

***Valts Kalniņš***

***Parliamentary  
Lobbying  
between Civil Rights  
and Corruption***



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and Corruption***

***An insight into lobbying practice in Latvia  
and recommendations  
for the Saeima***

***According to the situation of July, 2004***

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## Executive summary

In all democracies citizens have the rights to communicate with their elected representatives and other public officials to express their interests and wishes with regard to the development and implementation of state policy. Similar rights are enjoyed also by organisations, established by citizens and companies.

On the European level these rights are enshrined in Article 10 of the Council of Europe Convention for the Protection of Human Rights and Fundamental Freedoms. Namely, everyone has the right to freedom of expression. This right shall include freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers.<sup>1</sup> This article protects the rights of the lobbyists, since imparting and receiving information and ideas is the most essential element of legitimate lobbying.

Also in Latvia various groups of society enjoy the rights to express their interests to politicians or, to put it otherwise, to engage in lobbying. However, lobbying in the Saeima [the Parliament] is an almost unregulated field, which to a large extent remains hidden from the view of the average citizen. Those groups or individuals who are interested in a certain legislative issue cooperate with separate deputies, with whom they happen to have informal ties or previous contacts. This lobbying may take the form of meeting the deputy at the Saeima, inviting the deputy to a private party, hunting or other leisure activities, of bribery and legal or illegal funding of the political parties.

As the result the electorate is not informed about the way various groups or individuals influence deputies who have pledged to work for the general public. Moreover, the possibilities for attracting the deputy's interest may be determined by the existence of personal connections or, in a worse case, readiness to give bribes or illegal donations for political campaigns. Under such conditions it is easy to exclude other groups who also have legitimate interest in a certain legislative issue.

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<sup>1</sup> Council of Europe. Convention for the Protection of Human Rights and Fundamental Freedoms. <http://conventions.coe.int/treaty/en/Treaties/Html/005.htm> Last accessed 22.10.2004.

The aim of this research is to identify the current lobbying practice in Latvia, especially – in the Saeima, and to analyse the possibilities of making lobbying in the Saeima more open, accessible to those interest groups that have limited resources at their disposal, and achieve greater conformity with ethical norms and good parliamentary practice. The research paper also provides an overview on the regulation of lobbying in other European countries, the U.S.A. and Canada, which allows drawing conclusions and making recommendations, based upon the extensive experience of democratic countries.

This research paper concludes that for regulating lobbying in Latvia an unwieldy system of restrictions and prohibitions should not be introduced, such a system would become a huge extra task for a regulatory institution, which, as it would be known beforehand, would be unable to deal with the task. However, such a mechanism should be created that would allow making the lobbyists' activities more open and offer more equal access to the deputies.

A register of lobbyists should be created; the persons included in it would be granted a pass for a definite period of time for entering the Saeima buildings. The registered lobbyists could be guaranteed the possibilities of meeting with separate deputies and committees of the Saeima, in case these lobbyists had specific, defined legislative proposals.

The registered lobbyists should be imposed the duty to disclose upon registration and afterwards once per year the organisation or company they represent, their paying lobbying clients, the issues or draft legislation with regard to which lobbying has been performed, the names of those Saeima deputies the lobbyist has had contacts with, and other information.

With the aim of enhancing the transparency of the work of the Saeima committees the minutes of the committee meetings should reflect the presentations of the invited persons and the following debates as a summary or as a precise transcript. The minutes of the open committee meetings should be published on the Internet. Moreover, it should be set as a duty that the Saeima regular agenda documents should include all the names of the persons and the represented organisations, who have been invited to participate at the committee meetings.

The Saeima deputies should have the responsibility to prepare explanatory notes with regard to the proposed legislative amendments. The most important elements of such explanatory notes would be the explanation of the necessity of this proposal, as well as indication with whom the initiator of the proposal has consulted.

The code of ethics or conduct of the Saeima deputies should be approved, which, among other things, would request the deputies to reveal the persons or organisations, whose prepared opinion or submitted information had crucial importance in helping the deputies to formulate their opinion. The code of ethics should also prohibit the deputies from concluding agreements with any third persons that would impose upon the deputies binding commitments with regard to their official duties as public officials. In the meaning of this prohibition it would be forbidden for the deputies to accept such benefits from the lobbyists that might create a sense of duty to abide by the lobbyists' demands.

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# Introduction

With the restoration of democracy in Latvia in the 90s of the 20th century people acquired the rights to contact their elected representatives and other public officials in order to express their interests and wishes related to the development and implementation of state policy. In other words, people acquired the rights to engage in lobbying. Some individuals, companies and organisations quickly understood that it was in their interests to use their connections with the political decision makers in order to influence policy in a way that would be beneficial to themselves. The individuals having more personal connections and better financial resources, as well as their companies and organisations, rather quickly started to dominate in this process.

At the same time a large part of Latvian population viewed this policy process and the spontaneous development of lobbying with distrust and even with clearly negative attitude, themselves feeling quite isolated at that. Even now in Latvia – similarly as in many other countries – the general understanding of the word “lobbying” has negative connotations of corruption, bribery, *pulling strings* and other adverse phenomena that are encountered in politics.

On the one hand this negative attitude is well-grounded, because in Latvia corruption has been very significant in lobbying. However, not all the instances of lobbying in this country are related to bribery or illegal financing of political parties. Moreover, the rights to lobby are enshrined even on the international level. Thus Article 10 of the Council of Europe Convention for Protection of Human Rights and Fundamental Freedoms stipulates that everyone has freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers.<sup>2</sup> This means safeguarding the lobbyists’ rights, since the imparting of information and ideas, as well as their receipt is one of the most significant elements of lobbying.

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<sup>2</sup> Council of Europe. Convention for the Protection of Human Rights and Fundamental Freedoms. <http://conventions.coe.int/treaty/en/Treaties/Html/005.htm> Last accessed 22.10.2004.

However, there is a problem that lobbying, for instance, at the Saeima, which is one of the most important arenas for lobbying, is an almost unregulated field, to a large extent hidden from the view of the average citizen. Those groups or individuals who are interested in a specific legislative issue cooperate with separate deputies with whom they have informal links and previous contacts. This lobbying may take the form of meeting the deputy at the Saeima, inviting the deputy to a private party, hunting or other leisure activities, of bribery and legal or illegal funding of the political parties.

As the result the electorate is not informed about the way various groups or individuals influence deputies who have pledged to work for the general public. Moreover, the possibilities for attracting the deputy's interest may be determined by the existence of personal connections or, in a worse case, readiness to give bribes or illegal donations for political campaigns. Under such conditions it is easy to exclude other groups who also have legitimate interest in a certain issue of legislation.

The aim of this research paper is to identify the way lobbying is done in Latvia and especially at the Saeima, to analyse the possibilities of making lobbying at the Saeima more open, more accessible to the interested groups who have comparatively limited resources at their disposal, to achieve greater conformity with norms of ethics and good parliamentary practice. To reach this aim the study is looking for the answers to the questions who are engaged in lobbying in Latvia, what the necessary resources for effective lobbying are, what techniques for influencing policy are used by lobbyists and how to draw the border line between legitimate, ethical lobbying and illegitimate, corrupted lobbying. Prior to that the research paper also offers a conceptual interpretation of the term "lobbying" and gives a conceptual overview of the options for regulating lobbying.

When analysing the possibilities for making lobbying more open, more accessible and ethical, the study focuses upon the regulation of lobbying and its different variants. In this context an overview on regulation of lobbying in other European countries, the U.S.A. and Canada is offered, which allows basing the conclusions and the proposals in the extensive experience of democratic countries. The conclusion gives an overview of several possible options for regulation lobbying at the Saeima and offers, to the author's mind, the optimum proposal, following from this research.

For the study of situation in Latvia the most important data collection method was the partially structured interviews with the representatives of three groups. The first one was the so called professional lobbyists, i.e., the representatives of companies offering lobbying as a service. The second group was the representatives of business associations, the associations that among other things engage also in activities to influence politics on the issues that are important for the said sector. The third group were the Saeima deputies; each of them was representing a different faction. The total number of interviews was – five interviews with the professional lobbyists, three – with the representatives of associations, and six with the Saeima deputies (See List of Interviews at the end of the research paper). To avoid the situation that the anxiety about personal pub-

licity following the interviews would influence the responses of the interviewees, they were promised anonymity. The text of the research paper includes direct quotes from the interviews predominantly with the professional lobbyists and representatives of the associations, but the material of interviews with the Saeima deputies has been mainly used as background information.

The analysis of the interview material is supplemented by the analysis of those regulatory enactments that already now regulate some aspects of lobbying in Latvia. Such acts of legislation are, for example, the law “On Preventing the Conflict of Interests in the Activities of Public Officials” and the Saeima Rules of Procedure.

The research paper is also using theoretical literature, which provides conceptual framework to the understanding of lobbying. Information on foreign experience has been mainly taken from literature, the acts of legislation of the respective countries, as well as materials of other type available on the Internet.

Understandably, both the methodology used and the range of issues discussed have their limitations. The research results arrived at via qualitative interviews cannot be generalised as representative of the situation in general, the way this can be done with the data of quantitative polls. However, a series of views were expressed repeatedly in the interviews, which affirms their significance. Another methodological limitation is related to the study of the experience of other countries, since the resources available for the research precluded obtaining original data, the already published studies had to be relied upon, i.e. – secondary data. The exception is the texts of the regulatory enactments, which, however, do not give information on lobbying practice, but is considered a primary source. Even though the most recent available sources were used for the research, it has to be taken into consideration that these are predominantly the sources of the years 2001, 2002 and 2003. That means that it is possible that not all the most recent changes in the situation of the respective countries have been reflected.

The research was primary focusing on lobbying for remuneration and lobbying in the own interests of an organization’s members, paying less attention to the public benefit lobbying. This choice was determined by two considerations. First, commercial lobbying and lobbying done by organisations in the economic interests of their members are the ones with the most significant risk for corruption – the motivation of lobbyists is primarily selfish. Secondly, the public benefit lobbying in Latvia has been already studied, and other research attempts in this direction are currently underway.<sup>3</sup> The research paper, especially in the

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<sup>3</sup> For example, the following studies related to the public benefit lobbying have been published: Indriksone, A. *Nevalstiskās organizācijas – pašvaldību partneri attīstības plānošanā [NGOs – the partners of local governments in development planning]*. Sabiedriskās politikas centrs “PROVIDUS”. (2003) 93 p.; and Miezaine, Z. *Valsts pārvalde un NVO līdzdalība – efektīvu sadarbības modeli meklējot [Public administration and NGO participation – in search of an effective model of cooperation]*. Sabiedriskās politikas centrs “PROVIDUS”. (2003). 76 p. It is known that during the period when this research was carried out *Delna* (the Latvian chapter of Transparency International) was also studying the lobbying possibilities of the public organisations.

sections on foreign experience, possible political options and recommendations, is mainly focusing upon lobbying the legislator. This focus was chosen because the legislator is one of the most significant arenas of lobbying, and it allows narrowing down the immensely wide topic of lobbying to one issue that can be covered within one study. However, it is important to note that lobbying is possible and is being done with regard to almost all the most important state and local government institutions.

# 1. What is lobbying

It is very difficult to provide a precise answer to the question what lobbying is both theoretically and in the practical policy context. However, the definition of lobbying is important, since in order to regulate lobbying the subject of regulation should be identified. Literature, mass media and everyday communication use different terms to denote lobbying and its separate elements. In English there are at least two commonly used terms that are sometimes used as partial synonyms to lobbying – *public affairs* and *government relations*. These terms may be used to provide better characteristics of the respective field of activity or to avoid the negative image of lobbying. Other term found in literature is *interest representation*.<sup>4</sup>

It is sometimes argued that lobbying is an inadequate designation of the work done by the majority of people in this field, if lobbying is basically understood as the direct advocacy of a point of view about a matter of public policy.<sup>5</sup> The lobbyists or, to be more precise, the policy consultants do not engage in direct advocacy themselves, but help their clients to perform their own advocacy.<sup>6</sup> In such cases the term “government relations” is used, it covers both lobbying in the narrowest understanding of the term, as well as a wider range of services. A government relations consultant working in London has described his activities in the following way: “We do advise clients on the relationships with Government officials. We identify opportunities to raise their awareness of the client and their profile. We help clients to draft materials for when they speak to Government. We identify who they should go and talk to (and in some cases we will set up these meetings but we will not attend.”<sup>7</sup> This quote reveals that the concrete lobbyist or consultant does not always perform the advocacy of the client’s opinion, but assists his clients in various ways in their relations with government.

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<sup>4</sup> For example: Greenwood, J. *Representing Interests in the European Union*. Macmillan Press Ltd. (1997).

<sup>5</sup> McGrath, C. *Comparative Lobbying Practices: Washington, London, Brussels*. p. 2. <http://www.psa.ac.uk/cps/2002/mcgrath2.pdf> Last accessed 20.07.2004.

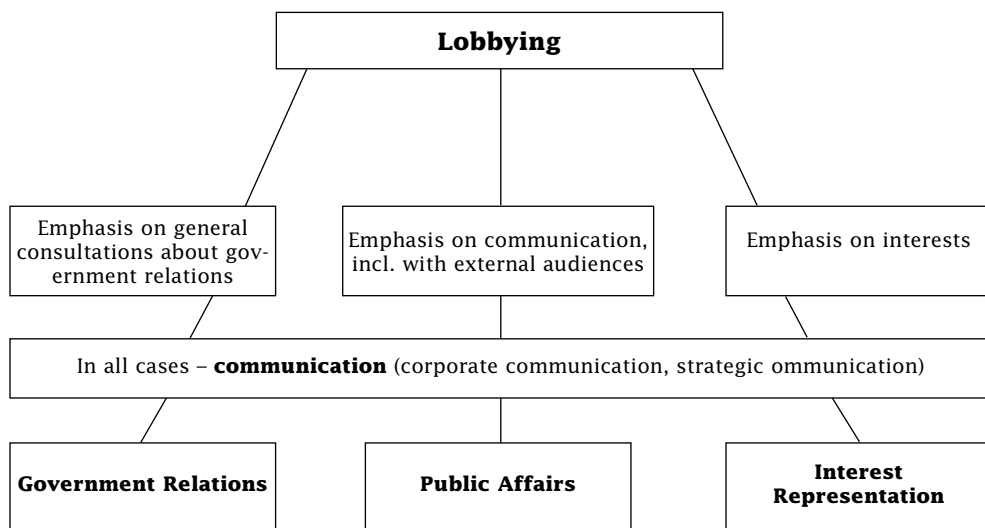
<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

The term “government relations” emphasizes those aspects of lobbying that are related to different types of interaction with government, however, the term “public affairs” puts the stress upon relations with general public. Conor McGrath writes: “In very general terms, public affairs appears to encompass all corporate functions related to the management of an organisation’s reputation with external audiences – usually including lobbying or government relations, media relations, issue management and community relations.”<sup>8</sup> In the context of lobbying public affairs are sometimes treated as government relations with communications *garnish* – especially communication with external audiences (outside the narrow relations of the lobbyist, client and the targeted officials). However, the fact that no clear-cut border line exists between these various terms is confirmed by literature and also some interviews with Latvian lobbyists that mention that lobbying or government relations are something very similar or identical with communication – corporate communication<sup>9</sup> or strategic communication.<sup>10</sup>

Figure 1 reflects the relative relations between these various terms. This research has chosen lobbying as the central term, applicable in practice because of several reasons. First, notwithstanding the contradictory attitude towards this word, out of all the related terms it is the most recognisable and, at least in Latvia, most often used. Secondly, the *core* meaning of the term – influencing politics – is the one that appears to have the greatest significance both in pub-

**Figure 1.**  
**Lobbying and related concepts**



<sup>8</sup> McGrath, C. *Comparative Lobbying Practices: Washington, London, Brussels*. p. 3. <http://www.psa.ac.uk/cps/2002/mcgrath2.pdf> Last accessed 20.07.2004.

<sup>9</sup> *Ibid.*

<sup>10</sup> Interview No. 4.

lic discourse and in the interviews, irrespectively of some connotative meanings of the term.<sup>11</sup>

Although academic and professional literature does not have a uniform approach towards the definition of lobbying, in some countries lobbying has been defined by legislation. In such cases, of course, the authors of the definitions have tried to find unequivocal formulations.

The US Lobbying Disclosure Act defines the lobbying activities with the help of a formulation “lobbying contact.” Thus “lobbying activities” means lobbying contacts and efforts in support of such contacts, including preparation and planning activities, research and other background work that is intended, at the time it is performed, for use in contacts, and coordination with the lobbying activities of others.<sup>12</sup>

Lobbying contact, in its turn, is any oral or written communication (including an electronic communication) to the respective official that is made on behalf of the client with regard to the formulation, modification or adoption of legislation (including legislative proposals), Federal rule, regulations, Executive orders or formulation, modification or adoption of any other governmental program, policy or position; administration or execution of a Federal program or policy (including the negotiation, award or administration of a Federal contract, grant, loan, permit, or licence); the nomination or confirmation a person for a position subject to confirmation by the Senate.<sup>13</sup>

The US Act provides also for a series of exceptions, for example, lobbying contact does not include communication:

- made in a speech, article or other material that is distributed and made available to the public;
- made in the course of participation in an advisory committee subject to the Federal Advisory Committee Act;
- which is a disclosure by an individual that is protected by the Whistleblowers Protection Act or under another provision of the law.<sup>14</sup>

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<sup>11</sup> The *core meaning* of the term “lobbying” is seen, for example, in general language dictionaries. *Oxford Advanced Learner’s Dictionary* gives the following interpretation of the noun *lobby*: *A group of people who try to influence politicians on a particular issue*. The verb *lobby* is explained in the following way: *To try to persuade a politician to support or oppose changes to the law*. // *Oxford Advanced Learner’s Dictionary*. Oxford University Press. (1995). p. 690.

<sup>12</sup> Public Law 104-65. 104th Congress. An Act To provide for the disclosure of lobbying activities to influence the Federal Government, and for other purposes. SEC. 3 (7). <http://www.senate.gov/reference/resources/pdf/contacting10465.pdf> Last accessed 20.07.2004.

<sup>13</sup> *Ibid.* SEC. 3 (8)(A).

<sup>14</sup> *Ibid.* SEC. 3 (8)(B).

Such an approach towards defining lobbying, even though may be useful in practice, primarily deals with the techniques of lobbying (contacts), and not with the fundamental phenomenon of lobbying.

It might be said that fundamentally *lobbying is interaction of private persons with the state and local government institutions with the aim of achieving that a certain decision is (not) taken or certain activities are (not) performed in the interests of these persons or some third persons*. However, the general character of this definition creates problems. An application submitted by an individual to a state institution would also be covered by this definition, for example, an application to have the person's company registered in accordance with the prescribed procedure. It is obvious that such activities within the framework of the administrative procedure are not what are intuitively understood by the term "lobbying."

Thus, the definition of lobbying should be narrowed down, *so that it would pertain to the policy making or approval/amending/revoking of regulatory enactments, or appointment/dismissal of officials*. True, there might be situations that one would intuitively wish to call lobbying, when it is carried out with regard to the application of an existing law to a specific case. For example, a private person with certain interests might get in contact with the national or local level politicians to obtain a building permit.

