

How to Buy Politicians: Corruption and Lobbying

Part 16 of 'Elephants in the Room' series

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Global Research, January 21, 2021

Region: [Europe](#), [USA](#)

Theme: [History](#)

“Very few of the common people realize that the political and legal systems have been corrupted by decades of corporate lobbying”(1)

Until recently, the terms Public Relations (PR) and lobbying were used slightly differently. Lobbying means direct communications with policy-makers. PR is more general and refers to all communications. The US introduced regulations to restrict the activities of lobbyists, so lobbyists tried to get around these regulations by labelling their activities as PR. There is now considerable overlap between the two activities. This post discusses activities that have traditionally been known as lobbying.

Political Corruption – It’s Not A Bribe If You Call It A ‘Donation’

The term corruption conjures up images of brown envelopes stuffed full of used notes being passed furtively under a table as a bribe. However, this is just one type of corruption. In Britain, Europe and the US, the corruption that really matters is built into the system, in the forms of donations, favours and influence. (This is sometimes called collusive corruption, where politicians and business people collude with each other). Big corporations are happy to spend a few million dollars/euros/pounds on political ‘donations’ if they get back billions in extra profits due to laws and regulations biased in their favor,(2) or from existing laws being weakened. In any other context we would call this bribery.

Politics in the US is expensive. Many US businesses now make large bribes to both of the major US political parties.(3) The main method is known as a ‘fundraiser’. This is an event where corporations pay large sums to politicians using a lobbyist as an intermediary. The politicians know where the money has come from, and they know who expects favourable legislation in return.(4) US politicians are therefore dependent on their most successful lobbyists, and their wealthiest supporters. The evidence overwhelmingly indicates that money and wealth influence policy.(5) One former insider said of their work:

“the more money you have, the more your voice is heard ...It was an endless cycle of money trading hands for votes...every fundraiser is a legal bribe”(6)

America is effectively a business-run society. A good example would be the insurance and drug companies, who make big profits from the existing US healthcare system. Companies spend hundreds of millions of dollars each year bribing politicians to avoid changes that would decrease their profits.(7) President Obama introduced some changes, but the final legislation was so watered down that the US healthcare system is still nowhere near the type of National Health Service that is commonplace elsewhere. Some of the changes will actually increase the profits of the health insurance companies.(8) The donations in Britain are smaller than in the US, but they have been effective in distorting Britain’s economy so

that it benefits the rich at the expense of everyone else. European health services, including Britain's, are slowly and steadily being privatised.(9) This is not about making the health service better or more efficient. It is to enable corporations to extract profits.

Lobbying is a Huge Industry

The exact scale of lobbying is unknown. It has been a multi-billion dollar industry in the US for many years, where the official expenditure on lobbying is \$7 billion per year, but there is a great deal of secret lobbying, so the estimated total is believed to be closer to \$14 billion. More recently, lobbying in Brussels to manipulate European legislation has reached a similar scale.(10) It was estimated in 2017 that there were 25,000 lobbyists in Brussels. Britain has the third biggest lobbying industry in the world, estimated at £2 billion each year.(11) However, lobbying in Britain is even more secretive than in the US, so whilst many examples of lobbying have been well-documented, we do not have a clear picture of everything that goes on.

To make their lobbying even more effective, companies in an industry will get together to form organisations, such as the European Banking Federation, to lobby on their behalf. There are more than 1,000 of these in Brussels. Even larger groups, such as Business Europe, will represent a wide range of businesses. These groups are well-funded and influential. Due to their expertise they will initiate discussions about legislation, and even draft first proposals for new laws or regulations. The bank, Citigroup, wrote US legislation in 2014 to ensure that banks could be bailed out following a future financial crisis. Key politicians who supported the bill received large contributions from financial companies.(12)

David vs Goliath

In theory, other groups, such as consumer groups, unions, environmentalists and non-government organisations (NGOs) are also able to lobby, but their spending and influence add up to a small fraction of corporate lobbying. One researcher concluded that "For every \$1 spent by public interest groups and unions...corporations spent \$34."(13) A US analysis in 2010 found that the financial companies alone employed 5 lobbyists for each member of congress.(14) In some industries, such as banking, there is no organised opposition to the corporate lobby.(15)

