licensing requirements as a barrier to entry?
- 12:06:03 From Brian Kelleher Richter to Everyone : A very big qualifier on arguments about money is that \$1 spent on lobbying efforts by different groups do not have equivalent amounts of influence necessarily if one group's arguments are more important to constituents. A rational politician should consider \$1 spent by AARP as having greater influence than \$1 spent by ExxonMobil
- 12:06:23 From Zhao Li to Everyone : Business interests certainly dominate quantifiable lobbying spending as required to disclose by law, but labor and civic groups can often transmit useful information to politicians (e.g., protests, grassroots canvassing, etc.) in ways that do not trigger lobbying disclosure.
- 12:07:52 From Laura Katsnelson to Everyone : dorozoco: interestingly, Milton Friedman was very concerned about that!
- 12:08:15 From Prateek Raj to Everyone : One of the oldest forms of lobbying was the lobbying by merchant guilds to gain monopoly privileges from the rulers. Such collective action was one of the central purposes for the formation of merchant guilds. If one looks at guilds as an association of merchants, then it was an advocacy group. If one looks at guilds as a business cabal, then it was lobbying.
- 12:08:24 From Dimitrija Kalanoski to Everyone : While I agree that lobbying can be beneficial (in some cases). I wonder, if lobbying is only about information? For instance, there is high extant transaction cost (TC) between policy makers and agents that lobby. Why such TC exist if lobbying is only about transfer of information? The extant TC suggests that lobbying is not only

about transfer of information but also about assured influence on expected/planned outcomes. This is further supported by findings that show that firms lobby even more within windows of opportunity (e.g. elections). Additionally, how would one explain firm strategic spending (operations, R&D or capital investments) correlating highly with firms' lobby efforts if it is only about transfer of information? And finally, how can lobbying be only about transfer of information when policy makers seem to favor firms that push for changes in regulation especially regarding "projects" involving high capital expenditures - projects significantly boost policy maker's outlook on the ballot?

12:09:22 From Thomas Peyton Lyon to Everyone : @Laura Did Friedman really express concerns about lobbying as a barrier to entry? His colleague George Stigler is the Chicago scholar associated with that line of argument. Uncle Milty never seemed to care much.

12:10:04 From Onna Malou to Everyone : Baumgartner, F. R., Berry, J. M., Hojnacki, M., Leech, B. L., & Kimball, D. C. (2009). Lobbying and policy change: Who wins, who loses, and why. University of Chicago Press.

12:10:27 From Onna Malou to Everyone : This is a good book on influence

12:10:43 From Thomas Peyton Lyon to Everyone : At least you didn't have Pornhub running!

12:11:35 From dorozco to Everyone : First time seeing a zoom bomb!

12:13:46 From Brian Kelleher Richter to Everyone : Ramanna, K., 2015. Thin political markets: The soft underbelly of capitalism. California Management Review, 57(2), pp.5-19.

12:14:24 From Jeana Wirtenberg to Everyone : How has/does the ubiquity of Social Media affect lobbying efforts? What are the negative and positive consequences?

12:14:25 From Brian Kelleher Richter to Everyone : ^ relates to Kathy's point about do both sides show up--and a problem with democracy there

12:14:37 From Thomas Peyton Lyon to Everyone : @Brian's argument about \$1 from AARP is very provocative, but seems to ignore the possibility that \$1 from Exxon comes with a whole host of other unobserved benefits like dark money and independent expenditures to attack climate scientists.

12:15:35 From Timothy Werner to Everyone : It seems remarkably naive to believe that the information conveyed during lobbying is neutral and not often a political subsidy to the targets of the lobbying (i.e., the info is not just technical/policy-relevant but provides info that politicians might spend their own campaign funds on gathering)

12:15:35 From Thomas Peyton Lyon to Everyone : The Ramanna paper seems to have basically just invented a new term for JQ Wilson's "client politics."

12:15:44 From Brian Kelleher Richter to Everyone : @Tom I agree these other things can exist, but the main point is should politicians concerned about re-election listen to dark money. Generally, the answer is no as constituents and voters matter most

12:16:25 From Laura Katsnelson to Everyone : @Tom: I recall reading about Milton's criticisms of the AMA for restricting supply of physicians via licensing. Not exactly lobbying by a corporation, but similar flavor. I don't think he pushed this line of inquiry very far though!