Nevertheless, the definition calls for an explanation what interaction is. A call that is published in a newspaper or voiced in a rally to politicians to implement one or another policy could also be treated as interaction. In order for the lobbying definition not to lose its meaning of practical applicability it should exclude such interaction that takes place in a generally accessible public space, i.e., mass media or public events. As it was mentioned above, the US Lobbying Disclosure Act does not recognise such an interaction as lobbying contact either. However, such narrowing down of the definition excludes also part of those strategies that are purposefully used by, for example, professional lobbyists. Namely, in addition to individual contact with politicians and officials the lobbyists also strive for publications and broadcasts in mass media that would correspond to their interests.

However, even with these restrictions the definition of lobbying still covers a huge range of techniques of political participation, for example, writing letters to the members of the parliament, any individual conversation with a deputy or an official, if done with the intent of influencing policy or drafting normative acts. From the analytical perspective the fact that such a wide of range of activities could be described as lobbying creates no problems. However, it does create problems from the policy development perspective, because the prospective regulation has to cover a very wide range of agents and activities.

It is possible to try to solve this problem in legislation by reducing the definition of lobbying to activities that are carried out not by any private person, but only a lobbyist (an individual, lobbying company or employees thereof) hired by



the client. This approach has the following advantage – a relatively restricted circle of persons and range of their activities remain in the focus of attention, potentially it could be easier to regulate. The main disadvantage is the fact that many interactions between private persons on the one hand and politicians and officials on the other hand, as the result of which the acts of legislation or policy formation may be or are influenced, and in which the general public has a justified interest, take place without the assistance of hired lobbyists.

And yet this, narrower definition has been sometimes used in policy documents and normative acts. The US Lobbying Disclosure Act stipulates that the lobbying contact is performed “on behalf of a client,” pointing to the service character of lobbying. In 1992 the deputy of European Parliament (EP) Marc Galle offered the following definition of a lobbyist: “Anybody who acts on the instructions of a third party and sets out to defend the interests of that third party to the EP and other Community institutions.”<sup>15</sup> Thus, in fact, this definition covers only hired lobbyists and excludes interest groups and companies that are themselves engaged in lobbying or in the representation of their interests. At the same time this definition is rather broad, since, at least formally, it includes not only political, but also all administrative issues.

On the basis of the above considerations, the following working definition is used in this research: *lobbying is interaction of private persons with the state and local authorities’ institutions with the aim of achieving that certain decisions are (not) taken or certain activities are (not) performed in the interests of these persons or some third persons. Lobbying does not include the activities of private persons as part of administrative or judicial procedure as well as activities which take place exclusively in the open public space.* The definition of a private person in this definition covers both private natural persons and private legal persons. The “third persons” of this definition, in their turn, may be also public persons, for example, states that hire professional lobbying to influence the political decisions taken by other states.

As it was already indicated in the Introduction, this research deals almost only with lobbying the parliament, its members and structural units. Other fields of lobbying are mentioned only in those cases when it is impossible to separate them from lobbying in relation with the parliament or when they offer a more comprehensive understanding of some aspects of parliamentary lobbying.

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<sup>15</sup> Greenwood, J. *Representing Interests in the European Union*. Macmillan Press Ltd. (1997). p. 83.

## 2. Regulatory options

When discussing the state policy towards lobbying (similarly as to many other fields), first of all the attention is paid to the possibilities of introducing respective legal regulation. This section defines a series of most essential questions that should be answered, when developing regulation.

There are essential differences between the regulation of lobbying in the Northern America and European countries. The most detailed and simultaneously the most comprehensive regulation is in place in the U.S.A. and Canada. European countries, on the other hand, regulate lobbying to a much smaller extent, and it is possible to identify three major approaches. The first one is no regulation of lobbying at all. The second approach, the least frequently encountered in Europe, is to define minimal and not too burdensome requirements to the lobbyists, for example, the demand to register as a lobbyist, if the person wishes to obtain the pass of a certain institution. The third approach is to regulate not lobbying as such, but to introduce regulations with regard to the activities of the public officials that indirectly influence also the relationship with lobbyists (for example, regulation on the conflict of interest). This third approach corresponds to the situation that has thus far developed in Latvia.

There are several possible explanations to the differences between the North American and Europe (especially the continental Europe).

One of such possible explanations is the trend of corporativism in a number of European countries after the World War II, in these countries important social-economic decisions are taken via institutionalised consultations of the governments, trade union umbrella organisations and business umbrella organisations. Thus within such a corporative framework the separate influence channels of interests assume lesser importance, and there is no outspoken need to impose regulation upon them.<sup>16</sup> On the other hand, in the U.S.A., in which the corporative

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<sup>16</sup> The working paper of the European Parliament *Lobbying in the European Union: Current Rules and Practices* gives the following assessment on the significance of corporativism:

relationship have not become so centralised, the primary role in the policy process is taken by separate interests, which in a decentralised and to a certain extent – chaotic – process are fighting for influence.

The other explanation relates to the political culture and the traditional views on the essence of the political process. The individualistic culture, typical of the U.S.A., conforms to the pluralistic view on the democratic political process as the competition between free individuals and free groups. This perception fully conforms to the developed lobbying practice in the U.S.A., both on the federal and on the state level. On the other hand, in European countries, for example – Germany and France, traditionally the view has been present that the task of the state is to be neutral arbiter in order to reach the common good (there are similar concepts in various European languages *das Gemeinwohl* – German, *bien public* – French, *common good* – English).<sup>17</sup> This traditional European view involves also certain suspicion that because the interests of some groups are represented decisions might be taken on the expense of the rest of society. Such suspicion, for example, was clearly defined in the work by Jean Jacques Rousseau “The Social Contract” (1762).<sup>18</sup>

It is no surprise that the US experience has inspired a number of outstanding political scientists, who concluded that political power in society is dispersed

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The nature and structure of business interests to a large extent depend on the political system in which they are engaging. Corporatist systems common to Germanic countries provide the associations with status as official interlocutors. The Austrian model with its compulsory membership of economic chambers has been the model of economic management in which associations have featured most strongly. In Anglo-American societies, on the other hand, associations are just one part of the dialogue between business and government. // European Parliament, Directorate for Research. Working Paper *Lobbying in the European Union: Current Rules and Practices*. Constitutional Affairs Series. AFCO 104 EN. p. 14. [http://www4.europarl.eu.int/estudies/internet/workingpapers/afco/pdf/104\\_en.pdf](http://www4.europarl.eu.int/estudies/internet/workingpapers/afco/pdf/104_en.pdf) Last accessed 20.07.2004.

<sup>17</sup> See, for example: Schütt-Wetschky, E. *Interessenverbände und Staat*. Wissenschaftliche Buchgesellschaft Darmstadt. (1997). 12.–16.lpp.

<sup>18</sup> Rousseau wrote: *If the people came to a resolution when adequately informed and without any communication among the citizens, the general will would always result from the great number of slight differences, and the resolution would always be good. But when factions, partial associations, are formed to the detriment of the whole society, the will of each of these associations becomes general with reference to its members, and particular with reference to the state; it may then be said that there are no longer as many voters as there are men, but only as many voters as there are associations. The differences become less numerous and yield a less general result. Lastly, when one of these associations becomes so great that it predominates over all the rest, you no longer have as the result a sum of small differences, but a single difference; there is then no longer a general will, and the opinion which prevails is only a particular opinion.*

*It is important, then, in order to have a clear declaration of the general will, that there should be no partial association in the state, and that every citizen should express only his own opinion. [...]* // Rousseau, J. J. *The Social Contract or Principles of Political Right*. Wordsworth Editions Limited. (1998). pp. 29–30.

among various social groups, and created the intellectual substantiation for the activities of pressure groups. In political science such a condition is called pluralism or – relating it to democracy – pluralistic democracy. It is true, though, that pluralistic democracy sometimes holds certain disadvantages. For example, autonomous organisations freely established by groups might enhance inequality, since they reflect and institutionalise the existing inequality between the groups. It is sometimes argued that under the conditions of pluralistic democracy the civic consciousness becomes deformed, because organisations become preoccupied with their partial interests, ignoring the wider needs of society.<sup>19</sup>

Without going into deeper counter-arguments with regard to these disadvantages, it can be said that in general the pluralists do not perceive these problems to be so important as to render group activities within democracy adverse. It might be said, with a certain risk of oversimplifying, that the pluralists hold the opinion that sufficiently large number of groups has the possibility of influencing, and the inequality of this influence is not as big as to become intolerable for a democracy. Robert A. Dahl describing the U.S.A. as the example of a pluralistic democracy, noted: “With all its defects, it does nonetheless provide a high probability that any active and legitimate group will make itself heard effectively at some stage in the process of decision.”<sup>20</sup> Many pluralists share the view that ensuring free possibilities of influencing to groups is not only desirable, but even – in a certain sense – an ideal within a democracy.

Thus seemingly chaotic and mass scale activities of interest groups together with the intellectual substantiation developed by the pluralists perhaps have enhanced the status of interest groups and lobbyists as legitimate policy participants in the U.S.A. However, with time this recognised legitimacy came to be supplemented with the awareness of the necessity to regulate the activities of those representing certain interests – the lobbyists.

Prior to embarking upon a more detailed analysis of the approaches taken by various countries, an overview shall be given on the most essential elements that may be included in the regulation of lobbying.

**The definition of lobbying/lobbyists.** In all cases when lobbying is directly regulated, the acts of legislation should either provide a general definition of lobbying/lobbyists, or state specifically to what persons it refers. Usually such definitions included in the laws do not cover all the lobbyists, but only certain categories, for example, those who engage in lobbying on behalf of a client for remuneration.

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<sup>19</sup> Dahl, R. A. *Dilemmas of Pluralist Democracy. Autonomy vs. Control*. Yale University Press. (1982). pp. 40–44.

<sup>20</sup> Dahl, R. A. *A Preface to Democratic Theory*. The University of Chicago Press. (1956). p. 150. True, in the subsequent publications Dahl admitted that later he would have chose a more cautious formulation. This caution is related to the fact that the opponents ascribed to Dahl and other pluralists statements that all groups have equal abilities, resources and influence. See Dahl, R. A. *Dilemmas of Pluralist Democracy. Autonomy vs. Control*. Yale University Press. (1982). pp. 207, 208.

**Registration.** One of the most widespread elements of lobbying regulation is the register of lobbyists. Usually it means that lobbyists have to register either mandatorily (as a precondition to be allowed to lobby) or voluntarily (sometimes in order to receive a certain privilege), for example, at the register maintained by the parliament which, moreover, usually is freely accessible to the public. The meaning of the register is to allow all the interested parties to find out, which the persons engaged in lobbying either at the parliament or any other institution are.

**Transparency.** Alongside the demand to register, which as such ensures certain transparency, lobbyists sometimes have to fulfil other demands with regard to transparency. Namely, they may have the obligation to disclose their identity, the sphere of their interests, specific issues they are lobbying, concrete officials, the time and place and the type of contacts, the remuneration received for lobbying, the clients who have commissioned the lobbying, etc. The main advantage of such demands is that it allows the electorate to gain a more comprehensive knowledge of the way certain political decisions have been prepared and made.

On the other hand, certain difficulties are linked to the fact that in the case if the lobbyists and/or the lobbied officials have no wish to do it, it is very difficult to force them to disclose the requested information – the lobbying contact may be secret, it might take place in a private space, and it might be very difficult for the controlling agency to discover it. In order to control such contacts contrary to the wish of the lobbyists and the lobbied officials, most probably, a special supervisory mechanism would be needed, that could never have sufficient resources and would interfere into the privacy of people to such an extent, that this system, perhaps, would contradict the rights to privacy.<sup>21</sup>

The demands for transparency might include duties not only with regard to the lobbyists, but also to public institutions – for example, a duty to include in the explanatory notes to the draft law information on organisations and persons consulted in the course of the development of this project.

**Accessibility.** Accessibility is an element of lobbying regulation that pertains more to the rights of the lobbyists and not their duties. Various regulations of lobbying define the rights of lobbyists that make for them access to officials and information easier, for example, by providing passes. This element also includes guaranteed rights to contact policy makers, the rights which in various stages of policy making process are enjoyed by NGOs and other private persons. Even though these are difficult to exercise, such guaranteed rights could be of special importance to weaker organised groups.

Studies have proved that various social groups have very unequal abilities to get organised for the representation and lobbying of their interests. For instance, as professor Mancur Olson once argued: “[...] large or latent groups have no tendency

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<sup>21</sup> See: Council of Europe. Convention for Protection of Human Rights and Fundamental Freedoms. Article 8. – *Right to respect for private and family life*. <http://conventions.coe.int/treaty/en/Treaties/Html/005.htm> Last accessed 22.10.2004.

voluntarily to act to further their common interests. [...] the unorganized groups, the groups that have no lobbies and exert no pressure, are among the largest groups in the nation, and they have some of the most vital common interests."<sup>22</sup> Access to officials and information or, to put it in one word, – accessibility as such does not solve the problem of poor organisation for large groups. However, improved accessibility may help to defend their interests to such groups that do not have strong organisations, but are not totally unorganised either.

**Norms of conduct/ethics for lobbyists.** Those states and institutions that have regulation of lobbying in place tend to define certain norms of conduct for lobbyists. These norms might include, for instance, a prohibition to pay or to provide other material or intangible benefits to officials, the duty to disclose to the officials their own identity and that of their clients, the duty not to engage in simultaneous lobbying on behalf of contradictory interests, the prohibition to sell public information obtained through lobbying, the prohibition to pose in relations with third parties as a person belonging to the institution where lobbying is done, etc.

**Norms of conduct/ethics for officials.** Various acts of legislation, codes, guidelines and other documents are used to regulate the conduct of officials vis-à-vis lobbyists. These norms might include the duty to declare the income and the property of the official (their origin may be connected to the lobbyists), prohibition to accept gifts and other benefits from third persons, prohibition to enter employment relation with third persons (thus – with a lobbyist or his clients).

**Permanent/institutionalised forms of cooperation.** With the aim of making lobbying more systematic, more transparent, make the optimum use of the time and other resources of state institutions allocated for lobbyists, permanent and institutionalised forms of cooperation are sometimes developed, for example, advisory councils. One of the main advantages of such forms of cooperation is the predictability and transparency they give to the lobbying process. The disadvantage of such form of cooperation is that it demands drawing a certain border between the organisations/partners involved in the process and the rest.

Apart from the specific elements of regulation two other aspects, characterising the style of regulation, should be taken into consideration.

First, the regulation may be basically of voluntary or basically mandatory character. Namely, the regulation of lobbying may impose such duties that are binding to the persons wishing to engage in lobbying – in such situations it is possible to talk about the mandatory principle, because, unless these duties are met, lobbying is prohibited. The principle of voluntariness is different, according to it the lobbyist may voluntarily assume certain responsibilities and is granted for that

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<sup>22</sup> Olson, M. *The Logic of Collective Action. Public Goods and the Theory of Groups*. Harvard University Press. (1971). p. 165.

some privileges/additional rights. A typical example of such use of the principle of voluntarism, is granting the passes for entering the parliament if the lobbyist registers. From the perspective of this research the dividing line between the mandatory or voluntary character of the regulations is not the fact whether the regulation has a legal force, but whether the regulation is based upon coercion.

Secondly, the regulation may be externally determined or take the form of self-regulation. There are countries with the existing practice that the lobbying is regulated by normative acts passed by public institutions, as well as cases when lobbying is regulated by lobbyists' organisations or associations themselves. The self-regulation has the following advantage that the public institutions do not have to carry the burden of enforcement costs and that the lobbyists do not feel at least direct external restrictions. At least in some cases the situations are possible that the lobbyists themselves adopt a regulation of their own activities, in order to avoid stricter regulation that would be adopted by public institutions.<sup>23</sup>

Whatever the specific elements of a particular regulation are, it is of crucial importance to define the aim of the regulation. Moreover, the definition of this aim might turn out to be a much more complex task than it seems at a first glance. For example, the regulations might be aimed at ensuring equal opportunities and at enhancing the public trust – which may turn out not to be one and the same. The registers and the procedures for recognition create threats of discrimination, but might also enhance trust. Self-regulation is more open, ensures equal rules of the game, but might not increase trust. The issue of the aim of regulating lobbying is discussed in greater detail in section 5 of this research paper "Policy options."

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<sup>23</sup> Greenwood, J. *Representing Interests in the European Union*. Macmillan Press Ltd. (1997). p. 87.

### 3. Lobbying in Latvia

This section should start with disclaimer, namely, that the groups of the interviewees, as well as the issues covered do not reflect lobbying in general, but predominantly lobbying for a remuneration and lobbying in the own interests of an organization's members, less attention is paid to the lobbying for public benefit. This choice was determined by two considerations. First, commercial lobbying and the lobbying done by organisations in the economic interests of its members are the ones with greater risks for corruption – the motivation of the lobbyists is primarily selfish. Secondly, as was already mentioned in the Introduction of the research paper, the lobbying for public benefit in Latvia has been already studied, and other research projects in this field are underway.

Since the restoration of independence lobbying in Latvia has had two key features:

- manifest informal character of lobbying and
- distrustful attitude towards lobbying in part of society.

An important feature of lobbying in Latvia is its *clientele* character. The term “clientelism” denotes informal power relations between individuals and groups of unequal status, which is based on the exchange of benefits. In smaller communities or primitive societies the person with a higher status (the patron) uses his authority and resources to protect someone with a lower status (the client) and to provide him with certain benefits in exchange for support and services. In more complex societies the patrons may be the so called gatekeepers and the intermediaries who establish links between the central power, which distributes resources, and the masses that provide remuneration.<sup>24</sup> In Latvia a professional and influential lobbyist sometimes is similar to this patron who has access to such resources that are inaccessible to others, for example, his acquaintances in political circles, which ensures that he is listened to and in a successful case he is able to obtain resources.

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<sup>24</sup> Bogdanor, V. (Ed.) *The Blackwell Encyclopaedia of Political Science*. Blackwell. (1993). p. 108.



Such clientelist relations very frequently are manifestly personal. In addition to the fact that the circle of individuals who are involved in lobbying in Latvia is limited, personification of lobbying in their view makes the necessity of institutionalising this field redundant. Among lobbyists, their clients and the “objects” of lobbying, i.e. the politicians there is no such distance that would create such uncertainty calling for formalised procedures. The following quote from the interview with a professional lobbyist also indicates the informal and even the hidden character of lobbying in Latvia: *“Lobbying in Latvia began as grey lobbying, as a system of pulling strings. Even the parties developed in such a way as to become surrogate lobbying [...] many issues are still settled by using connections and pulling strings.”* (Interview No. 1)

This was confirmed by a long-standing former Saeima deputy and the managing director of the Latvian Port Association Kārlis Leiškalns in his presentation at the conference “Lobbying or why companies and associations should influence the decisions in the European Union” in February 2004: “Latvian society is very compact, therefore – corporative, and the distance between the one representing certain interests and the decision taker, in this case – the legislator, is very short.”<sup>25</sup> With regard to this “short distance” the presentation also mentioned that: “Almost any individual or their groups are able to access the decision makers without intermediaries – to access the deputy of the Saeima or a minister and to ensure that his opinion is included in the agenda of the decision maker.”<sup>26</sup> Even if it seems to be an exaggeration that this accessibility is open to “almost any individual,” the circle of people in Latvia that are at least trying to influence the review of certain political issues, is relatively small, and therefore it most probably indeed makes the politicians more accessible for contacts.