The nature of lobbying can also be quite personal, involving long-term social and working relationships, lunches, dinners, and job opportunities for relatives and friends. Billionaires, such as Richard Branson, can invite Prime Ministers to holiday on their private island. Rupert Murdoch, owner of multiple media outlets in many countries, was able to have personal meetings with US President Trump, various Prime Ministers, and their closest advisors. This type of meeting is considered mutually beneficial to both parties. NGOs and other groups do not generally have these close connections. Corporate lobbyists spend more money, employ more people, with more contacts and better insider knowledge, have better access to policymakers and better information. This undermines democracy, and creates governments that work well for the rich and powerful, but not for everyone else.(16)

Echo Chambers

Lobbying strategies are more successful if information appears to come from several, apparently independent, sources. Therefore lobbyists use many of the same strategies as PR consultants, such as the media, think tanks and academics, as echo chambers to

reinforce their message. This is important because companies are not trusted as honest sources of information. Their relationship with the media can be quite complex. Lobbyists actively recruit former journalists because of their political contacts. Lobbyists feed stories to the press, but they also try to stop negative stories appearing.(17) They are sometimes able to persuade journalists to drop a story, either by offering an alternative story, or by threatening to cut access to their clients in future. This works because journalists get so many stories from lobbyists, so loss of access would have serious consequences for them. If all else fails lobbyists will threaten legal action. This has been very effective, particularly in the UK.

Lobbying services are also offered by think tanks, lawyers, management consultants and accountants. This creates serious conflicts of interest, as accountancy firms and consultants often advise governments on regulations, but then advise clients on how to get around those same regulations. This has been particularly clear in the banking sector, where accountants operate lucrative businesses advising their wealthiest clients on activities such as setting up layers of subsidiaries and holding companies, so that they can hide their assets overseas in tax havens, or game the system so that their profits appear in the lowest tax jurisdiction.(18)

Revolving Doors and Conflicts of Interest

The issue of 'revolving doors', where people move from jobs in government to jobs in big business, and vice versa, was mentioned in an earlier post about the weapons industry. The problem is extremely widespread and affects the most important business sectors in Britain, Europe and the US. When former business-people go to work with the government, they will see the world from the perspective of big business, irrespective of the downsides to the rest of society. In Britain this is most clear in the Health Service, where former staff of the biggest US Healthcare companies have been gradually re-structuring the National Health Service (NHS), and privatizing parts of it, so that shareholders can extract wealth from it. (This will be discussed in detail in a later post about the NHS).

The problem is also important when people move in the opposite direction, from government to business. For example, lots of British politicians involved in decisions about the privatisation of the healthcare system have gone on to take well-paid jobs with private companies who benefitted from those decisions. A conflict of interest refers to a situation where a person is making decisions about an issue, but gains personally from those decisions. In the UK in 2008 there were 30 former government ministers (who were still politicians) who had jobs with corporations.(19) A later study in 2010 showed there were over 140 members of the House of Lords with financial connections to healthcare companies.(20) Their main role is to help the business manipulate government, by utilizing their contacts, or exploiting their knowledge of weaknesses in existing legislation.

A growing trend is for policymakers to join lobbying companies, and vice versa. Lobbyists actively headhunt government employees who have been involved in writing legislation. In the US, "about half of retiring senators and a third of retiring House members register as lobbyists."(21) The average salary is approximately 10 times as much as in their government job. The same happens in Europe, where banking regulators go on to earn big salaries working as bank lobbyists, and former lobbyists get appointed to senior roles with organisations that are supposed to regulate particular industries(22). In 2019 the chief lobbyist for Santander Bank, Jose Manuel Campa, became the new head of the European

Banking Authority. It is therefore unlikely that banks will be properly regulated in the near future.