12:16:33 From Brian Kelleher Richter to Everyone : @ Tom RE: Ramanna, don't disagree, but it's framed for more of a management audience

12:16:37 From Thomas Peyton Lyon to Everyone : @Brian, that's right in principle and I would like it to hold. But I worry that independent expenditures on negative ads are very very powerful.

12:18:50 From Thomas Peyton Lyon to Everyone : @Kathleen Love that question about what it will take to align corporate CSR and CPA! I suspect it will take a major social movement demanding it.

12:18:51 From Jeana Wirtenberg to Everyone : How can HR help play a role by recruiting lobbyists who have ethics and are more honest?

12:18:55 From Maria Andrea De Villa to Everyone : Can we have access to the recording of this session?

12:18:59 From Zhao Li to Everyone : There is some evidence in political science for Tom's concern for dark money and attack ads ([https://onlinelibrary.wiley.com/doi/full/10.1111/ajps.12094?casa\\_token=Qt60m4oZc50AAAAA%3AosMqHOkx\\_0c4SKDk7b1vDaR1-kZ3zherCyubvEvU0-yXH7mGULOnaSn3Sqs9AGlWG7Fa3pW7D5AxR6w](https://onlinelibrary.wiley.com/doi/full/10.1111/ajps.12094?casa_token=Qt60m4oZc50AAAAA%3AosMqHOkx_0c4SKDk7b1vDaR1-kZ3zherCyubvEvU0-yXH7mGULOnaSn3Sqs9AGlWG7Fa3pW7D5AxR6w)), but it is still pretty under-studied at the moment. Also, for-profit corporations represent a very small share of (observed) super PAC funding, although dark money is of course hard to trace.

12:19:11 From Thomas Peyton Lyon to Everyone : @Jeana You are so funny!

12:20:27 From Mike Barnett to Everyone : Yes, everyone can have access to these sessions (except for the zoom bombers). It'll be posted, alongside all the other videos, in the next few days. Check out: [business.rutgers.edu/ricsi](http://business.rutgers.edu/ricsi)

12:20:30 From dorozco to Everyone : Jeana, I wrote a few articles on how smaller under-resourced parties can leverage the crowd to fight against lobbying/ harmful regulation: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2520515](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2520515)

12:20:52 From dorozco to Everyone : <https://sloanreview.mit.edu/article/using-social-media-in-business-disputes/>

12:21:20 From Jeana Wirtenberg to Everyone : @dorozco. Thank you for sharing!

12:21:50 From David.L.Levy to Everyone : I'm not convinced that transparency helps much - how many people know about OpenSecrets, InfluenceMap, or other groups that monitor lobbying?

12:21:59 From dorozco to Everyone : Those are positive examples in my opinion.

12:22:47 From Onna Malou to Everyone : I think we are missing a first step of this discussion: what is in the interest/benefit of "society"? We are talking politics, there will be many different positions and opinions. Who decides what is beneficial?

12:22:52 From dorozco to Everyone : @jeana You're welcome!

12:23:04 From Jonathan Doh to Everyone : Here is the JMS Call Kathy referred to:  
<http://www.socadms.org.uk/wp-content/uploads/JMS-SI-Socio-Political-Issues-Call.pdf>

12:25:30 From Thomas Peyton Lyon to Everyone : @David Interesting point about transparency. I believe it is a necessary but not sufficient step. Without it, activists cannot raise the relevant concerns in a way that might gain public attention.

12:27:14 From Sigrun Wagner to Everyone : I'd like to echo Onna's question - what is in the interest of society?

12:27:22 From Robert Bwana to Everyone : Transparency will help provide evidence for those who want to bring about a "positive" change to lobbying. The rest is up for the stakeholders involved. It won't be enough on its own.

12:27:23 From Zhao Li to Everyone : @Tom @David: My initial instincts were that activists could fill in the information gaps that voters face (even if voters do not themselves seek out lobbying disclosure or other information), but this paper has been very enlightening to me about the limits of its effectiveness:  
<https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKewj20pblh7DuAhX-MlkFHagvCjAQFjAAegQIARAC&url=https%3A%2F%2Fosf.io%2F6yskq%2Fdownload&usg=AOvVaw3mcMmkIERFtNfkWmbQqYSR>

12:29:20 From Brian Kelleher Richter to Everyone : Unless there is tyranny in the majority

12:29:56 From Timothy Werner to Everyone : Here is a great Yale Law Journal piece on how disclosure/transparency can be a double-edge sword:  
[https://www.yalelawjournal.org/pdf/Pozen\\_5xbpkxy6.pdf](https://www.yalelawjournal.org/pdf/Pozen_5xbpkxy6.pdf)

12:30:26 From Brian Kelleher Richter to Everyone : The unpaid, or outside disclosure part, is harder to measure--which is definitely a challenge for the literature

12:30:37 From Thomas Peyton Lyon to Everyone : @Zhao You are a font of good references!