The interviewed lobbyists and the representatives of associations in the interviews usually indicated that the attitude towards lobbying in Latvia tended to be very contradictory. Lobbying is perceived both as something akin to corruption and as a necessary element of political process: *“The attitude in Latvia is dual. One is – the stealing of state. [...] The other – lobbying is not perceived as an evil, but as an absolute necessity. [...] I do not know where it has very positive connotations, perhaps only in Anglo-Saxon countries, where the utmost transparency is ensured.”* (Interview No. 7)

The interviewed were also mentioning very specific prejudices with regard to lobbying: *“It is very difficult to lobby on the ministerial level. A certain ministry, as soon as it senses that you want to find something out, says – there is a certain company behind you. They hide data, you have to search for draft laws like Holmes. The attitude is very negative in all that is related to alcohol and tobacco.”*

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<sup>25</sup> Leiškalns, K. *Pieredze par interešu sasniegšanu lēmējvaras līmenī Latvijas Republikā [The experience of interest realisation on the level of legislature in the Republic of Latvia]*. Presentation handouts at the conference “Lobēšana jeb kādē] uzņēmumiem un asociācijām ir jāietekmē lēmumi Eiropas Savienībā” [Lobbying or why companies and associations should influence the decisions in the European Union]. Riga, 26.02.2004. p. 4.

<sup>26</sup> Ibid.

*There is almost something close to hatred in this. And the perception is – if there is a certain company behind you, it is something bad.*” (Interview No. 3) Thus this interview shows that part of civil servants perceive the fact itself that a lobbyist is working on behalf of a private person, as something illegitimate. Such an attitude might prompt the lobbyist to work in a more closed style, not to reveal the true motivation of his activities and his clients. *“If a lobbyist reveals his activities, his clients, he is seen as a crazy person. In personal relationships it is easier not to reveal your client, because I can say – I need it, not that the client needs it.”* (Interview No. 3) This opinion allows concluding that in order to promote greater transparency in lobbying a more positive approach or at least a neutral-understanding attitude towards lobbying that takes place within the framework of legal and ethical norms should be fostered.

### **3.1. The understanding of lobbying by lobbyists and who are the lobbyists in Latvia**

#### **3.1.1. The understanding of lobbying by lobbyists**

The interviews with professional lobbyists and the representatives of associations started with a request to explain what is their own understanding about what lobbying is. The aim of this question was to identify whether and to what extent the understanding of lobbying by those people who engage in lobbying in Latvia conforms to the understanding of lobbying found in the academic and professional literature published outside Latvia. The explanations given as the response to this question confirmed that the understanding of lobbying in general by lobbyists confirms to some of the concepts related to lobbying shown in Figure 1 – communication, government relations, public affairs and interest representation. True, the classification of the specific interpretations of lobbying, following from the interviews, differs from the classification found in literature. The comparison of the two classifications is shown in Table 1. The explanations offered by the interviewees on what lobbying is may be summed up in the following classification, consisting of six elements:

- **Interest representation.** Not only the people interviewed in this research project, but also the authors of literature on lobbying sometimes use the term “interest representation” as a synonym to the word lobbying. As one professional lobbyist told: *“Lobbying is representing the interests of a company or a non-governmental organisation in relation to state power on all levels – starting with building permits and ending with the adoption of laws. It is a struggle against the state – to see to it that the state would not violate these interests and the law, to ensure normal continuity.”* (Interview No. 2) Thus in the process of lobbying the interests of private persons are made known to state institutions, thus it is possible to talk about interest representation. In accordance to such formulation lobbying is a legitimate activity safeguarded by civil rights.

- **Communication or information mediation.** This interpretation of lobbying is close to the representation of interests, however, in this case the lobbyist's role is more passive, namely, and it is being reduced to the information intermediary: *"Lobbying is the right to be heard in the policy making. [...] An ethical lobbyist is an information mediator, an intermediary between the decision maker and the client."* (Interview No. 5)
- **Achieving, influencing or preventing decisions.** This is sometimes considered to be the core of lobbying and simultaneously also – the one aspect of lobbying posing the greatest risk of corruption. True, it is also possible to influence the decision making by legitimate means: *"Achieving that decisions are taken – the decisions that are needed and profitable for oneself – by influencing those who would make the decision prior to the making of decision. Using public pressure, discussions, meetings, convincing."* (Interview No. 6)
- **Development of argumentation.** This aspect of lobbying is closely related to influencing decisions, it could be even regarded as one of the means for influencing decisions. However, the task of the lobbyist may be limited to the development of the argumentation, influencing of the decision being then left in the care of the client. One lobbyist explained his job as indeed looking for arguments: *"I am a lobbyist, there is no doubt about it. My job is to find arguments in order to arrive at such decisions that would be most beneficial [for the clients]."* (Interview No. 6)
- **Selling one's expertise or consultancy.** The activities of a professional lobbyist may exclude contacts with the respective public institutions, instead of that the lobbyist may act as a consultant to his client with regard to the decision taking process. *"A professional lobbyist sells the expertise related to the process. Clients very often have no knowledge of the process. There are mechanisms that determine at which point the representatives of the public get involved."* (Interview No. 2) *"The client needs to be told with whom to talk."* (Interview No. 7)
- **Mediation in re-allocation of resources.** A mediator in re-allocating resources – this was the description used by a professional lobbyist in the interview to characterise unethical lobbying: *"In the case of unethical lobbyist [other lobbying activities] are supplemented by mediation in the re-allocation of resources."* (Interview No. 5) To be more specific, the mediation in re-allocating resources refers to those cases when a private person is employing a lobbyist with the aim of, for instance, ensuring state budget funding for a specific project. In exchange for the granted state funding for the project a donation to a political party might be necessary – to a party that has helped to take the decision or is promising to do so. The lobbyist in such cases is functioning as an intermediary. In this regard lobbying almost always overlaps with corruption, including such types of activities as mediation in bribing an official or mediation in financing political parties, which in Latvia almost automatically involves violation of the law.

The left column in Table 1 offers the classification of lobbying that follows from the opinions expressed by the Latvian lobbyists in the interviews. The right column

offers approximately corresponding terms to each of the interpretation of lobbying, that were already discussed in the first section “What is Lobbying.”

**Table 1.**  
**Classification of lobbying: various interpretations and concepts**

<b>The understanding of lobbying by Latvian lobbyists</b>	<b>Concepts related to lobbying (Figure 1)</b>
Interest representation	Interest representation
Communication or information mediation	Public affairs
Development of argumentation	Public affairs and government relations
Selling of expertise/consultancy	Government relations
Achieving, influencing, avoiding decisions	
Mediation in re-allocation or resources	

### 3.1.2. Who are the lobbyists in Latvia?

The answers to the interview questions allow making the classification of the lobbyists active in Latvia. Lobbyists may be divided into two most significant groups. The first group includes separate companies or sector associations. Here the companies alone or jointly attempt to secure the desirable without using the intermediaries. Since the sector associations are organisations established by the companies themselves, these cannot be considered to be intermediaries. The second group covers the lobbyists that are functioning as mediators between the client and public institutions or officials. This group includes professional lobbyists, former politicians or other former senior officials or other persons that are relatively close to the political process, their formal status may vary. In reality it is difficult to draw a clear line of demarcation between the various types of lobbyists-intermediaries, because one and the same person may simultaneously belong to the group of professional lobbyists and be also a former politician. Brief characteristics of some of lobbyist categories follow.

- **Associations.** Within the framework of this research associations are understood as the public organisations of separate sectors of economy or professional fields. An important resource of associations in the context of lobbying is their ability to speak on behalf of the whole sector or at least part of it. True, the interviews reveal radically opposing views as to the efficiency of associations as lobbyists. This discrepancy of opinions is illustrated by the two following views: *“I am glad to see that during the last five years associations are increasingly better able to reach agreements.”* (Interview No. 7) and

*“Associations are weak. There is no solidarity among the companies – unless there is some really crucial issue that threatens the whole sector. [...] Gambling is such an example. It is a never-ending story about the fight of interests. They are even starting reciprocal self-destruction, it starts causing losses. [...] The central union of dairy farming is able to mobilise only if it is really threatened. Even in cases when a neighbouring country imposes ungrounded sanctions, they are unable to unite and put forward a joint announcement.”* (Interview No. 5) However, the fact that the involvement of these associations in the political process is perceived as being more legitimate than the participation of separate companies is mentioned as the advantage of the associations. The ability to distance themselves from the interests of a single company, in order to unite around the common interests is mentioned as the precondition of success. *“The associations will not allow a situation that its leader is representing only one single company. It is not easy, but they manage to find a common denominator. [...] [Association X] is influential because all the disputes are first solved among ourselves. There are no individuals discussing only their individual cases. We expelled [company x] because they were constantly talking only about themselves.”* (Interview No. 7)

- **Separate companies and their representatives** are predominantly viewed as being less legitimate and less influential: *“A representative of one company is not as effective [compared to a sector association].”* (Interview No. 8) The exception is lobbying with the help of bribery, in this case one large company or one prosperous entrepreneur is able to achieve the desirable: *“[Within corrupted lobbying] one company can succeed, yes, indeed! Nothing else is needed. Those who are involved in corruption avoid associations like bats daylight, or they establish their own organisations [...].”* (Interview No. 8)
- **Professional lobbyists.** This group includes people and companies that offer lobbying, interest representation or public affairs as a service for fee. The interviewed deputies of the Saeima usually do not mention this type of lobbyists as the ones they have been cooperating regularly with. One type of professional lobbyists are the former politicians or other former senior officials, who, by becoming lobbyists, sell the resources that they have collected during their term of office as politicians or senior officials. These resources (more on lobbying resources see section 3.2) are mainly knowledge of the policy making process and the personal contacts developed during their period of political activity/term of office.
- **Other people “close” to the political process and people with varying formal status.** This group of lobbyists cannot be clearly defined, and it is difficult to give a precise estimate of its importance. This group includes both people who work in various assistant positions with the politicians, as well as other people having some kind of links with political environment: *“We often see the assistants of the deputies, advisors of political factions engaged in lobbying.”* (Interview No. 2) The vague characteristic of these people offered by some interviewees is significant: *“Others are simply “nice people,” who are able “to find solutions”.”* (Interview No. 5)

**Box 1.**  
**The offer of professional lobbying services**

***Baltijas komunikāciju birojs [Baltic Communications Office]***  
**Lobbying; drafting and implementation of normative acts**

[..] Time has brought changes into the approach towards lobbying in this country. It is no longer perceived as being connected to bribing senior public officials, it is perceived as a professional activity that uses unbiased and positive publicity to influence favourably the views of civil servants. However, it has to be admitted that hiring of a professional lobbyist frequently turns out to be a serious shock to the budget of any company; therefore the most convenient solution is to trust professional public relations companies, which are able to provide similar packages of measures for much lower costs.

A precondition for successful functioning in the field of lobbying is a nuanced knowledge of the decision making procedure, the mechanism of consultations, as well as being acquainted with the responsible officials. Specialists consider that lobbying is one of the most complicated fields of communication requiring a high level of competency. [..]

Our expertise, knowledge and contacts with various state institutions have allowed us to develop a reputation of professionals in the field, enabling us to help our clients. Moreover, quite frequently help is needed during the initial stage of lobbying. Thus every day more than 100 various normative acts are passed in Latvia. It is not an easy task to draft them, besides you do not always have the time to carefully consider the interests of your company in the drafting of the respective normative act. Trust us, and by joining forces we shall be able to reach a positive decision in the fields of your interest!

Source: <http://www.bkbirojs.lv/pakalpojumi09.htm>

***Best Point Station***  
**Lobbying**

Protecting and also popularising clients' interests in state institutions as well as in other target groups.

Source: <http://www.bps.lv/lv/index.html>

***Consensus PR***  
**Public Affairs**

We have an excellent track record in influencing governmental and municipal institution outcomes. The experience gained by Consensus president Maris Gaudins as a former Latvian MP has been invaluable in impacting tax, transportation, licensing and intellectual property issues with particular emphasis on a smooth harmonization to EU standards whilst protecting client interests. Maris Gaudins has been acknowledged by MPs to be the most effective, ethical lobbyist in Latvia.

Source: <http://www.consensuspr.lv/eng/index.htm?i=3&l=pakalpojumi6.htm>

***Hill and Knowlton*****Formation of public opinion**

Most probably you have experienced that good projects, recognised by professionals, and Big Ideas, after encountering lack of understanding and opposition of the public, remain unfulfilled. The losses created by such unimplemented projects are painful not only financially, but also emotionally. Especially so if you clearly understand that society would only benefit from your idea. It is possible to explain to the public the protest of the owners of small garden lots against the racing grounds that you want to build in place of the burnt down sheds, it is possible to calm down the greens, the blues and even the reds, but what to do if the obstacle to your idea is an incomplete law or an inconvenient decision taken by the shareholders? Who is going to protect your interests, help you create a favourable impression in the institutions that are crucial in taking the decision in your favour, who will turn your interests into public interests? Source: <http://www.hillandknowlton.lv/lat/piedavajums03.html>

***PBN Company*****Government relations**

The PBN Company specializes in identifying and overcoming key government and regulatory issues that could hamper or somehow threaten our clients' business expansion in certain countries or regions. We work to build political, government and regulatory support for our clients' key business objectives. We succeed by matching up our client's corporate interests with the national interest of the countries in which they operate. The PBN Company builds coalitions and strategic partnerships for our clients seeking changes in government priorities, policies, laws and regulations. The firm develops and lobbies specific regulatory and legislative initiatives and provides access to key government, executive and parliamentary decision makers. We also advocate for compliance with international standards of laws and regulations.

The PBN Company observes the highest standards of professional ethics in its government relations practice and employs state-of-the-art grass-roots and electronic communications techniques.

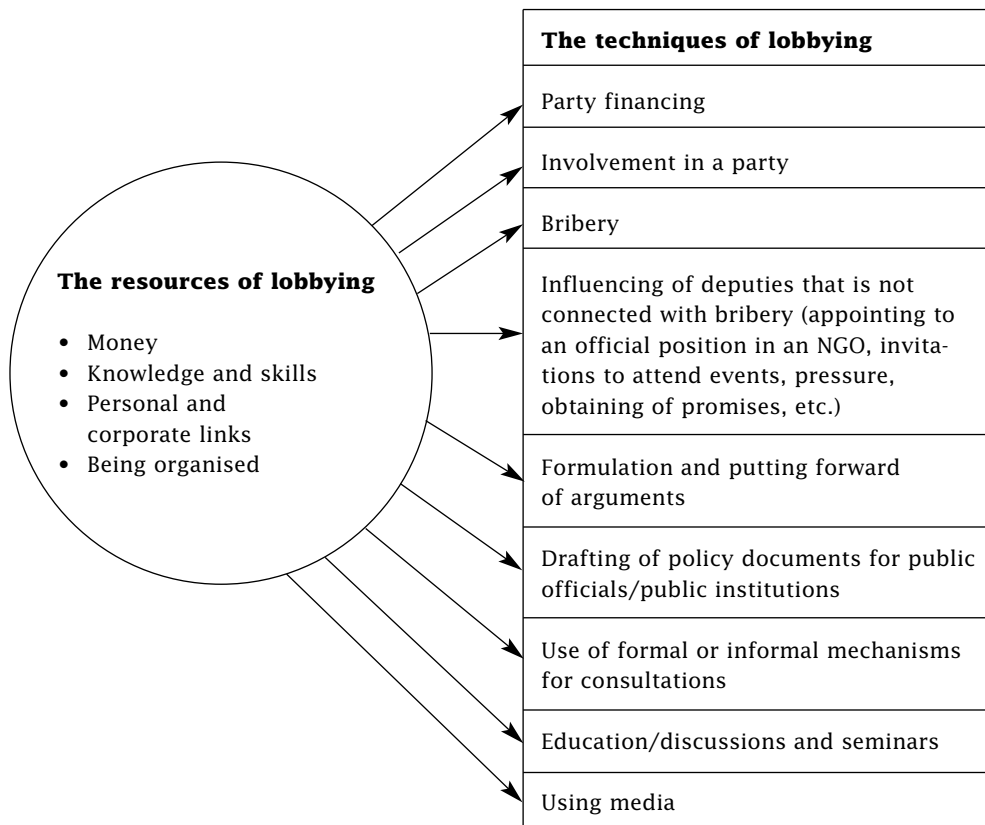
Source: [http://www.pbnco.com/eng/services/government\\_relations.php](http://www.pbnco.com/eng/services/government_relations.php)

## **3.2. The resources and the techniques of lobbying**

The objective of this section is to provide answers to the question what resources are necessary for lobbying and what the techniques of lobbying are. The question of resources is important, because the availability or the lack of adequate resources to a large extent defines the circle of persons who are able to engage in effective lobbying at all. The question about the way the lobbyists

work, in its turn, deals with the working techniques or methods used by the lobbyists. Frequently it is the choice of the lobbying techniques that allows determining whether lobbying is legitimate or illegitimate, legal or illegal.

**Figure 2.**  
**The resources and the techniques of lobbying**



### 3.2.1. The resources of lobbying

The interview material on the resources necessary for lobbying allowed identifying four groups of resources – money, knowledge and skills, network (including access to mass media), being organised. This classification is based on a definite number of interviews, thus it cannot be exhaustive, however, it seems all the most essential aspects are covered.

**Money**, of course, is necessary to provide for the needs of the lobbyist himself; however it is also used to ensure the attention of the politicians and sometimes – the passing of a favourable decision. Furthermore, even though the normative



regulation allows some payments and prohibits others, in many lobbying situations this line of demarcation may be devoid of a fundamental meaning. Lobbying which takes place within the allowed zone of the strict legal regulation, may even turn out to be marginal.

**Knowledge and skill.** One of the most important resources is the lobbyists' ability to offer to the clients their knowledge of the political process. Also in the lobbyists' relations with public officials competence is an important resource, but in this case it is the competence in the respective field the client is interested in.

There are different views among the lobbyists if and to what extent the public officials are aware of the importance of the information and expertise that is at the lobbyists' disposal. One lobbyist indicated that the past is having an adverse impact upon the attitude taken by the institutions: *"Sometimes state institutions need private experts. [...] for example, the ministry does not have the experts that [name] company has. However, in the past state institutions have not really felt the lack of information. They used to think that they had the best knowledge. Now they at least have to indicate in the explanatory notes to the draft normative acts who they have consulted with."* (Interview No. 1) Another lobbyist indicates the constantly growing significance of lobbyists as a source of information: *"The lobbyist as a source of information – the state institutions do understand that. It happens more frequently. The decisions are taken after consultations with the experts of the field. The decisions are tested in consultations with the experts of the sector."* (Interview No. 5) The last quote, however, is placing a stronger emphasis upon the representatives of the sector and not upon professional lobbyists as the source of information.