The Most Powerful Lobbying Organisation in the World is the US Government

There is an additional layer of lobbying which is extremely important, but almost never discussed openly by the mainstream media. Individual governments lobby other governments and organisations. This is notable in finance, where the British government lobbied hard to avoid stricter financial regulation by Europe following the 2008 financial crisis. In a later post we will talk about political and regulatory capture (this is sometimes called ideological capture), where politicians see the world from the point of view of big companies. Politicians lobby for regulations that will be profitable for companies, but might have serious consequences for citizens.(23)

The US government uses a combination of threats and bribes to achieve its goals all over the world. It lobbies at the UN to create support for its illegal wars; it lobbies other governments so that its tobacco companies can be allowed to sell and advertise their cigarettes abroad; it uses its diplomats and trade negotiators to arrange deals that benefit its exporters. Government lobbying is just as secretive as corporate lobbying, involving backroom deals, and promises of aid and loans in exchange for votes. Many countries try to do the same, but the scale of the US's economic threats and bribes, backed up by its willingness to impose sanctions and overthrow governments using its military, means that it is usually able to get its way, irrespective of the downsides for people in other countries. This creates huge advantages for US companies.

Transparency Is Important, But It Won't Change Anything By Itself

One of the big problems with lobbying is that most of it is secret. Greater transparency might help, but is probably only a small part of any future solution. Many people have argued for information about what executives are paid. We now have a fairly good idea of executive pay, but it has not led to serious change.

From 2005-2010 there was an annual award known as the Worst EU Lobby Award, where people voted for the worst corporate offenders, and the worst conflicts of interest by politicians who are helping to manipulate laws on behalf of corporations. In 2005, the fake grassroots organisation, C4C (Campaign for Creativity) lobbied for stronger patents. In 2006 the oil company ExxonMobil won for paying millions of dollars in order to fund 39 groups of climate skeptics. This gave the impression that climate change skeptics come from respectable sources, when many of them are paid to write corporate propaganda.(24) In 2007 BMW, Daimler and Porsche won for lobbying against carbon dioxide (CO₂) reductions. In 2008 agrofuel (crops used as fuel) lobbyists tried to claim that they are sustainable, when they are not. In 2010, Goldman Sachs and the derivatives lobby group ISDA lobbied to protect their most complex financial products, despite the dangers they create, and the energy company, npower, claimed it was green while trying to keep coal powerplants open. Whilst these awards irritated people in business and the lobbying industry, they did not receive mainstream media coverage, so few people were aware of them, and they had little effect in changing anything.

Various ideas have been discussed to make lobbying more transparent, but none of the measures attempted so far has teeth. Lobbyists don't want their activities to be out in the open, and governments like having secret connections with the wealthiest parts of society.

The EU and UK have what are known as transparency registers to monitor lobbyists, but they are ineffective. The UK register has been described as “completely unfit for purpose”.(25) At the same time, corporate lobbyists keep working behind the scenes to actually decrease transparency.(26) Transparency by itself is not enough. It is just a starting point. The whole concept of corporate lobbying needs to be challenged much more seriously.

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This article was first posted at medium.com/elephantsintheroom

Rod Driver is a part-time academic who is particularly interested in de-bunking modern-day US and British propaganda. This is the sixteenth in a series entitled Elephants In The Room, which attempts to provide a beginners guide to understanding what's really going on in relation to war, terrorism, economics and poverty, without the nonsense in the mainstream media.

Notes

1) This quote is attributed to a writer named Steven Magee, but I have been unable to find the original source.

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- 10) Lobbying Database at, <http://www.opensecrets.org/federal-lobbying/>
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- 14) The Center for Public Integrity, 21 May 2010, updated 19 May 2014, at <https://publicintegrity.org/politics/five-lobbyists-for-each-member-of-congress-on-financial-reforms/>
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- 16) Sarah Clarke, 'Inequality is spiraling because our democracy is broken', 16 May 2019, at <https://leftfootforward.org/2019/05/inequality-is-spiraling-because-our-democracy-is-broken/>
- 17) Tamasin Cave and Andy Rowell, *A quiet word: Lobbying, Crony Capitalism and Broken Politics in Britain*, 2014
- 18) Rachel Tansey, 'Accounting for Influence: how the big four are embedded in EU policy-making on tax avoidance', Corporate Europe Observatory, July 2018, at <https://corporateeurope.org/sites/default/files/tax-avoidance-industry-lobby-low-res.pdf>
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- 20) Tamasin Cave and Andy Rowell, *A quiet word: Lobbying, Crony Capitalism and Broken Politics in Britain*, 2014, p.34
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