12:31:00 From Zhao Li to Everyone : Thanks!

12:33:14 From Thomas Peyton Lyon to Everyone : @Tim Wow, that article is going to take some time to digest. But thanks for the reference.

12:34:44 From Thomas Peyton Lyon to Everyone : @Aseem This last point goes back to Brian's starting argument that petitions are explicitly allowed in the Constitution.

12:34:58 From Timothy Werner to Everyone : No problem! It's fascinating, in part, b/c it argues that disclosure laws can actually be another manifestation/tool of corporate power over government

12:36:42 From Robert Bwana to Everyone : While most of discussions have been (understandably) relating to US and EU lobbying, if lobbying is truly about information provision, could it not be

considered vital to other govts who cannot afford to carry out the necessary research into decision making?

12:37:29 From Kathleen Rehbein to Everyone : Prior to citizen united, we had regulation, and there was a lot more control of financial contributions. Although imperfect---it was probably better than Citizens united. I thought we should move to the UK model...

12:37:48 From Robert Tomasko to Everyone : Some "public interest" organizations have paid lobbyists.

12:38:00 From David.L.Levy to Everyone : Aseem, this goes back to my first point - can we be empowered to make representations in a democracy as citizens, who are shareholders, consumers, employees? and yes, we need to organize to do that - but companies use shareholder money to lobby on behalf of shareholders. We cannot all be exactly equal, but the field is vastly unequal.

12:38:25 From Zhao Li to Everyone : @Robert: Certainly. At least in American politics there is pretty much a consensus that declining congressional capacity has been great for lobbying, and perhaps to the detriment of public interest  
[https://www.google.com/books/edition/Congress\\_Overwhelmed/h7UCEAAAQBAJ?hl=en](https://www.google.com/books/edition/Congress_Overwhelmed/h7UCEAAAQBAJ?hl=en)

12:39:24 From Robert Bwana to Everyone : Another excellent link @Zhao, shows it is not just the less resourced countries who face these challenges

12:39:26 From Thomas Peyton Lyon to Everyone : @Tim There is some interesting research showing that disclosure of the raw data does not accomplish much until some group processes the data to make it interpretable. Bae, H., Wilcoxon, P., & Popp, D. (2010). Information disclosure policy: Do state data processing efforts help more than the information disclosure itself?. Journal of Policy Analysis and Management, 29(1), 163-182.

12:40:46 From Thomas Peyton Lyon to Everyone : @Zhao In Singapore they pay their top bureaucrats \$1M/year, enough to attract top talent and ensure that they don't feel the need to go work for Jack Abramoff later.

12:41:49 From Timothy Werner to Everyone : @Tom, thanks for the JPAM reference

12:42:09 From Zhao Li to Everyone : @Tom: Yes, I spent 5 years in Singapore, and this was repeated ad nauseam in civics classes :) It is pretty similar to what congressional reform advocates call for though.

12:42:36 From Thomas Peyton Lyon to Everyone : @Aseem So like Maggie Thatcher said "There is no such thing as society." ? Do you really believe that?

12:44:26 From Thomas Peyton Lyon to Everyone : @Brian What's a good case example where secret lobbying would be better than transparent lobbying?

12:45:05 From Timothy Werner to Everyone : @Tom & @Zhao... it's important to remember that the need for info subsidization of Congress/policymakers comes from a choice by those policymakers to get rid of some of their capacity (e.g., getting rid of the OTA during the Republican Revolution)... they can attempt to fix this themselves; that is to say, companies are not the only ones at fault for the current state of affairs

12:45:41 From Thomas Peyton Lyon to Everyone : @Brian How can we access your HP case? It sounds really interesting.