The deputies of the Saeima also indicate that in order to fulfil their functions they have to be in contact with different representatives of the society, that without such contacts they are unable to work. A former deputy described his experience: *"I have also received proposals from [...] association. They really created me as a person competent in public policy. I count on receiving support with corresponding proposals."* (Interview No. 6)

An effective lobbyist needs a range of practical skills. In the interviews the skill of argumentation was mentioned as one of the most important or even the most important one. This skill is closely related to knowledge and competence, but primarily it is related to the lobbyist's skill to transform knowledge into effective arguments.

**Personal and corporative ties** facilitate the lobbyist's access to policy makers, mass media representatives and other persons that are important in the lobbying process. Almost all lobbyists indicate that personal contacts with public officials are almost a mandatory precondition for engaging in lobbying. These are also needed to make the lobbyists credible in the eyes of the client and to establish an easier communication with officials. In the absence of such personal ties, they have to be developed.

Different lobbyists put emphasis upon different aspects of the personal and corporative ties. One of the interviewees indicated that the lobbyist has to be recognised by all the parties involved in the process: *“The lobbyists should be recognised by all the parties – clients, deputies, ministers, civil servants.”* (Interview No. 2) Another lobbyist stressed the importance of being close to the political circles: *“One has to have the feeling of security in relations with lobbyists – it is very good if they are linked or are close to the parties.”* (Interview No. 7)

The personal relations among other things decrease the possible sense of distrust felt by the officials towards lobbyists, it also facilitates communication by removing a series of obstacles. These advantages offered by personal acquaintanceship may seem to be trivial, but are important, for example, it is much easier to communicate with an official if one can call him on his mobile phone at any time, without requesting such a conversation via his secretary. However, such personal relationship may allow legal, but from the point of view of legitimacy – ambiguous lobbying. An example of such lobbying would be the case told by a lobbyist and a former Saeima deputy: *“There is the lake [x], but the rights to fish of one person were forgotten. So the mayor of the city [x] was the one who said – I have a certain interest in granting these rights, it is not an important case, but it is quite essential for my family. How could I refuse him? So I submitted this proposal, after all, the mayor of [x] city is quite an influential person. Everyone [belonging to x party] supported it and voted for it. These are personal ties, but is also lobbying. It is rather simple to get favourable decisions here in Latvia, because the distance is very small.”* (Interview No. 6)

The personal and corporative ties include also links with mass media, which in their turn grant to the lobbyist the possibility to create public interest in the lobbied issue. This resource is related not only to lobbying in the narrow understanding of the term, which primarily covers contacts with officials, but also – the ability to function efficiently in the so-called sector of public affairs.

**Good organization** or the ability to cooperate is one of the most important resources for the collective lobbyists, such as associations. In such a case the ability to cooperate openly and to reach an agreement on shared interests is of crucial importance. One lobbyist indicated that lobbying had been unsuccessful in the case when the level of organization or the capacity for open cooperation was insufficient: *“One professional group was discussing whether they would be able to reach an agreement about one specific project. The project did not gain momentum, because some of the members had managed to sell their own interests to the Saeima. Other members ended up being losers. Some members of the group happen to have a double agenda, and that disrupts the whole process.”* (Interview No. 4)

### 3.2.2. The techniques of lobbying

In the interviews the lobbyists were also asked about the techniques used for lobbying. The techniques of lobbying mentioned in the interviews could be conditionally grouped into several categories, depending upon the range of actors

towards which the lobbying is directed. True, these categories are conditional in the sense that some specific techniques of lobbying may not be classified as belonging only to one certain category. This research identifies the following categories of lobbying techniques:

- directed towards political parties (party financing and joining a party);
- directed towards a particular official/the Saeima deputy (soliciting favours/ bribery, other types of influencing not related to bribery);
- directed towards policy makers (formulating and putting forward arguments, drafting of policy documents);
- directed towards various participants of the political process and the general public (use of formal and informal mechanisms of consultation, education/discussions and seminars, using media).

### Directed towards political parties

**Party financing** in the context of lobbying means reaching the desirable decision with the help of party financing (i.e., via the political foundations of parties and other intermediaries), which is to be considered corrupted, if such a financing violates acts of legislation.<sup>27</sup> Several of the interviewed lobbyists unequivocally considered this technique to be the most effective. The views on the legal donations were contradictory: *“Of course, legal financing of parties is possible. It is more effective.”* (Interview No. 6) and *“The companies that are registered in Latvia have certain advantages, because they can donate legally. This is the thin layer of civilisation that separates us from the brute power of money.”* (Interview No. 1) However, the view that legal financing is of little significance was also quite frequently encountered, especially because it is unable to compete with the illegal money flow: *“[Legal donation] will be symbolic compared to the illegal cash-box.”* (Interview No. 8) And yet lobbyists in both the cases feel quite sceptical about the possibility of attracting the politicians’ interest in a longer-term without paying money: *“One [client] had the idea to donate legally, but then one of them was as if heard by a new party. He was really excited that this party had listened to him. But he won’t be able to maintain the attention of politicians for long.”* (Interview No. 3)

**Joining a party.** An alternative technique using a party as the channel for interest representation is the lobbyist himself joining the political party and becoming an elected representative in the Saeima or becoming other public official.

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<sup>27</sup> Some of the most important provisions on financing political parties in Latvia are as follows: only natural persons are allowed to donate to political parties, a natural person is allowed to donate to one political party no more than 10 000 lats per year, within ten days after the receipt of such donation the party has to publish the information on this donation on the Internet, it prohibited to fund parties using third persons as intermediaries, etc. // Politisko organizāciju (partiju) finansēšanas likums [The Law on Financing Political Organisations (Parties)]. Published in *Vēstnesis*, 02.08.1995, No. 114. Amended.

This can be only conditionally regarded as a lobbying technique, since the model of lobbying when a private person defends his interests in interaction with public officials, disappears. Such a technique of pseudo-lobbying can be used in a situation when the parties are predominantly formed as organisations representing particular private interests, not as the definers of broad political platforms and mobilizers of the appropriate support.

### **Directed towards a particular official/a Saeima deputy**

**Soliciting favours/bribery.** Bribing individual deputies is a lobbying technique which is linked to corruption; it is a corrupted lobbying technique, which can be used under certain conditions. First of all, the deputy to be bribed has to be in a position to influence the attitude taken by other deputies – as one of the interviewees put it – he has to be an *authority*. Secondly, the lobbyist has to have a thorough knowledge of the process in order to identify the particular person which would be worth influencing in order to reach the desirable result.

Lobbying with the help of bribery is also payment after the decision has been taken and linking the payment amount with the result reached: *“Foreigners sometimes offer money post-factum”* (Interview No. 1), i.e., if some kind of result is reached – the better the result for the payer, the larger the payment. One lobbyist told about a politician who had said after voting: *“It is a pity that we did not agree upon three times higher tariffs. Then we would be paid three times more.”* (Interview No. 1)

One of the lobbyists said that the possibilities of bribery increase if the Saeima deputies do not feel sufficiently competent with regard to a certain issue, in such cases they tend to rely more upon the so-called authority: *“When the decision making competence is so low that they rely upon the authority of the leader... For example, insurance, many people consider this sector to be in a mess. They understand nothing – neither what a premium is, nor what the insurance of civil liabilities means, i.e., in cases when the insurance object is intangible, then they rely upon the authority. On the surface everything seems to be honest, but this authority might be involved in corruption.”* (Interview No. 6)

**Influencing deputies by means that are not related to bribery.** This is the case of using such techniques that help to influence the attitude taken by a deputy, but does not involve bribery and at least legally may not be qualified as bribery. The law, for example, allows the Saeima deputy to have a position in an NGO, including organisations engaged in lobbying. Moreover, the deputy is allowed to receive remuneration for carrying out these responsibilities.<sup>28</sup>

Another method, which was most frequently mentioned in the interviews, in order to attract interest to one’s own issues, is exerting continuous and persistent pressure, for example, constantly getting in touch with the deputies and reminding

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<sup>28</sup> Likums “Par interešu konflikta novēršanu valsts amatpersonu darbībā” [The Law “On Preventing the Conflict of Interests in the Activities of Public Officials,” Article 7.2 and Article 9.1]. Published in *Vēstnesis*, 09.05.2002, No. 69. Amended.

them of the particular issue. One of the interviews said that one means of exerting such pressure is to get the politician to make a promise: *“If during an individual meeting a politician has agreed upon one issue, later it is rather embarrassing for him to step back.”* (Interview No. 1) Inviting the deputies to various events, presentations, etc, was also mentioned in the interviews as a lobbying technique with regard to particular people. Moreover, as one of the lobbyists admitted, if the deputy attends an event outside the Saeima, *“it is undoubtedly a very positive signal for the petitioner. It is really serious. Quite often such informal meetings show that the officials are interested.”* (Interview No. 6)

### **Directed towards policy makers**

The lobbying techniques that are directed towards policy makers may be also directed towards the Saeima deputies, however, in this case we are dealing with lobbying that directly assists the deputy or other public official in drafting a specific policy. The most important methods included in this category are drafting of arguments and policy documents, for example, preparing a draft law.

**Formulation and putting forward of arguments.** The significance of this technique to a certain extent depends upon the fact whether lobbying is legal or corrupted. *“If money is used as means, then the arguments are less significant – let the politician himself think about the arguments. However, it is good to have arguments, then there are better guarantees that the necessary decision will be taken. Those decision makers also want to see certain political benefits.”* (Interview No. 5) Since in the majority of cases when political decisions are taken arguments are necessary, then a skilful formulation of arguments to support a specific option may significantly increase the chances for this option to be approved.

**Drafting documents for public officials/public institutions,** for example, drafting of a project or a proposal for the deputy. One of the lobbyists, a former Saeima deputy, was describing such a practice: *“I have also had proposals drafted for me. With regard to customs tariffs hundreds of proposals were prepared [by company x]. I visited [company x], and they told me that there are many supplies, that shall never be produced in Latvia, but they had 10–15% customs duties. Then I spoke publicly, and I publicly referred to [company x] and I put forward these proposals. In this case the management of the company were the lobbyists.”* (Interview No. 6) A representative of an association also confirmed that such practice exists: *“We have drafted everything possible, from A to Z [documents, projects, argumentation].”* (Interview No. 7) This lobbying technique is very effective in the sense that the lobbyist keeps control over the way the issue is presented, down to the minutest details.

### **Directed towards various participants of the political process and the general public**

These lobbying techniques allow the lobbyist to create a favourable attitude towards a certain political issue among a wider circle of people. This circle might be some civil servants involved in the respective policy field, companies and

public organisations, up to broad social groups, which can be reached with the help of mass media.

**Use of formal and informal mechanisms of consultation.** A variant of this technique, used in order to reach as many of the involved parties as possible, is various institutionalised mechanisms, for example, the advisory committees established at state institutions. Another variant is gathering the interested parties informally, following the lobbyist's initiative.

A representative of one association very vividly illustrated the importance of harmonising the interests of various parties: *"There are three steps in lobbying. The first one is to gather everyone at a round-table. The second one is to make everyone put their hands on the table, so that they would not be hiding other interests under the table and would not engage in hidden deals. And then you have to turn all their noses into one direction, so that they would have a common understanding of things and processes."* (Interview No. 8) The same interviewee continued describing his experience, mentioning the importance of the attitude taken by various councils and the general public: *"Those lobbying techniques are, first of all, participation, presence in various advisory and strategic councils, for example, the Council of Economy. Your presence is very important, the presence of your competence and your advice. [...] The second one is vibrations, which have to be created in a specific moment, for example, when meeting various officials. And then the external circle. It is important to create a background, also – the support of people. It is important to create the background, the environment of opinions."* (Interview No. 8) These words of the association representative confirm that lobbying may also take place in an open way, involving all the interested parties, which is beneficial for the democratic political process.

**Education/discussions and seminars.** These lobbying techniques are useful, for example, in those cases when the development of an issue that the lobbyists are interested in or the making of a decision is hindered because the persons involved lack sufficient substantial information about the issue. An example of such lobbying would be a round-table discussion or a debate with experts, who might convince the decision makers: *"We work individually with the deputies and also with third parties. An example is round-table discussions with the participation of academics, unbiased experts who might be able to convince them."* (Interview No. 1) This group of techniques that might be especially useful when lobbying such officials, the lobbying of whom with other methods might be especially illegitimate, for example, the judges, includes also specially targeted educational events: *"In a small country the elites overlap. If there is a need to influence the judges, it is possible to speak to people who communicate with the judges. In the case of [...] we were organising educational events, during which the judges met with foreign experts. However, that demands large resources."* (Interview No. 1)

**Using the media.** Lobbyists use this technique to reach the desired result by mobilising the media and achieving favourable publications. Thus the issue is included in the public agenda, and the public opinion is shaped. Even though the

use of media might include also bribing the media, one of the lobbyists described working with media as the method that can be used if the client does not want to get involved in bribing the politicians: *“If the financial means [bribery – author’s note] is not a solution, then the public agenda has to be monitored. It is possible to sell to the politicians an issue that the public is interested into as an issue that is important for the public. The methods are – searching for allies and gaining the media support. Success is impossible without the right argumentation, without allies and the media support.”* (Interview No. 5)

### 3.3. Ethical or corrupted lobbying

The range of issues related to ethical and corrupted lobbying in the interviews was manifested predominantly as three questions: what ethical and what corrupted lobbying was or where the demarcation line should be drawn between these two types of lobbying; what the share of ethical and corrupted lobbying in the total amount of lobbying was, and what the advantages and disadvantages of ethical and corrupted lobbying were from the perspective of the lobbyists.

**What constitutes ethical and corrupted lobbying.** The interviews with lobbyists and the Saeima deputies rather clearly revealed the opinion that lobbying was unethical if included illegal payments or provision of other prohibited benefits. This attitude seems to be almost obvious, since people often tend to regard the illegal as being unethical. However, the interviewees indicated at least two other aspects that make the lobbying unethical.

One of these aspects is those cases when as the result of the lobbying a law is harmonised with particular, narrow interests. Even though there is reason to suspect that such tuning with narrow interests usually is the result of lobbying that involves payments, at least hypothetically it might not always be the case. One lobbyist related corruption exactly to narrow interests, not obligatorily with payments: *“No one has approached me and asked to “fiddle” with the law to make it conform to his interests. That would be corruption.”* (Interview No. 2) This lobbyist mentioned as an example of corruption the situation when the procedure of importing sugar from Estonia into Latvia and the amounts that were exempted from the payment of customs duties were changed several times. As the result of which there had been several periods during which private persons had imported cheaper sugar into Latvia on mass scale, afterwards selling it in Latvia – *“In that case you really got the feeling that sugar is like a vent. When someone needed it, it was turned on. Afterwards – turned off. That indeed is corruption.”* (Interview No. 2)

Another feature of the border line between ethical and unethical lobbying is whether the benefits the official receives from the lobbyist could influence his attitude. A lobbyist, on the basis of his past experience, formulated the view that the potential of the present to influence the official’s position is the line of demarcation that shows whether the acceptance of the present would be ethical or unethical: *“[At the time when I was a Saeima deputy, they gave to me crate of*

*beer as a present], and I started thinking – “this is the way it always starts – with a couple of beers.” But that did not change my attitude in the least! I believe that you can accept a crate of beer – that is nothing.”* (Interview No. 6)

**The advantages and disadvantages of ethical and corrupted lobbying.**

The advantages and disadvantages of ethical and corrupted lobbying from the perspective of the lobbyists was a topic that was especially singled out for the interviews. With regard to ethical techniques of lobbying the lobbyists and the interviewed Saeima deputies hold different opinions. Some of the lobbyists rather directly indicate that ethical lobbying is not very effective: *“In fact, ethical lobbying has no advantages. Perhaps there is less anxiety about possible falling into disrepute.”* (Interview No. 5) The disadvantages of ethical lobbying are seen in the fact that this kind of lobbying is a complicated, time consuming and expensive process, in addition to that it also creates a feeling of insecurity regarding the result.

It is possible that bribery creates a stronger sense of security with regard to the result. The lobbyists happen to have clients who have not even heard about ethical and open lobbying. On the other hand, large clients, disperse the risk by hiring various lobbyists – corrupted and legally working ones. Since traditionally corruption in Latvia is not perceived as being related to risk, then, taking into consideration the relative complexity and insecurity of results of the ethical lobbying, the choice of corrupted lobbying made on the individual level might be rational. The interviewed deputies of the Saeima, in their turn, predominantly deny the effectiveness of corrupted lobbying and insist that they have no experience of such lobbying practice.

Some of the interviewees, when discussing political parties, use business terminology. The parties are compared to business, in which a certain level of profitability has to be maintained. The representatives of these parties are called political entrepreneurs. These financial interests “beat” numerous other considerations. *“Political interests sometimes are replaced by economic interests. But the very basis is the profitability of the political business. The profitability has to be maintained.”* (Interview No. 5) Following from this concept of politics as business, it is understandable that lobbying, which is based upon money and is often hard to realise within strict borders of legality, is more effective than ethical lobbying.

Some of the interviews indicated that the non-corrupted lobbying had gradually become more or less effective only after the elections of the 8th Saeima and after the Cabinet of Ministers led by *Jaunais Laiks* (the New Era party) had started work: *“It is only now that you can start talking about lobbying. These are the new features brought about by the “new times.” Until Jaunais Laiks came into power the instances of [legal] lobbying were very relative, very sporadic, even though – sometimes they were successful.”* (Interview No. 8) It is impossible to verify the truthfulness of these assertions within the framework of this research, however, they indicate, that the scale of corruption might have decreased after the elections of the 8th Saeima. With the decrease of possibilities to achieve the desired



decisions with the help of illegal payments, the possibility increases that the effectiveness of legal lobbying will grow.

**The share of ethical and corrupted lobbying.** There are no safe methods allowing identifying the share of ethical and corrupted lobbying. Large amount of information on lobbying, especially – on corrupted lobbying, is unavailable. Moreover, in order to determine the share it is necessary to measure the total amount of lobbying in accordance with some objective criterion, however, the identification of such a criterion is disputable. For example, it is a contentious issue whether the total amount of lobbying should be determined according to the number of lobbied issues, the money spent in lobbying or according to another criterion.

However, such methodological difficulties do not preclude asking the lobbyists themselves about their perception of the share of ethical and corrupted lobbying. The majority of the interviewed lobbyists assessed the share of the ethical lobbying as rather small and even told that they had felt surprised when they had managed to achieve the desired results without paying money. However, some of them emphasized that ethical lobbying was the dominant form of lobbying (true, even they did indicate the presence of corrupted lobbying in the political process).

These are some quotes from the interviews that characterise the spread of ethical and corrupted lobbying: *“In general there are two companies that work ethically – [our company] and [the name of another company]. The other “public affairs” companies most often offer the easiest way – to pay. It gets even worse, not only paying through a third person, but paying to individual politicians – that is the worst.”* (Interview No. 1) *“We have had two contracts. I have nothing bad to say about it. It was surprising that you do not have to pay allways. The large clients disperse the risks – they conclude agreements with various lobbyists and also pay. I have had the feeling that money is being paid. You see that nothing happens, but then all of a sudden a small ventilation pane opens and everything changes instantly, even though before that you have been fighting like a bird beating against a glass. Two clients out of three have said that in case it was necessary they would pay for the bribe.”* (Interview No. 3)

Sometimes ethical lobbying is associated with foreign clients who perceive uncorrupted lobbying as more attractive, compared to the local ones; however, also foreigners are using corrupted methods: *“Ethical lobbying that might seem attractive to international companies.... But very often also foreign companies chose the easiest way, they offer paying directly to achieve a favourable decision.”* (Interview No. 1) Moreover, one of the interviews expressed the opinion that the share of ethical lobbying is rather small not only in Latvia, but also in other European countries: *“Latvia experienced culture shock. But in fact this proportion is the same in the European Union. The share of ethical lobbying is 10/20%. The unethical cases are not so visible in Europe, it is done by more sophisticated means.”* (Interview No. 5)

Finally, such view is common that corrupted lobbying in Latvia is widespread and almost inevitable (since the honest people are generally unable to make decisions at all): *“When taking the political decisions on investments, the political entrepreneurs decide in favour of their own interests. Those who are not political entrepreneurs are unable to take any decisions whatsoever, they are either incompetent or have no allies. [...] [During 10–15 years] we have had debates on ethical issues, but the amount of ethical conduct has not increased. There are some exceptions – some flashes. However, basically the decision making depends upon the same motives.”* (Interview No. 5)

The large share of corrupted lobbying creates difficulties for lobbyists wishing to offer the services of ethical lobbying. Professional lobbying as a legally functioning business is in a difficult position under the conditions of widespread political corruption, since the services of ethical lobbying are unable to compete. Therefore several of the interviewees perceive ethical lobbying as a business that has limited applicability, into which large investments should not be made and one that is demanded by a very restricted and, in a sense, marginal circle of client: *“The question – do we prosper... I would not invest large sums of money in this sector.”* (Interview No. 4)

## 4. The experience of other countries

This section offers an overview on the regulation of lobbying in the national parliaments of EU member states, at the European Parliament, the U.S.A. and Canada. In the majority of the EU member states lobbying is not regulated, and in general in none of the EU states the regulation of lobbying is as strict and detailed as in the U.S.A. and Canada.<sup>29</sup> Apart from Lithuania the strictest regulation on lobbying in the parliament is found in Great Britain and Germany. However, in these countries the regulation is not prescribed by the law and it covers only some lobbying related aspects. In other EU states, for example, in Austria, some aspects of lobbying are indirectly regulated (institutionalised social partnership for the involvement of social groups), Denmark (regulation on meeting with interest groups at the parliamentary committees), in France and Italy (in both countries – a procedure for issuing Senate passes to the representatives of interest groups and organisations), and in other countries. Almost every country has laws or at least the norms of secondary legislation that in one way or another deal with a certain aspect of lobbying – for example, on avoiding a conflict of interests for officials. Therefore, even if a particular country has no regulation on lobbying as such, this overview indicates that there is no direct regulation of lobbying and not that such regulation is fully non-existent.

Box 2 indicates the most important elements of lobbying regulation in various countries. A more detailed description of the regulation of lobbying at the parliaments of various countries follows after the table (or on the regulation of lobbying in general, if this regulation does not separate the officials of the parliament from other public officials). The cases of Great Britain, Germany and Lithuania will be discussed, since these are the EU member states with the

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<sup>29</sup> Lithuania is a kind of an exception among other European countries; it has a rather detailed lobbying regulation. However, the enforcement of this law is so problematic, that it cannot be considered to be fully functional. (See section 4.3 of the research paper.)

comparatively strictest lobbying regulation, also the case of the European Parliament, which is one of the most important lobbying arenas in Europe, as well as the U.S.A. and Canada that have very strict regulation on lobbying will be examined.

## **Box 2.**

### **The regulation of lobbying at the parliaments of the EU member states, at the European Parliament, the U.S.A. and Canada<sup>30</sup>**

#### **The European Union member states prior to the 1st of May, 2004**

##### **Austria**

Neither the National Council nor the Federal Council has a formal regulation of lobbying. Lobbying has been institutionalised within the framework of social partnership: the legislation process envisages consultations with “chambers” (the official representatives of interest groups) and other interested groups. The parliamentary committees may invite experts who represent the interest groups.

##### **Belgium**

There is no direct regulation of lobbying at the parliament.

##### **Denmark**

There are rules on accepting delegations by the parliamentary committees. The information on delegations is recorded into the archives and reports of the committees, the archive documents are publicly accessible. Prior to the visit the delegations have to submit the names of the delegation members and information on their affiliation. Those persons who have no real affiliation with the one who submits application have no rights to participate. During the meeting no debates between the delegation and the committee are allowed. The delegation is not permitted to ask questions to the committee. The written materials are stored at the archive of the parliament.

<sup>30</sup> The most important sources covering several countries:

- European Centre for Parliamentary Research and Documentation (ECPRD). *Parliamentary Codes of Conduct in Europe. An Overview*. (2001). <http://www.ecprd.org/Doc/publica/OTH/CodeConduct.pdf> Last accessed 30.07.2004.
- European Parliament, Directorate for Research. Working Paper *Lobbying in the European Union: Current Rules and Practices*. Constitutional Affairs Series. AFCO 104 EN. (2003). [http://www4.europarl.eu.int/estudies/internet/workingpapers/afco/pdf/104\\_en.pdf](http://www4.europarl.eu.int/estudies/internet/workingpapers/afco/pdf/104_en.pdf) Last accessed 20.07.2004.
- Open Society Institute. *Monitoring the EU Accession Process: Corruption and Anti-corruption Policy*. (2002). <http://www.eumap.org/reports/2002/corruption> Last accessed 30.07.2004.

**Finland**

No direct regulation. The representatives of interest groups are invited to the meetings of the parliamentary committees as experts, in accordance with the regular procedure.

**France**

At the Senate groups and organisations may apply for passes to the presidency of the Senate or the Collegium of Quaestors. If the conduct of the visitor at the Senate is inappropriate, he may be declared a *persona non grata*. The National Assembly has no regulation on lobbying. The deputies of the National Assembly are prohibited to use their status otherwise than for fulfilling their duties of the deputies, they may not accept mandatory instructions from groups or associations. It is possible to impose disciplinary sanctions for violations committed by the deputies of the National Assembly. The Economic and Social Council included in the Constitution is a permanent mechanism allowing the representatives of professional groups to express their opinions on draft legislation.

**Germany**

The Bundesrat has no regulation. At the Bundestag associations have to register to be listened to by the committees. Registration allows obtaining a pass. Upon registration the name of the association, the members of its council and board, the sphere of interests, the names of appointed representatives, etc., have to be declared. The register has no legal force – the Bundestag has the rights to revoke any pass and to listen to unregistered persons. For more detailed information see section 4.2.

**Great Britain**

The House of Commons has a register of interests of the members of the parliament, staff and journalists. The members of the House of Commons have also a code of conduct, which among other things covers also relationships with third persons. For more detailed information on the House of Commons see chapter 4.1.

The members of the House of Lords also have a public register of interests (paid consultations, financial interests in lobbying companies, and other interests). Those lords who provide consultations for a fee or who have interests in lobbying companies are prohibited from engaging in certain activities at the parliament such as speaking on behalf of the clients. The register of interests is maintained by a sub-committee of the Committee of Privileges, which has the mandate of investigatory powers.

Two associations of parliamentary lobbyists have voluntarily passed self-regulating codes of conduct and have created registers of lobbyists.

**Greece**

No direct regulation of lobbying.

**Ireland**

No direct regulation of lobbying.

**Italy**

National associations and organisations may receive a pass for Senate. Otherwise there is no direct regulation of lobbying.

**Luxemburg**

A chamber of deputies, a parliamentary committee or one or several deputies have the rights to listen to pressure groups.

**The Netherlands**

The second chamber of the parliament issues a day-pass to lobbyists or group representatives (in exceptional cases – for a period of time up to 2 years).

**Portugal**

No direct regulation of lobbying.

**Spain**

No direct regulation of lobbying.

**Sweden**

No direct regulation of lobbying.

**The European Union member states that acceded on the 1st of May, 2004 (except Cyprus and Malta)**

**Czech Republic**

No direct regulation of lobbying.

**Estonia**

No direct regulation of lobbying.

**Hungary**

The members of the parliamentary committees have the rights to receive information on the opinions of registered groups and organizations. There is a voluntary register of national interest groups and public organizations. The name, the address, the field of activity (aim), governing institution, the authorised representatives and their addresses have to be declared.<sup>31</sup>

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<sup>31</sup> Resolution 46/1994 (IX.30.) Ogy on the Standing Orders of the Parliament of the Republic of Hungary, 20.09.1994. <http://www.mkogy.hu/hazszabaly/resolution.htm#11> Last accessed 30.07.2004.

**Latvia**

No direct regulation of lobbying.

**Lithuania**

Lobbying is regulated with the law "On Lobbying Activities." The lobbyist has to register if he is paid for lobbying. The lobbyist's identity, the name of the client, the name of the (draft) act of legislation with regard to which lobbying is done, the income and expenditure of the lobbyists have to be declared. Lobbying is forbidden if the official becomes dependant from the lobbyists, is being intentionally misled, if the amendments are related to accepting the lobbyist in civil service, if the lobbyist represents clients with opposing interests. The enforcement of the law is controlled by the Chief Official Ethics Commission. For more detailed information see section 4.3.

**Poland**

No direct regulation of lobbying. There is a code of ethics for the members of Sejm.

**Slovakia**

A draft law for regulating lobbying was developed by the government in November 2003.<sup>32</sup>

**Slovenia**

No direct regulation of lobbying.

**The European Parliament**

Lobbying related issues are regulated by the Rules of Procedure of the European Parliament. Lobbyists may receive a pass for entering the buildings of the European Parliament if they register and make a commitment to abide by the code of conduct. The deputies of the European Parliament have to declare their additional professional activities and the benefits received from third persons. The deputies have to refrain from receiving presents and donations during their term in office. For more detailed information see section 4.4.

**The U.S.A. and Canada****The U.S.A.**

Lobbying is regulated by Lobbying Disclosure Act. If the lobbyist is lobbying the officials of the legislature or the executive for remuneration, he

<sup>32</sup> Central European and Eurasian Law Initiative (CEELI). *Significant Legal Developments in Slovakia: November 2003*. <http://www.abanet.org/ceeli/countries/slovakia/nov2003.html> Last accessed 30.07.2004.

has to register. A person is recognised as a lobbyist if he dedicates at least 20% of his time to lobbying. In the register and in the biannual reports the lobbyist has to declare his own identity, his clients, the field of lobbying and the specific issues, income from the clients, expenditure, etc. Possible penal sanctions for violating the legal norms may be up to 50 000 US dollars. The officials also have a code of conduct, restrictions on accepting presents and receiving additional income, and the like. For more detailed information see section 4.5.

### **Canada**

Those lobbyists who lobby for remuneration, as well as those employees of corporations whose duties include a significant share of lobbying and the officials of organisations engaged in lobbying have to register. They have to declare the name of the client, the corporation or organisation (including mother or daughter company benefiting from lobbying), the name of the lobbying organisation and in the case of lobbyists coalitions – the names of other members of the coalition, the issues lobbied, the institutions lobbied, the sources and amounts of received state funding, the lobbying techniques used. Corporations and organisations have to submit also a description of their activities. A fine for violations may reach 25 000 Canadian dollars. In case of providing incorrect information – the fine may reach 100 000 Canadian dollars and a penal sanction of deprivation of liberty up to 2 years is also possible. There is also a lobbyists' code of conduct. The enforcement of the law is controlled by the Ethics Counsellor. For more detailed information see section 4.6.

## **4.1. Great Britain**

In the United Kingdom the Parliament – exactly like in other countries – is only one of the policy making arenas. Moreover, the political system of Great Britain has a special place among democratic countries, because many authors consider the British Parliament to be an institution devoid of special significance (with regard to Great Britain even the term “post-parliamentary democracy” has been coined).<sup>33</sup> This idiosyncrasy leaves a certain impact upon the activities of interest or pressure groups, whose activities very often are directed primarily towards the executive. However, since the primary focus of this research is lobbying in parliament, also with regard to Great Britain the parliament will be primarily discussed, or, to be more precise, – the most influential chamber of this parliament or the House of Commons. Moreover, the question of the importance of the British Parliament is not at all unequivocal – some authors disparage it, but others disagree to it.

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<sup>33</sup> Coxall, B. *Pressure Groups in British Politics*. Longman. (2001). p. 83.



Lobbyists gain access to the House of Commons in several ways. Traditionally an important way has been sponsoring the parliamentary candidates, even though some authors hold the opinion that after 1995 the significance of this technique has been decreasing. This method basically means covering the costs of the candidates' pre-election campaigns. Although such sponsoring, at least openly, does not give the possibility to give instructions to the elected candidate on how to vote, the sponsors expect that they will be heard.

Another method is employing the members of the parliament by private companies in the capacities of advisers, consultants or directors. Nolan Committee in 1995 identified that almost one third of all the members of the House of Commons (not including the ministers) worked as paid advisers, consultants or directors.<sup>34</sup> There were members of the parliament who increased their income in this way more than twice.

The third path chosen by professional lobbyists was acquiring a privileged status, by infiltrating the representatives of their companies as the aides to the members of the parliament or research assistants. Professional consultancy companies and various interest groups use also other methods of lobbying the parliament.<sup>35</sup>

The regulation of lobbying at the British parliament is primarily targeting the activities of the members of parliament, not the lobbyists' activities. The basic principles with regard to relations with the lobbyists are found in *The Code of Conduct for Members of Parliament* approved in 1995.<sup>36</sup> The two most essential demands set for the members of parliament are to disclose their private interests and to abstain from binding obligations in relations to third persons.

The first demand is formulated as the principle of honesty and it primarily deals with the disclosing and prevention of the conflict of interests: "Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest."<sup>37</sup>

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<sup>34</sup> The so-called Nolan Committee or the Committee on Standards in Public Life, chaired by Lord Nolan, was set up by the prime minister John Major in the autumn of 1994. The task of the committee was to review the existing doubts related to the standards of conduct of public officials and to develop the necessary recommendations for the improvement of these standards. In 1995 the committee published the so-called Nolan Report that contained the conclusions and recommendations of the committee.

<sup>35</sup> Coxall, B. *Pressure Groups in British Politics*. Longman. (2001). pp. 99–101.

<sup>36</sup> More detailed rules covering the members of the parliament and lobbying are included in *The Guide to the Rules relating to the Conduct of members* – See: Chapter III of the *Guide Lobbying for Reward or Consideration*. <http://www.parliament.the-stationery-office.co.uk/pa/cm200102/cmselect/cmstand/841/84103.htm> Last accessed 20.07.2004.

<sup>37</sup> The United Kingdom Parliament. *The Code of Conduct for Members of Parliament*. Prepared pursuant to the Resolution of the House of 19th July 1995. <http://www.parliament.the-stationery-office.co.uk/pa/cm200102/cmselect/cmstand/841/84102.htm> Last accessed 30.07.2004.

The second demand is formulated as the principle of integrity and is primarily safeguarding the independence of the member of parliament. The formulation is as follows: "Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties."<sup>38</sup> In fact this principle is directed against the practice that a member of parliament may agree to lobby, receiving for it remuneration, the interests of a third person at the parliament. The prohibition to submit issues and proposals on behalf of external interests, to participate in any delegation or to speak in the debates on behalf of paying, follows from this principle.

In general the existing regulation in practice still permits a wide range of lobbying opportunities. The members of parliament are still allowed, for example, to accept private funding for their campaigns and to hold a paid employment in a private company or to provide consultations for a fee.

The examination and investigation of the violations of these and other regulations on conduct fall under the mandate of the Parliamentary Commissioner for Standards, the Committee on Standards and Privileges, as well as the House of Commons as a whole. A member of parliament may be imposed a penal sanction – to apologise in person, the salary of the member of parliament may be withheld for a certain period of time, or suspension or even expulsion of the member of parliament.<sup>39</sup>

The lobbyists themselves in Great Britain have a voluntary self-regulation, which, however, is not uniform for all, it was approved by some professional associations. In 1994 the Association of Professional Political Consultants (APPC) and the Institute of Public Relations established the registers of professional lobbyists and adopted codes of conduct.<sup>40</sup> The code of the Association of Professional Political Consultants is directed towards all the members of the association, and the precondition for joining the association is the acceptance and the abiding by this code. These are some of the most important points of the code regulating relations with public officials (abridged):

- In making representations to the institutions of government, political consultants must be open in disclosing the identity of their clients and other

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<sup>38</sup> The United Kingdom Parliament. *The Code of Conduct for Members of Parliament*. Prepared pursuant to the Resolution of the House of 19th July 1995. <http://www.parliament.the-stationery-office.co.uk/pa/cm200102/cmselect/cmstand/841/84102.htm> Last accessed 30.07.2004.

<sup>39</sup> Parliamentary Commissioner for Standards. Procedural Note 2. *Parliamentary Standards. Complaining Against an MP*. (2003). p. 5. <http://www.parliament.uk/documents/upload/PCFSProcedNote2.pdf> Last accessed 20.07.2004.

<sup>40</sup> European Parliament, Directorate for Research. Working Paper *Lobbying in the European Union: Current Rules and Practices*. Constitutional Affairs Series. AFCO 104 EN. p. 51. [http://www4.europarl.eu.int/estudies/internet/workingpapers/afco/pdf/104\\_en.pdf](http://www4.europarl.eu.int/estudies/internet/workingpapers/afco/pdf/104_en.pdf) Last accessed 20.07.2004.

information; however, the provisions of commercial confidentiality shall be met.

- Political consultants must not offer or give, or cause a client to offer or give, any financial or other incentive to any person in public life, whether elected, appointed or co-opted, that could be construed in any way as a bribe in solicitation of favour.
- Political consultants must not employ any member of parliament, member of the European Parliament, sitting Peer or any member of the Scottish Parliament or the National Assembly of Wales or the Northern Ireland Assembly or the Greater London Assembly.
- Political consultants who are also local authority councillors are prohibited from working on a client assignment of which the objective is to influence the local authority on which they serve.
- Political consultants must abide by the internal rules laid down by any public body on which they act.<sup>41</sup>

In general the regulation of lobbying in Great Britain (more specifically – at the parliament) is based upon transparency with regard to the members of parliaments and voluntary self-regulation with regard to lobbyists. The existing control mechanisms make the members of parliament and the lobbyists themselves responsible for the abiding by the regulation. The absence of strict mechanisms of administrative control make the correct functioning of this system dependant upon the culture of the members of parliament and the general public, as well as the attitude of the civil society and mass media.

## 4.2. Germany

In German lobbying context traditionally the greatest attention has been focused upon the role of associations (*Verbände* – in German) in the political process. The associations that include trade unions and various sectorial associations participate in the formulation and implementation of the national and local policy and obviously are often better informed about legislation than the members of the parliaments on the municipal, land or federal level.<sup>42</sup>

The lobbying of German two chamber legislator is regulated in the lower chamber of the parliament – the Bundestag. There is no such regulation in the upper chamber or the Bundesrat. The regulation of lobbying consists of two most important elements. The activities of the members of the Bundestag are regulated by the

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<sup>41</sup> The Association of Professional Political Consultants (APPC). APPC Code of Conduct. <http://www.appc.org.uk/homepage.html> Last accessed 20.07.2004.