12:46:19 From Brian Kelleher Richter to Everyone :  
<https://www.chicagobooth.edu/research/stigler/education/case-studies>

12:46:31 From Thomas Peyton Lyon to Everyone : @Brian Thanks!

12:46:34 From Brian Kelleher Richter to Everyone : ^You can get it free there for classroom use

12:46:40 From Zhao Li to Everyone : @Tim: Absolutely! Impossible not to talk about Gingrich (and others responsible for gutting Congress) in any course on money in politics.

12:46:53 From Brian Kelleher Richter to Everyone : Also my CMR with Adam Fremeth covers it briefly too; 2011 or 2012

12:48:43 From Timothy Werner to Everyone : We tend to think of the current state of affairs as being optimized for corporate influence... but it's pretty well optimized for incumbent policymakers too. The latter is as much to blame for the dominance of the status quo as the former.

12:48:56 From Thomas Peyton Lyon to Everyone : @Tim Amen! It is hard to know how much of the Republican /"libertarian" effort to strangle government in the bathtub was secretly designed to harness it to the interests of certain propertied stakeholders...

12:49:20 From Thomas Peyton Lyon to Everyone : @Tim And the politicians have a lot more direct power to change those rules.

12:53:57 From Onna Malou to Everyone : What would the ramification be for non-democratic states? Or, mor global rules?

12:55:22 From Robert Bwana to Everyone : Like the influence that PMI has relating Tobacco laws in Togo.

12:56:07 From Mike Barnett to Everyone : I'd be glad to wrap up by asking panelists and everyone to write here the most specific, direct research question related to corporate lobbying that you think needs to be studied & published.

12:57:01 From Prateek Raj to Everyone : Another aspect to consider is that in developing countries a rules based order may not be practical. For example, in developing countries governments may actively lobby to make deals with corporations. In Lant Pritchett's Deals vs Rules framework this may be common and even at times be desirable.

12:57:30 From Maggie DELMAS to Everyone : Exciting conversation on information and disclosure. Lobbying has a clear goal: change regulation. Transparency on lobbying has a less clear objective. Who would be the audience of the transparency? We need to be clearer on that in order to devise good disclosure measures. In Delmas et al 2016: we found that both dirty and clean firms are more likely to lobby, however there are more dirty firms. So there is not only power difference on \$ invested in information strategies but also a difference on the number of actors arguing for a specific strategy. Would transparency on lobbying just expose the fact that more firms are in one camp? The literature on norms would then predict that people might feel



that the information from “dirty” lobbyists is the one that is the most shared, and then maybe the norm or status quo. So the question about disclosure is going to be on what exactly would we want to be disclosed with a clear model on who the users are. A very interesting research direction.

12:58:05 From Jeana Wirtenberg to Everyone : Fantastic job!

12:58:07 From Noa Gafni to Everyone : Thank you!

12:58:12 From Sandra Waddock to Everyone : We should all thank Mike Barnett for envisioning these terrific conversations.

12:58:19 From Onna Malou to Everyone : Thank you!

12:58:19 From Thomas Peyton Lyon to Everyone : Great discussion folks! I loved all the new references that came through the chat, also.

12:58:20 From Ed Carberry to Everyone : Thanks all!

12:58:28 From Jeana Wirtenberg to Everyone : Big thanks and kudos to Mike B.

12:58:53 From Sarah Ku to Everyone : Thank you so much for hosting these. I really love the format and enjoy hearing such interesting discussions!

12:58:56 From Ante Glavas to Everyone : Thank you!

12:58:59 From Robert Tomasko to Everyone : Bravo Mike!

12:59:08 From Pushpika Vishwanathan to Everyone : thanks for a great conversations!! Thanks for making all the resources available Mike!

12:59:20 From Zhao Li to Everyone : Great seminar series! Thank you!

12:59:26 From Sandra Waddock to Everyone : Thanks all, great perspectives.

12:59:28 From Friederike Döbbe to Everyone : Thanks a lot!! Super interesting session

12:59:36 From Mabel Sanchez to Everyone : Thank you all!

12:59:40 From Ankur Talwar to Everyone : Thank you!!

12:59:41 From Frank de Bakker to Everyone : thanks all!

12:59:45 From Nishant Kathuria UT Dallas to Everyone : Thank you!

12:59:48 From Hannah Levin (she/her) to Everyone : Thank you!

12:59:53 From Petra Christmann to Everyone : Thank you