<sup>42</sup> Thaysen, U., Davidson, R. H., Livingston, R. G. (Eds.) *The U.S. Congress and the German Bundestag: Comparisons of Democratic Processes*, Westview Press. (1990). p. 313.

first annex to the rules of procedure of the Bundestag “The Rules of Conduct for the members of German Bundestag” (*Verhaltensregeln für Mitglieder des Deutschen Bundestages*).<sup>43</sup> The second annex is directed towards the lobbyists or, to put it more precisely, the associations, “Registration of Associations and their Representatives” (*Registrierung von Verbänden und deren Vertretern*).<sup>44</sup>

The rules of conduct for the members of the Bundestag are important in the context of lobbying, since they prescribe the duty to reveal employment and positions that the members of Bundestag hold in private companies and organisations. The passing of these rules in 1972 clearly showed the presence of the associations in the parliaments and the links of the parliamentarians with these associations.<sup>45</sup>

In accordance with the second annex the president of Bundestag maintains an official list that includes all the associations that represent interests vis-à-vis Bundestag or the federal government. The representatives of these associations are heard only after they have been included in this list and, moreover, have disclosed the following data:

- the name of the association and its location;
- the members of the council and the board;
- the field of interest;
- the number of its members;
- the names of the association's representatives;
- the address of the office at the seat of Bundestag and the federal government.

The representatives of interests are issued passes only after the disclosure of this information. The inclusion into the list is no ground for claiming affiliation with the Bundestag or the exhibiting of the pass. The list is published annually.

However, this list like the code of conduct for the members of Bundestag has no legal force. The aim of this list is to make the pressure groups in the parliament visible and to collect information needed for the work of Bundestag and its committees, and to make it available following a request. The registration does not grant to the group the rights of special treatment or consultations during the parliament sessions. Bundestag may declare this pass void one-sidedly, and the

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<sup>43</sup> Geschäftsordnung des Deutschen Bundestages, 15. Wahlperiode, Ausgabe 2003. Anlage 1. Verhaltensregeln für Mitglieder des Deutschen Bundestages. <http://www.bundestag.de/parlament/gesetze/go.pdf> Last accessed 20.07.2004.

<sup>44</sup> Ibid. Anlage 2. Registrierung von Verbänden und deren Vertretern.

<sup>45</sup> Thaysen, U., Davidson, R. H., Livingston, R. G. (Eds.) *The U.S. Congress and the German Bundestag: Comparisons of Democratic Processes*, Westview Press. (1990). p. 317.

committees may invite unregistered associations and experts to participate in the meetings, in case if considers it to be necessary.<sup>46</sup>

There have been debates in Germany about the need to introduce stricter regulation of lobbying; however such calls have never attracted convincing support. In the 70s of the 20th century the Free Democratic Party (FDP) proposed passing a law on associations (*Verbandegesetz* – in German) in order to prevent activities contrary to common good (*das Gemeinwohl* – in German) and to enhance the internal democracy in associations. However, this proposal encountered a unanimous opposition of the large parties, all the large association and the public opinion. Since that time Germany has not had any significant initiatives in this field.<sup>47</sup>

One has to agree that the German system is an attempt to find a compromise between the developing and enforcing laws regulating lobbying on the one hand and the wish to avoid an exaggerated strict attitude towards this part of the policy process on the other hand.<sup>48</sup> Lobbying offers certain advantages also to the legislature and the executive, because this process provides information to the decision makers and allows the coordination of the decisions with the most important social groups. Some aspects of a strictly regulated approach have been introduced, simultaneously also leaving a sufficiently wide field of activities and opportunities for the manoeuvres of the interest groups.<sup>49</sup>

### 4.3. Lithuania

Lithuania is a non-typical European country because in 2001 a regulation of lobbying was established by passing a rather detailed and strict law “On Lobbying Activities.”<sup>50</sup> In Lithuania the lobbyists have the duty to register and to disclose their clients, lobbied issues and the revenue from lobbying.

The law treats lobbying as activities for which remuneration is paid. The law offers the following definition of lobbying activities: “lobbyists’ activities subject

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<sup>46</sup> European Parliament, Directorate for Research. Working Paper *Lobbying in the European Union: Current Rules and Practices*. Constitutional Affairs Series. AFCO 104 EN. p. 47. [http://www4.europarl.eu.int/estudies/internet/workingpapers/afco/pdf/104\\_en.pdf](http://www4.europarl.eu.int/estudies/internet/workingpapers/afco/pdf/104_en.pdf) Last accessed 20.07.2004.

<sup>47</sup> Von Alemann U. *Vom Korporatismus zum Lobbyismus?* [www.bpb.de/publikationen/G5AS3B,0,0,Vom\\_Korporatismus\\_zum\\_Lobbyismus.html](http://www.bpb.de/publikationen/G5AS3B,0,0,Vom_Korporatismus_zum_Lobbyismus.html) Last accessed 20.07.2004.

<sup>48</sup> Krieviņš, M. *Dažādas pieejas lobisma kā politikas procesa sastāvdaļas regulēšanai un tā iespējamais modelis Latvijā*. Maģistra darbs [*Various approaches towards regulating lobbyism as part of political process and the possible model in Latvia*. Master’s thesis]. University of Latvia. (2004). p. 40.

<sup>49</sup> Ibid.

<sup>50</sup> Republic of Lithuania Law on Lobbying Activities. 27 June 2000, No. VIII-1749. Vilnius (As amended by 8 May 2001 No. IX-308). <http://www3.lrs.lt/c-bin/eng/preps2?Condition1=167217&Condition2=> Last accessed 20.07.2004.

to compensation in an attempt to influence the amendment, supplementing of legal acts or declaring them invalid, the passage or defeat of new legal acts. Such activities shall be intended for the implementation of lawful interests of a client, without violating person's rights or public and State interests." (Article 2.1) The lobbyist is a natural person or an undertaking, agency, organisation who enjoys the right to engage in lobbying activities and is recorded in the Register of Lobbyists (Article 2.2).

This Law apparently does not cover the lobbying that a person or an organisation is doing in its own interests. Article 6 of the Law makes this issue rather unclear, stipulating which activities should not be considered lobbying. For example, paragraph 4 of this Article stipulates that activities of non-profit organisations when they represent the interests of their members, except the cases when such organisations receive remuneration for lobbying activities, are not considered lobbying. However, the regulation is unclear whether activities of a company when performed in the interests of the company itself, i.e. when the company does not receive remuneration for these activities from a third person, are considered lobbying. This case is not fully covered by the definition of lobbying included in the law, however, neither is it included in the list of those activities that are not considered to be lobbying. Therefore it seems that the aim of Lithuanian legislator was not to regulate representing of interests or lobbying in general, but only one type of business activities, namely, providing of lobbying services.

The law also stipulates that lobbying activities shall be deemed illegal if, for example:

- because of such activities the activities of a state politician, public servant would become dependent on the actions of a lobbyist or a client of lobbying activities;
- politicians, public servants are deliberately misled or deceived;
- the aim of such activities is to exert influence on a legal act which is directly related to the recruitment of a lobbyist to the public service;
- a lobbyist directly or indirectly declares or states that he may influence legislation, a state politician or a public servant;
- a lobbyist simultaneously represents clients of lobbying activities with opposite interests.

The law also introduces some very specific restrictions. For example, the law provides that a lobbyist and a client of lobbying activities shall be prohibited from stipulating such a form of payment for lobbying activities when the amount of payment depends on the amendment, supplement, declaring invalid or rejection of a certain legal act, or the passage or defeat of a new legal act.

A natural person or a company wishing to engage in lobbying activities has to submit to the Chief Official Ethics Commission (*Vyriausioji tarnybinės etikos*

*komisija*) application to be included into the Register of Lobbyists. The lobbyist has to submit to this Commission a report on his lobbying activities during the previous calendar year no later than February 15. This report shall include the following information:

- the name, surname or the title of the lobbyist, the lobbyist's certificate number;
- the name, surname or the title of each client of lobbying activities, personal or registration number, address of a place of residence or the head office;
- a title of a legal act or a draft of a legal act upon which it has been lobbied;
- lobbyist's income (enclosing copies of the documents substantiating the receipt of the income); the expenditure of the lobbyist.

The Chief Official Ethics Commission has the rights to control lobbying activities, to request the lobbyist to submit additional documents or information related to lobbying activities, to examine the reports on lobbying activities. The information of lobbying activities is publicly accessible.

**Box 3.**  
**The view of a Lithuanian expert on the regulation of lobbying<sup>51</sup>**

*"Such rules on lobbying are not necessary in Lithuania. If I as a provider of public relations services include lobbying in the list of my services, then there are also other acts regulating these activities. Lobbying in general is a new type of activity in Lithuania. There was the PR field, then interest groups appeared, then the practice, laws are needed only after that. However, Lithuania started with the law, and it is senseless. Up till now only 7 lobbyists have registered – two legal and five natural persons. Only four of them have submitted declarations to the State Revenue Service.*

*In practice there are approximately 200 or 300 lobbyists in Lithuania. The lobbying activities as such are known only the last 3–5 years. This word has a negative connotation; it is associated with corruption and bribery. Not everyone would want to hear himself being described as a lobbyist.*

*In Lithuania the most common lobbyists are associations, for example, industry associations, also ethnic communities. Associations are better than individual lobbyists. I always advise my clients that associations are better.*

*I do not think that these [prescribed by the law] prohibitions function. The Law contains even ridiculous norms. For example, it stipulates that only a*

<sup>51</sup> The author's interview with a professional lobbyist working in Lithuania. 15.03.2004.

*person who has reached the age of 18 may be a lobbyist. That's a parody! Who would be the lobbyist younger than 18? No one has tried to implement this law. Lobbying is taking place in Lithuania, but the Law is not functioning in the least."*

The data obtained as part of this research does not allow a comprehensive analysis of the importance of lobbying practice and the regulation of lobbying in Lithuania, however, it can be seen that the law does not provide a specific mechanism for controlling lobbyists engaged in lobbying activities and fail to register. According to the data included in the web page of the Chief Official Ethics Commission at the beginning of July, 2004, eight lobbyists had registered (apparently one more than in March, when the interview, which is the basis for the Box 3, was conducted).<sup>52</sup> Among these registered lobbyists six were natural persons and two – legal persons. Even without a deeper analysis it is clear that this register covers only an insignificant part of all the persons who engage in lobbying in Lithuania.

Of course, the Lithuanian law contains a series of elements typical of some other European countries. There is a register of lobbyists at German Bundestag. The voluntary codes of the British lobbyists associations contain prohibitions which are similar to the ones set by the Lithuanian law. However, Lithuanian legislators have attempted to impose stricter restrictions upon lobbying than in other European countries. However, the absence of an implementing mechanism, perhaps, leads to the opposite result, when lobbyists may avoid observing any rules, including the most basic ones.

#### **4.4. The European Parliament**

The EU institutions are a unique lobbying arena, characterised by the cultural diversity of interest groups, which is more manifest than in any particular European country. Moreover, the number of EU inhabitants and the large geographic territory determines the fact that the EU politics influence the interests of a larger number of groups than do politics in any given member state.

It is sometimes argued that lobbyists began focusing on the European Parliament later than on the European Commission or the Council. Their interest in the European Parliament was reinforced after the introduction of new legislating procedures – the co-operation and the co-decision procedures.<sup>53</sup> At present the

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<sup>52</sup> Vyriausiosios tarnybinės etikos komisijos informacija apie lobistinę veiklą. [http://www.vtek.lt/lobizmas\\_info.html](http://www.vtek.lt/lobizmas_info.html) Last accessed 20.07.2004.

<sup>53</sup> European Parliament, Directorate for Research. Working Paper *Lobbying in the European Union: Current Rules and Practices*. Constitutional Affairs Series. AFCO 104 EN. p. 33. [http://www4.europarl.eu.int/estudies/internet/workingpapers/afco/pdf/104\\_en.pdf](http://www4.europarl.eu.int/estudies/internet/workingpapers/afco/pdf/104_en.pdf) Last accessed 20.07.2004.



number of annual contacts between the members of the European Parliament and interest groups is estimated as 70 000.<sup>54</sup>

The activities of lobbyists in the European institutions are related to a series of problems. Professor Justin Greenwood has described four problems. First, crowding of the information environment, as the result of which it is getting increasingly more difficult to sift the useful from the less useful information. Secondly, the insufficient capacity of the European institutions to deal with the volume of interest representation. Third, disequilibria which are business biased and which are also linked to such problems as the accessibility of the decision making process to European citizens and the transparency of the decision making procedures. Fourth, standards, which define unacceptable influence of the interest groups and lobbyists, are not always sufficiently clear.<sup>55</sup>

In the past the European Parliament has been charged that the assistants to the members of the EP might have received payment from interest groups and that some of the members of the EP might have themselves functioned as interest representatives. The second problem is related to intergroups that are formed by the members of the EP coming from various political groups who have shared interests in a particular issue. There have been cases when the intergroups have made public appearance, using the official symbols of the European Parliament, although in fact they were acting on behalf of those special interests. The parliamentarians have also felt offended when finding out that multinational interests have submitted massive proposals for amendments via other members of the EP, sometimes even with the company logo on the submitted proposal for amendments.<sup>56</sup>

The question on the necessity to find solution to lobbying related problems in the European Parliament was first included in the agenda in 1989 when the member of the European Parliament Alman Metten submitted the respective question in writing. Although the remaining part of this section shall deal almost solely with the European Parliament, it has to be kept in mind that the development of regulation on interest representation in the parliament cannot be isolated from parallel processes taking place in other institutions of the European Union, especially in the European Commission.

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<sup>54</sup> European Parliament, Directorate for Research. Working Paper *Lobbying in the European Union: Current Rules and Practices*. Constitutional Affairs Series. AFCO 104 EN. p. 33. [http://www4.europarl.eu.int/estudies/internet/workingpapers/afco/pdf/104\\_en.pdf](http://www4.europarl.eu.int/estudies/internet/workingpapers/afco/pdf/104_en.pdf) Last accessed 20.07.2004.

<sup>55</sup> Greenwood, J. *Representing Interests in the European Union*. Macmillan Press Ltd. (1997). pp. 80, 81.

<sup>56</sup> European Parliament, Directorate for Research. Working Paper *Lobbying in the European Union: Current Rules and Practices*. Constitutional Affairs Series. AFCO 104 EN. p. 36. [http://www4.europarl.eu.int/estudies/internet/workingpapers/afco/pdf/104\\_en.pdf](http://www4.europarl.eu.int/estudies/internet/workingpapers/afco/pdf/104_en.pdf) Last accessed 20.07.2004.

In October 1992 the Belgian socialist member of the EP Marc Galle publicised a report with the following suggestions: a code of conduct with minimum standards aimed at preventing abuse (such as prohibiting selling on documents, and use of institutional premises); the establishment of 'no-go' areas in the parliament buildings including the offices of the members of parliament and library facilities; examination of the role of lobbying with intergroups; and, borrowing the idea from the U.S.A., the registration of lobbyists on an annual basis, spelling out the rights and the obligations of those on the register, and specifying penalties for failure to comply. The demand for the members of the EP to make annual disclosure of their own and their staff members' financial interests in a separate register was particularly contentious. However, Marc Galle's proposals were never fully put to the debates of the full EP plenary, partly because of the difficulties to define what constituted the lobbyist.<sup>57</sup>

After the debates that continued in total for seven years the EP in 1996 established the obligation to the members of the EP to disclose their financial interests in the issue debated and to submit publicly accessible declarations, and the lobbyists were granted the possibility to obtain a pass to the parliament, if they registered in the publicly accessible register and agreed to abide by the code of conduct.<sup>58</sup>

According to the annex I to the Rules of Procedure of the European Parliament the member of the EP has the following obligations (abridged):

- before speaking in Parliament or in one of its bodies or if proposed as rapporteur, any Member who has a direct financial interest in the subject under debate shall disclose this interest to the meeting orally;
- to declare his professional activities and any other remunerated functions or activities;
- to disclose any support, whether financial or in terms of staff or material, additional to that provided by Parliament and granted to the Member in connection with his political activities by third parties, whose identity shall be disclosed;
- to refrain from accepting any other gift or benefit in the performance of their duties.<sup>59</sup>

With regard to lobbyists the Rules of Procedure authorise the Quaestors of the Parliament to issue passes up to 1 year to those persons who want to make frequent

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<sup>57</sup> Greenwood, J. *Representing Interests in the European Union*. Macmillan Press Ltd. (1997). pp. 81, 82.

<sup>58</sup> *Ibid.* 96, 97.

<sup>59</sup> Rules of Procedure of the European Parliament. ANNEX I Provisions governing the application of Rule 9(1) – Transparency and Members' financial interests. <http://www2.europarl.eu.int/omk/sipade2?PUBREF=-//EP//TEXT+RULES-EP+20040720+ANN-01+DOC+XML+V0//LV&HNAV=Y> Last accessed 20.07.2004.

visits to the Parliament in order to supply information to the members of parliament in the interests of the members themselves or third persons. The Code of Conduct, which becomes mandatory for such persons (any violation may result in the withdrawal of the pass), define the following obligations (abridged):

- to state the interest or interests they represent in contacts with Members of Parliament, their staff or officials of Parliament;
- to refrain from any action designed to obtain information dishonestly;
- not to claim any formal relationship with Parliament in any dealings with third parties;
- not to circulate for a profit to third parties copies of documents obtained from Parliament;
- to comply, when recruiting former officials of the institutions, with the provisions of the Staff Regulations;
- to observe any rules laid down by Parliament on the rights and responsibilities of former Members;
- in order to avoid possible conflicts of interest, obtain the prior consent of the Member or Members concerned as regards any contractual relationship with or employment of a Member's assistant, and subsequently satisfy themselves that this is declared.<sup>60</sup>

Rule 2 of the Rules of Procedure of the European Parliament stipulates that the Members of the European Parliament shall not be bound by any instructions and shall not receive a binding mandate.<sup>61</sup> If a member of the parliament would agree to vote in a certain way in exchange for any advantage that the lobbyist would be ready to offer, it would be tantamount to receiving "a binding mandate." However, even without such "binding mandates," the members of the EP sometimes admit that some lobbying attempts are disturbing.<sup>62</sup>

Because of the extensive activities of various lobbyists and suspicions about inappropriate influence the European Parliament was forced to establish institutional structures for regulating lobbying. Apparently, this regulation was formed by using the simplest possible path. Regulations with regard to the lobbyists

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<sup>60</sup> Rules of Procedure of the European Parliament. I ANNEX IX Provisions governing the application of Rule 9(2) – Lobbying in Parliament. <http://www2.europarl.eu.int/omk/sipade2?PUBREF=-//EP//TEXT+RULES-EP+20040720+ANN-09+DOC+XML+V0//LV&HNAV=Y> Last accessed 20.07.2004.

<sup>61</sup> Rules of Procedure of the European Parliament. Article 2. <http://www2.europarl.eu.int/omk/sipade2?PUBREF=-//EP//TEXT+RULES-EP+20040720+RULE-002+DOC+XML+V0//LV&HNAV=Y> Last accessed 20.07.2004.

<sup>62</sup> European Parliament, Directorate for Research. Working Paper *Lobbying in the European Union: Current Rules and Practices*. Constitutional Affairs Series. AFCO 104 EN. p. 33, 34. [http://www4.europarl.eu.int/estudies/internet/workingpapers/afco/pdf/104\\_en.pdf](http://www4.europarl.eu.int/estudies/internet/workingpapers/afco/pdf/104_en.pdf) Last accessed 20.07.2004.

themselves are mandatory under the condition that the lobbyist wishes to obtain a pass. Therefore the difficult task of defining a lobbyist has been avoided. Anyone wishing to obtain a pass may be conditionally perceived as a lobbyist. The rules do not envisage any complex or resource consuming procedure for controlling the observance of these regulations. There is only one provision – if a member of the EP voices suspicions with regard to the activities of a particular lobbyist, the quaestors shall review this case and decide upon retaining or withdrawing the pass.

Some doubts have been voiced with regard to the register, i.e. that the register is granting certain advantages to those who regularly contact the Parliament. The register may come to imply some status to those who have registered and strengthen the groups of insiders.<sup>63</sup> However, considering the simplicity and openness of the registration process, these doubts should not be perceived as too significant. It should also be noted that the regulation of lobbying in the European Parliament stresses transparency and inadmissibility of improper influence; however, it is not solving the problem related to the insufficiently equal access. Even under the conditions of transparency the groups that are endowed with richer resources, most probably, are able to turn the balance of representation in their own favour.

## 4.5. The U.S.A.

Washington, the capital of the U.S.A. is usually considered to be the largest lobbying arena in the world, and, taking into consideration the dozens of thousands of lobbyists, this perception is probably true. Among all the countries discussed in this research paper the U.S.A. has the longest experience in regulating lobbying. The Regulation of Lobbying Act was adopted immediately after World War II, in 1946.

In 1946 the law covered only lobbying in the legislature – the Congress. With time a number of shortcomings were identified in the Act, and in 1995 it was replaced with the new Lobbying Disclosure Act. Refraining from a deeper analysis of the details of the 1946 Act, it will be sufficient to note that many people involved in lobbying were able to avoid abiding by the provisions of this Act. In 1991 only 3700 people out of all the 13 500 persons listed in the lobbyists' phone book *Washington Representatives* had registered as lobbyists.<sup>64</sup> Moreover, not a single lobbyist had ever been punished for violations of this law.<sup>65</sup> The new Act of 1995 deals with lobbying both in the legislature and the executive, and it requires everyone engaged in lobbying for remuneration on federal level to register with the Secretary of the Senate and the Clerk of the House of Representatives.

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<sup>63</sup> Greenwood, J. *Representing Interests in the European Union*. Macmillan Press Ltd. (1997). p. 98.

<sup>64</sup> Graziano, L. *Lobbying, Pluralism and Democracy*. Palgrave. (2001). p. 96.

<sup>65</sup> Ibid.

In addition to the Lobbying Disclosure Act which primarily regulates the activities of lobbyists, the rules of the Congress define a series of restrictions and special duties to the members of the Congress and other officials. These regulations, for example, contain restrictions with regard to acceptance of gifts and earning supplementary income, as well as the duty to declare one's income.<sup>66</sup>

Lobbying Disclosure Act defines the substantiation of the necessity to introduce such an act. The main considerations are that the public should be aware of the efforts of paid lobbyists to influence the decision making process, it admits that the previous laws on lobbying disclosure have been ineffective, and also assumes that the disclosure of lobbyists' activities will increase the public confidence in the integrity of the government.<sup>67</sup>

The approach taken to define lobbying in the Act is based on the concept "lobbying contact." Namely, lobbying activities mean "lobbying contacts" and the efforts to support such contacts, including preparation and planning of activities, research and other background work that, during the time it is performed, is envisaged for the use in such contacts, these also include coordination with the lobbying activities of other persons. The "lobbying contact" in its turn is any oral or written communication with an executive branch official or a legislative branch official, which is made on behalf of a client with regard to:

- the formulation, modification, or adoption of Federal legislation (including legislative proposals);
- the formulation, modification, or adoption of a Federal rule, regulation, Executive order, or any other program, policy or position of the United States Government;
- the administration or execution of a Federal program or policy (including the negotiation, award, or administration of a Federal contract, grant, loan, permit or licence);
- the nomination or confirmation of a person for a position subject to confirmation by the Senate.<sup>68</sup>

It is important that lobbying is not understood as only the contact with officials, but also preparation, planning of contacts and other background activities. Thus the U.S.A. law takes a very broad perspective upon lobbying. True, there is a

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<sup>66</sup> See, for example: Rules of the House of Representatives of the United States. One Hundred Seventh Congress. Prepared by Jeff Trandahl, Clerk of the House of Representatives, January 3, 2001. <http://clerk.house.gov/legisAct/legisProc/rules> Last accessed 29.07.2004.

<sup>67</sup> Public Law 104-65. 104th Congress. An Act To provide for the disclosure of lobbying activities to influence the Federal Government, and for other purposes. SEC. 2. <http://www.senate.gov/reference/resources/pdf/contacting10465.pdf> Last accessed 20.07.2004.

<sup>68</sup> Ibid. SEC. 3 (8)(A).

number of exceptions, for example, lobbying contact does not include communication that is distributed and made available to the public or is made while participating in an advisory committee, or is protected by the Whistleblower Protection Act or under another provision of law.<sup>69</sup>

The basic instrument for controlling lobbying is registration of lobbyists and organisations employing lobbyists. The general rule is that the registration should be completed no later than within 45 days after a lobbyist has first made the lobbying contact or has been employed for performing such contacts.<sup>70</sup> The following data have to be revealed upon registration:

- the name, address, business telephone number, and the principal place of business of the registrant and the registrant's client, as well as a general description of its business or activities;
- the name, address, and principal place of business of any organisation other than the client that contributes more than 10 000 US dollars towards the lobbying activities and in whole or in major part plans, supervises, or controls such lobbying activities;
- under certain conditions – the name, address, principal place of business and contributions towards lobbying activities of any foreign entity with a contribution of more than 10 000 US dollars to the lobbying activities, as well as approximate percentage of equitable ownership in the client (if any);
- the general issue areas in which the registrant expects to engage in lobbying activities on behalf of the client; and to the extent practicable, the specific issues that have already been addressed or are likely to be addressed;
- the name of each employee of the registrant who has acted or whom the registrant expects to act as a lobbyist in behalf of the client; if these employees have served as officials in the two years before the date they first acted as a lobbyist on behalf of the client, the position in which such employee served has to be indicated.<sup>71</sup>

After the registration the lobbyist has to submit semi-annual reports. Moreover, a separate report has to be submitted on each client of the registrant. The report should include changes in the information that has been submitted upon registration. Other important elements of these reports include:

- a list of the specific issues (to the maximum extent practicable, a list of bill numbers and references to specific executive branch actions), the Houses of

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<sup>69</sup> Public Law 104-65. 104th Congress. An Act To provide for the disclosure of lobbying activities to influence the Federal Government, and for other purposes. SEC. 3 (8)(B). <http://www.senate.gov/reference/resources/pdf/contacting10465.pdf> Last accessed 20.07.2004.

<sup>70</sup> Ibid. SEC. 4 (a)(1).

<sup>71</sup> Ibid. SEC. 4 (b).

Congress and the Federal agencies contacted by lobbyists employed by the registrant on behalf of the client;

- a list of the employees of the registrant who acted as lobbyists on behalf of the client;
- any foreign entity having an interest in the specific issues listed;
- in the case of a lobbying firm, a good faith estimate of the total amount of all income from the client;
- in the case of a registrant engaged in lobbying activities on its own behalf, a good faith estimate of the total expenses that the registrant and its employees incurred in connection with lobbying activities.<sup>72</sup>

The law envisages penalty for knowing failure to remedy a defective filing within 60 days after notice of such a defect and other violations of the Lobbying Disclosure Act. The penalty is imposed upon proof of such knowing violation by a preponderance of the evidence. The prescribed sanction is a fine of not more than 50 000 US dollars, depending upon extent and the gravity of the violation.

In difference to the EU practice, the U.S.A. system prescribes the duty of the controllers to carry out proactive checks of the possible violations. It is true, however, that a special research would be necessary to establish what is the degree of abiding by this law among the U.S. lobbyists. Due to the fact that the effectiveness of such controls also in the U.S.A. is inevitably limited, there have been arguments that the primary regulatory features are to be sought on the social level, in the conduct of the lobbyists themselves.<sup>73</sup> There are, indeed, some social factors that may strengthen the observance of ethical norms; there have been indications in publications on the U.S.A. that because of the necessity to interact with a relatively cohesive community (the Congress and the Administration) lack of integrity does not pay off.<sup>74</sup> In other words, if the lobbyist has misled an official once, the next time he is going to lose, since he will not be able to cooperate with this official again.

Professor Luigi Graziano, who has studied lobbying in the U.S.A. from the perspective of a European, has summed up the regulation of lobbyists' conduct in the following way: "The dominant view in the associations and in Congress seems to be one of scepticism – the vulnerability of the members of Congress in having to cope with ever more costly campaigns, the growing self-regardness of groups, confusion in the system – but all aware of the *limits* that individuals may overlook at their own risk."<sup>75</sup>

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<sup>72</sup> Public Law 104-65. 104th Congress. An Act To provide for the disclosure of lobbying activities to influence the Federal Government, and for other purposes. SEC. 5. <http://www.senate.gov/reference/resources/pdf/contacting10465.pdf> Last accessed 20.07.2004.

<sup>73</sup> Graziano, L. *Lobbying, Pluralism and Democracy*. Palgrave. (2001). p. 85.

<sup>74</sup> *Ibid.* p. 86.

<sup>75</sup> *Ibid.*

## 4.6. Canada<sup>76</sup>

The Canadian regulation of lobbying is similar to the U.S.A. regulation. Lobbyists Registration Act that is in force in Canada also stipulates the registration of lobbyists, the range of information that lobbyists have to disclose, and the norms that prescribe the control of the enforcement of this law.<sup>77</sup>

The law demands those individuals who communicate with public-office holders for remuneration to register their activities in a public register. The public-office holders in the sense of this law are almost all persons who have been elected or appointed to positions in the federal government including the members of the parliament and their staff.

The law classifies the lobbyists in three categories. The first category includes consultant lobbyists who engage in lobbying on behalf of clients for remuneration. The second category is the corporate in-house lobbyists, i.e. full-time employees of a corporation whose job duties involve lobbying on behalf of their employers. These two categories of lobbyists have the obligation to register, the latter have to do it if lobbying takes up a large part of their duties (at least 20% of their time). The consultant lobbyists have to register by submitting a specific form when they begin to lobby on behalf of a client, when previously filed information changes and when their lobbying activity terminates or is completed. The corporate in-house lobbyists have to submit a specific form when they begin to lobby for their employer and afterwards – annually. They also have to report changes in the previously submitted information, the fact that they have ceased their lobbying activities and the date on which they have ceased to be employed by their employer.

The third category of lobbyists is the persons who are employed by non-profit organizations (in-house organisational lobbyists). In this case the senior paid officer of the organisation has to register as an organisational in-house lobbyist when one or several employees of the organisation lobby federal public-office holders and when the collective time devoted to lobbying amounts to the equivalent of 20% of one employee's duties. The senior officer completes and files a specific form when the organisation begins to lobby, and afterwards – twice per year. It has to be done also when an employee ceases to lobby or ceases to be employed by the organisation.

The following information has to be disclosed upon registration: the name/title of the client, the employer of the lobbyist, the names of parent or subsidiary

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<sup>76</sup> The main source of information about Canada is the following document: The International Cooperation Group, Department of Justice, Canada. *Lobbying*. (2002). It is known that after the publication of this document Canadian Lobbyists Registration Act was amended, but according to the available sources these amendments at the time of writing this research paper had not yet come in force.

<sup>77</sup> Lobbyists Registration Act. <http://laws.justice.gc.ca/en/L-12.4/text.html> Last accessed 30.07.2004.



companies benefiting from lobbying, etc. The lobbyists also have to disclose their organisational names, the names of members of coalition groups, the specific subject matter of their lobbying activities, the federal departments and agencies they have contacted, the source and the amount of any government funding received, and the communication techniques used. In addition to that corporations and organisations have to provide a general description of their business or other activities. All the declared information is public and freely accessible on the Internet.

The law stipulates serious sanctions against those who fail to register or disclose incorrect or misleading information. Those violating the norms of this law may be imposed a fine up to 25 000 Canadian dollars. If a person has provided false or misleading statements, the fine may reach 100 000 Canadian dollars and it may be accompanied by a prison term of up to two years.

In accordance with the 1995 amendments to the Lobbyists Registration Act the *Lobbyists' Code of Conduct* was approved in Canada, which supplemented the provisions of the law, its mandatory character was stipulated by the law. Some of the rules included are as follows (abridged):

- the lobbyists making a representation to a public office holder shall disclose the person on whose behalf they act;
- the lobbyist shall provide information that is accurate and factual to public office holders;
- the lobbyists shall not use any confidential or other insider information to the disadvantage of their client;
- the lobbyists shall not represent conflicting or competing interests;
- the lobbyists shall not place public office holders in a conflict of interest by proposing or undertaking any action that would constitute an improper influence on a public office holder.

## 5. Policy options

### 5.1. The current regulation in Latvia

Similarly to other democratic countries the right to lobbying in Latvia stems from the fundamental human rights. Article 100 of the Constitution of Latvia stipulates to everyone the right to freedom of expression, which includes the right to freely receive, keep and distribute information and to express their views.<sup>78</sup> Communication, by receiving and distributing information, is an integral and, perhaps, the most significant part of lobbying. Article 101 of the Constitution in its turn grants to every citizen of Latvia the right, as provided for by law, to participate in the activities of the State and of local government. Article 104 grants the right to address submissions to State or local government institutions and to receive a materially responsive reply. These articles, taken as whole, guarantee the rights of persons to engage in lobbying, which include communication and interaction with the institutions of the state and the local government.

Lobbying in the Saeima is facilitated by a provision in the Constitution that grants the right to legislative initiative to not less than five members of the Saeima (Article 65). It means that the lobbyist has to convince only five deputies about the necessity of submitting a draft law, in order to have this issue included in the official agenda.

However, as was already indicated in this research paper, unrestricted lobbying has also adverse side effects, for example, unequal access on behalf of resource-rich interests and a large risk of unfair techniques of influence. In addition to the Constitution there are several acts of legislation in Latvia that indirectly deal with lobbying in Saeima. This section will examine in greater detail two of them: the law "On Preventing the Conflict of Interests in the Activities of Public Officials" and the Saeima Rules of Procedure. The Law on Preventing the Conflict of Interests regulates the relationship of the public officials, including the Saeima

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<sup>78</sup> The Constitution of the Republic of Latvia.

deputies, with third persons in situations when a conflict of interest for the public official might be possible. The Saeima Rules of Procedure in their turn contain the general regulation of the work of the Saeima. Financing of political parties is also very significant in the context of lobbying, however this research paper is not analysing it.

The Law on Preventing the Conflict of Interests establishes restrictions to the Saeima deputies to combine their official position with other positions (Article 7.2).<sup>79</sup> They are also permitted to receive remuneration for work only in those positions that are not prohibited by the law (Article 9.1); the public officials are forbidden to accept gifts directly or indirectly (Article 13.1). Thus the law restricts certain relationships that might result in public official coming under the influence of external interests that conflict with the duties of a public official.

In the context of lobbying the deputies of the Saeima those provisions of the Law on Preventing the Conflict of Interests are significant that allow these officials to combine their work as a public official with a position in a public, political or religious organisation, or the work of a pedagogue, scientist, doctor or creative work (Article 7.2 and 7.3). These norms open to the deputies legal possibilities to accept positions and receive remuneration from such organisations that are engaged in lobbying (such combination of positions is allowed also to some other groups of public officials).

The Saeima Rules of Procedure do not include regulation dealing directly with lobbying; however, some of the norms essentially influence the possible tactics and strategy of lobbying.<sup>80</sup> The elements of the Rules of Procedure that have the greatest significance for lobbying are the following:

- Every deputy may submit proposals for amendments to a draft law or a draft resolution (Article 95.4). This norm facilitates lobbying, since it is enough for a lobbyist to reach an agreement with one deputy on putting forward a specific proposal for inclusion in the agenda.
- The draft law should enclose an explanatory note, in which, among other things, all the consultations that have been held while preparing the draft law should be indicated (Article 79.3 and 85.5.6). In principle this explanatory note should indicate also the lobbyists with whom the submitter of the draft law has consulted. However, if the submitter does not wish to disclose the lobbyist, there is no mechanism that would prohibit him from not disclosing his information.
- A Saeima committee has the rights to invite an expert in the capacity of advisor. (Article 169). The invited experts in fact may be lobbyists whose aim is to influence the decision. Their presence is recorded in the minutes (Article 163), which in case of lobbying means documenting the lobbyist's presence.

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<sup>79</sup> The Law "On Preventing the Conflict of Interests in the Activities of Public Officials." Published in *Vēstnesis*, 09.05.2002, No. 69. Amended.

<sup>80</sup> The Saeima Rules of Procedure. Published in *Vēstnesis*, 18.08.1994, No. 96. Amended.

It is important that the experts are allowed to participate in a committee meeting only upon invitation. Thus, a lobbyist, willing to speak at the committee as an expert, would have, first of all, to obtain such an invitation from the committee.

- The meetings of the Saeima committees are open, unless it has been decided otherwise (Article 59). Thus, if lobbyists participate in an open committee meeting or lobbyists' proposals are discussed, then also the representatives of mass media and eventually – other interested persons may be present.
- The Rules of Procedure also define the status of the assistant of the Saeima member (Article 195 and 196). The assistants of the deputies are important, since they themselves might act as lobbyists and also function as contact persons for lobbyists. Some of the duties of the assistants are such that might refer directly to cooperation with lobbyists, for example, to accept proposals and complaints from the electorate and to review their submissions; to receive the electorate outside the deputy's regular reception hours, to provide the deputy with the necessary information and reference materials and the like. These duties that include a link with the electorate and collecting of information can be referred also to lobbying, since lobbyists are also electorate, and they may be an important source of information.

## 5.2. The lobbyists' view on the regulation

The views of the interviewed lobbyists on the necessity of the regulating lobbying differ; however, they might be classified into two groups. The first see no need for regulating lobbying. The second basically support introduction of regulation, however, under the condition that it should not be too burdensome (the setting of such a condition by the lobbyists themselves is understandable, since people could not wish to have a burdensome regulation imposed upon themselves).

The summing up of the lobbyists' opinions reveals a number of arguments in favour of the introduction of regulations, and a number of arguments stating that there is no need to have any kind of regulation. The following arguments were used in favour of introduction of lobbying regulation:

- regulation would ensure control and an overview on the lobbyist profession, preventing impostors from posing as lobbyists;
- society and lobbying clients could have an insight into the most important aspects of lobbying (at least the clients, the issues lobbied and the remuneration paid by the client should be disclosed);
- regulation could guarantee access (passes) to the premises of the Saeima and the Cabinet of Ministers;
- a stronger regulation on party finances could limit the possibilities of buying places in the Saeima and ensure more *level playing field*. This last argument

is clearly based on the assumption that lobbying should be regulated via the legislation on the financing of political parties.

The arguments against lobbying regulation were as follows:

- regulation is meaningless if there is no mutual monitoring, i.e., if the lobbyists are not “closely watching” one another, they are not monitoring the way other observe the law;
- those wishing to do so will find easy ways for avoiding registration and disclosure;
- the regulation already exists, for example, with regard to non-governmental organisations, political organisations and public officials; therefore there is no need to introduce a special regulation on lobbying.

A quote from an interview with a lobbyist in favour of a moderate regulation serves as an illustration: *“It should be easy to get included in the list. The restrictions should not be excessive. The demands should be normal – registration (like in the Register of Companies), annual report, paying of taxes. The declarations might have an open and a confidential section. Confidential with regard to projects that are underway at the time of submitting the declarations.”* (Interview No. 2)

### 5.3. The aim of regulating lobbying

In order to improve the lobbying regulation it is important to identify those qualities of the political process that should be influenced. The aims of lobbying regulation that are usually indicated are – enhancing the transparency of political process, promoting an equal access of different groups to the decision makers, promoting the observance of ethical norms in the political process, prevention of corruption or, more precise – bribery (soliciting of favours). The lobbying regulations should prescribe various mechanisms, depending upon the identified aims. A more detailed characteristic of the aims follows, as well as an overview of various mechanisms that could facilitate reaching of these aims.

**Transparency.** The promotion of transparency, at least at a first glance, seems to be the aim of lobbying regulation that is the easiest to reach. The basic idea is that the electorate should have an idea about what interest groups and other lobbyists cooperate with which political forces and individual politicians. As the result the electorate is able to make an informed choice against those political forces and politicians who have allowed excessive influence of some narrow interests or interests that are adverse to the electorate, or in favour of those who have been responsive to the interests that are favourable to the electorate. Transparency is considered to be a relatively easy aim to achieve because there is no need to introduce prohibitions or restrictions to the activities of lobbying that demand resource intensive control, which even in the best case cannot be

fully realised. True, the ease of implementation disappears, if at least part of the persons engaged in lobbying relationship want to hide these relationships and coercive methods are needed to promote transparency.

There are several principal approaches that can be taken towards the promotion of transparency. Moreover, it is possible to choose one of these approaches or to combine a number of them. There are these three following approaches: disclosing the links between the officials and third persons (for example, with the help of official's declaration of income and additional employment), registration of lobbyists and making public certain information on them (this information could be the lobbyists' clients and the lobbied issues), documentation and making public interactions between public officials and lobbyists (for example, the minutes or even transcripts of conversations). Latvian legislation already contains regulation on the disclosure of the officials' links; however, some additional means could be used for the disclosure of information on lobbyists, as well as the interaction between lobbyists and officials:

- To establish a register of lobbyists in the Saeima, establishing either a mandatory registration (to be allowed to engage in lobbying at all) or voluntary (for example, to obtain a pass for entering the Saeima buildings). In the case of mandatory registration the circle of lobbyists could be narrowed down to those who receive payment from third persons for lobbying.
- To set the duty of the lobbyists to disclose information on their clients, the issues lobbied, the remuneration received, their expenses, etc. Such a duty might also include the demand to record and to disclose all lobbying contacts or at least to indicate those public officials with whom such lobbying contacts have taken place.
- To establish more extensive duties to document and make public information on the participation of the interest group representatives and other lobbyists in the Saeima committee meetings. For example, the minutes of these committee meetings might include a summary or even a full transcript of the presentations made by these representatives and the debates on the respective issues; these could be then published on the Internet. A duty also could be established to include the names of the persons invited to the committee meetings and the organisations represented by them in the daily agenda of the Saeima; at times it is already done on voluntary basis.
- To establish a duty to prepare explanatory notes for particular proposals to the draft laws that are reviewed by the Saeima. The explanatory notes would contain explanation of the necessity for such a proposal and information on the persons with whom the submitter of the proposal has consulted. The negative aspect of such a requirement is the additional work load imposed upon the submitters of the proposals, certain *bureaucratisation* of submission of proposals, the risk that these explanatory notes would be written superficially and incompletely, failing to realise the real meaning of such explanatory notes.

**Equal access.** The fact that some groups have a considerably easier access to the decision makers in the context of lobbying regulation is considered as one of the most significant problems. It causes anxiety that this leads to the distortion of the political equality of citizens. Sometimes ensuring of transparency as such may promote equal access, since under the conditions of transparency the officials might feel forced not to limit themselves to listening only to one or two of the interested parties, if parallel to that alternative interests are being expressed. Furthermore, a timely publication of extensive information, for example, on the draft laws to be reviewed by the Saeima, increases the circle of those persons who could follow the way the issues they are interested in are being reviewed.

However, transparency does not *automatically* provide equal access, and the register of lobbyists might create an impression that a circle of privileged persons exists. One of the possibilities for ensuring a more equal access to the political process is to enhance the importance of those resources that are relatively equally distributed in society. However, even though systematic data are unavailable (see section 3.2), it is possible to argue rather convincingly that the most important lobbying resources – money, knowledge and skills, personal and corporative ties, organisation, are distributed rather unequally in Latvian society.

An alternative approach would be to decrease the importance of those resources the distribution of which is especially uneven and that create the greatest anxiety as to their legitimacy. From this perspective the most obvious problem is the importance of money as the most significant lobbying resource. There are certain stages in the lobbying process when it is almost impossible to reduce the need of money. For example, state policy has no power to reduce the remuneration tariffs that professional lobbyists set for their work. However, it might be possible to attempt to reduce the influence of large financial means controlled by particular persons, for example, by establishing restrictions to the financing of political parties.

Another type of measures to promote equal access is to facilitate especially the participation of such groups whose interests are affected, but who have no sufficient resources or the level of organisation to compete with other interests. A guarantee that registered lobbyists may have certain access to the deputies of the Saeima, for example, a meeting, in case a lobbyist has drafted legislative proposals, could serve such a purpose. This might reduce lobbyist's dependency on possessing personal links with deputies. True, such a guarantee would enhance equal access only under the condition that the registration would not include essential obstacles. There also could be a duty for all the Saeima committees to identify and to invite such groups whose interests are affected, but who have no sufficient resources or level of organisation enabling them to engage in independent and effective lobbying.

**Ethics.** Another aim might be not the promotion of transparency or equal access, but enhancing of ethics and good practice in a broader understanding of the term. This aim is relatively vaguer than the two aims discussed above, since

the principles and criteria of ethics and good practice may be very diverse and among other things might include also transparency and non-discriminating approach towards various groups. For the sake of simplicity, hereinafter in the text the observation of the norms of ethics and good practice will be referred to as ethics.

The formal – institutionalised means that can be used to enhance ethics in the activities of a certain group are the so called codes of ethics or codes of conduct. Such codes for groups of professionals and officials are most effective in situations when the groups of professionals or officials have been already established and when the potential initiators of unethical conduct are expected to come, first of all, from among the persons not belonging to these groups of persons.<sup>81</sup> However, since this research does not provide sufficient information on which of the two parties in the relationship between the Saeima deputies and the lobbyists could be the one most frequently initiating unethical conduct, this criterion does not allow identifying for which of the groups such a code of ethics would be of greater usefulness.

However, the approving and enforcing of a lobbyists' code of ethics would be problematic under Latvian conditions, since the lobbyists here do not form unified professional community, which would be interested in setting its own professional standards. In the absence of such a professional community the mutual monitoring of conduct is impossible, but it is very significant for the enforcement of such a code of ethics. Therefore such codified ethical norms should be first of all established with regard to the Saeima deputies, while with regard to the lobbyists the establishment of their professional organisation would be of greater significance. It is possible that a lobbyists' register could facilitate such a union, even though at present there are no signs of such a process taking place in Latvia.

Within the practice of European countries such codes of ethics for the parliamentary deputies are not too widespread, however, they do exist, and these are the principles that are considered to be the most significant in the context of lobbying: independence, transparency, non-discrimination, as well as avoidance of the conflict of interests.<sup>82</sup> In the context of lobbying the most important are the following norms, included in the draft code of ethics for the deputies of the Saeima, which in June, 2004 were drafted by the Centre for Public Policy "PROVIDUS":

- The deputy, submitting a proposal or speaking at the plenary sessions of the Saeima or during the meeting of the Saeima committee, shall declare the per-

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<sup>81</sup> Philp, M. *Political Corruption, Democratization, and Reform*. // Kotkin, S., Sajo, A. (Eds.) *Political Corruption in Transition. A Sceptic's Handbook*. CEU Press. (2002). p. 72.

<sup>82</sup> The European Centre for Parliamentary Research and Documentation (ECPRD). *Parliamentary Codes of Conduct in Europe. An Overview*. (2001). pp. 10–17.  
<http://www.ecprd.org/Doc/publica/OTH/CodeCondduct.pdf> Last accessed 21.07.2004.



sons or organisations that have prepared an opinion or provided information that has helped the deputy to formulate his opinion.

- The deputy shall have the duty to verify, as far as it is possible, whether the information, used as the basis for taking decisions, is true.
- The deputy shall not enter into oral or written agreements with third persons that impose upon him commitments with regard to his duties as a public official. This prohibition includes also accepting such benefits from third parties from which such commitments could arise.
- The deputy in his activities shall avoid such situations that might create an impression among the electorate that the deputy regards public interests to be of less importance than any other interests or has a conflict of interests.
- The deputy, when submitting proposals, speaking at the plenary session of the Saeima or the meeting of a Saeima committee, and voting, shall declare if the relevant issue is influencing or might influence the personal interests of this deputy, his relatives or business partners. Such a declaration may be omitted if the influence on the personal interests stems from facts of common knowledge or facts already earlier disclosed in a public official's declaration.<sup>83</sup>

It can be seen that some of these norms coincide with the measures described above for the facilitation of transparency. The prohibition to the deputies to enter into binding agreements with regard to the fulfilment of their duties as deputies or public officials, means that the deputy may not take the duty to meet the demands of third persons (this should not be confused with the demands of the electorate that are set for the deputy, but do not take the form of binding agreements). The electorate has elected their representative, who, according to his best wishes and abilities, shall take the decisions himself, not obeying binding demands expressed by other people. In practice it means that the deputy may not accept such favours from a lobbyist that might even unofficially and indirectly create a sense of liability for the deputy with regard to this lobbyist.<sup>84</sup>

The provisions on avoiding the perceived conflict of interest (i.e., when an impression arises of the existence of the conflict of interests) and the disclosure of the personal interest in the lobbying context refers to those situations when as the result of a decision in the favour of the lobbyist or as the result of his activities the respective Saeima deputy would also receive (or appear to receive) certain benefits.

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<sup>83</sup> The Code of Ethics of the Saeima Deputies. The draft code was commissioned by the Saeima Mandates and Submissions Committee. The Centre for Public Policy "PROVIDUS", 21.06.2004. Unpublished document.

<sup>84</sup> Explanatory note to the draft Code of Ethics of the *Saeima* Deputies. Drafted by the Centre for Public policy "PROVIDUS", commissioned by the *Saeima* Mandate and Submissions Committee. The Centre for Public Policy "PROVIDUS", 21.06.2004. Unpublished document.

Finally, in the context of ethics it should be noted that in principle it would be possible to draft also a code of ethics for lobbyists, which would not be result of a voluntary agreement between the lobbyists, but such a code for the lobbyists that would be drafted and approved by the Saeima. In such a case the commitment to abide by this code could be the prerequisite for the registration of lobbyists. However, it is true that in case the registration were not made mandatory and the lobbyists themselves would not show an interest in passing of such a code, its practical significance might turn out to be negligible.

**Prevention of corruption (bribery).** Corruption, for example, bribery may be one of the lobbying techniques. This technique is illegal and illegitimate; it also may significantly distort the political process and the passing of acts of legislation. Furthermore, corruption especially promotes unequal access, since large monetary resources are needed, and it is realised via selective channels, formed by the contingency of personal interests. A direct or indirect regulation of lobbying usually does not offer effective mechanisms for the prevention of bribery, even less so for punishing for it. The mechanisms prescribed by the law for controlling the income of public officials in some cases allow identification that an official has had illegal income. However, this is no longer direct regulation of lobbying. Therefore for the prevention and fighting of corruption (bribery) apparently relentless investigatory activities realised by the law enforcement institutions are more important.

## 5.4. The types of lobbying regulation

When drafting lobbying regulation, the most appropriate type of regulations should be chosen. Already at the beginning of this research paper (see section 2) two aspects of regulation were identified – the voluntary character of regulation (without coercion) and mandatory (coercive) and the internally or externally established regulation. A third aspect of regulation can be added to these two, namely, whether the regulation will be primarily addressed to the public officials or the lobbyists. Table 2 includes some examples of various types of regulation.

**Table 2.**  
**The types and examples of lobbying regulation**

	<b>Voluntary</b>	<b>Mandatory</b>
<b>Externally established</b>	<b>Example:</b> a law that provides privileges (for example, a pass) if the demands are met (for example, registration)	<b>Example:</b> a law that introduces mandatory duties (for example, registration, if one wishes to engage in lobbying) <b>Example:</b> A legally binding code of ethics for the deputies of the parliament, the abiding by which is monitored by an institution outside the parliament

	<b>Voluntary</b>	<b>Mandatory</b>
<b>Self-regulation</b>	<p><b>Example:</b> Lobbyists' association gives recommendations to its members</p> <p><b>Example:</b> A legally non-binding code of ethics for the deputies of the parliament</p>	<p><b>Example:</b> Duties imposed by the lobbyists' association upon its members</p> <p><b>Example:</b> A legally binding code of ethics for the deputies of parliament, the observation is controlled by the parliament itself</p>

**Externally established or self-regulation.** With regard to lobbyists in short-term in Latvia there is no real choice between these two options, since in order to introduce self-regulation the lobbyists' community is needed, but at present it is non-existent in Latvia. Therefore regulation addressed to the lobbyists should be established externally, i.e., passed by state institutions. True, in the long-term the idea of self-regulation, approved by lobbyists themselves, should not be discarded.

The decisive factor in this case shall be the appearance of such critical mass of lobbyists who will predominantly use ethical lobbying practice in their activities. Since the decrease of the effectiveness of using ethical lobbying methods is directly linked to the need of competing with the users of corrupted lobbying techniques, the ethical lobbyists might have a selfish interest in restricting the activities of corrupted lobbyists.

The other factor that might force lobbyists to take initiative in developing self-regulation might be the wish to avoid the adoption of state enforced and more restrictive regulation. Such a factor would acquire significance if real possibility would arise that the state institutions might adopt such restrictions and that these restrictions might be enforced to such a degree that would influence the activities of lobbyists. The motivation to take the initiative would stem from the possibility to use self-regulation in order to introduce less restrictive norms.

With regard to the deputies of the Saeima the use of self-regulation would be much more promising, since some kind of self-regulation is almost indispensable precondition for the independent and effective functioning of all parliaments. The Saeima Rules of Procedure that regulate many issues of the parliamentary work is also to be considered as self-regulation, because it is approved by the deputies of the Saeima themselves, and its enforcements is predominantly the competence of the Saeima. Moreover, the deputies of the Saeima form a clearly defined group of persons, with all its members having similar status. Thus the adoption and implementation of a self-regulatory code of ethics with regard to the deputies could be simpler than with regard to the lobbyists.

**Voluntary or mandatory.** As it was already indicated in section 2, the borderline between the voluntary or mandatory character of the regulation is not whether the regulation has a legal force, but whether the regulation is or is not

based on coercion. The main advantage of a voluntary regulation is the fact that there is no need to spend resources to control its implementation. Whether all the subjects of this regulation indeed abide by it with this type of regulation does not have such a huge importance. However, the effectiveness of the voluntary regulation has one very important limitation; namely, it may function only to the extent the persons subject to regulation wish to abide by it. The mandatory regulation in principle does not have this limitation; however, a mechanism of enforcement is necessary.

With the mandatory regulation the effectiveness of its implementation depends upon enforcement, and in the field of lobbying it is rather complicated for several reasons. Lobbying includes numerous informal channels of interaction, that take place in the private sphere (for example, an agreement between a lobbyist and a media representative) or in private premises (for example, unofficial invitation for the official to attend a party). Moreover, at least under Latvian conditions, the persons engaged in lobbying sometimes may wish not to disclose their activities publicly. Under such conditions it is difficult to prove that the lobbying fact has taken place and that the lobbyist because of that should fulfill some demands stipulated by the law, for example, disclose his clients and the remuneration received for lobbying services.

It might be comparatively easier to implement a mandatory regulation with regard to officials, partly because in Latvia officials are already covered by regulations, which at least indirectly also refer to relationship with lobbyists. Furthermore, there is already certain experience in implementing this regulation. With regard to mandatory regulation pertaining to public officials, it would be most efficient to assess what should be improved in the law "On Preventing the Conflict of Interest in the Activities of Public Officials" and the Saeima Rules of Procedure. With regard to the Saeima deputies a voluntary self-regulation might be effective, for example, a legally non-binding code of ethics, under the condition that the majority of the deputies with the aim of enhancing their legitimacy and under the influence of public pressure would have the motivation to observe this regulation.

## 6. Recommendations for regulating lobbying at the Saeima

The previous section outlined some of the options of lobbying regulation and identified some of their advantages and disadvantages. This section provides a recipe of a kind for Latvian situation, that has been drafted on the basis of the information obtained and analyses performed as part of this research. Considering the special focus of this research upon lobbying in the Saeima, these recommendations refer only to this institution.

Prior to describing these recommendations one important background consideration and one disclaimer should be explained. There are several spheres in Latvia that are subject to regulation, but in which in reality the control thus far has turned out to be impossible or such that deals with only the *top of the iceberg* of the problem. These are, for example, the inability to prove the illegal origin of the income of officials or their relatives, if the persons have taken the smallest effort to invent a fictitious past source of income. The second sphere of the kind is bribery; there is reason to assume that the law enforcement institutions discover only an extremely small part of all the cases. It also seems that in the field of financing of political parties the *lion's share* of violations cannot be legally proven.

Therefore the recommendations offered by this research are based on the assumption that for regulating lobbying in Latvia an unwieldy system of restrictions and prohibitions should not be introduced, such system would become a huge extra task for a regulatory institution, which, as it would be known beforehand, would be unable to deal with this task.

This assumption also serves as the basis for a disclaimer, that the recommendations included in the research will not introduce radical changes in the political process and will not directly decrease corruption, which is considered by many to be an important element in Latvian lobbying practice. Instead these recommendations may to some extent increase the transparency of lobbying activities

and, in the best case, even somewhat enhance the equality of access by various groups to political decision makers and strengthen the ethics of the policy making process.

Whatever model of lobbying regulation is chosen, it is important to define a precise balance between the identified aim and the real chances of reaching it. The previous section described such aims as transparency, equal access, ethics and prevention of corruption (bribery). Assuming that fighting corruption in its form of bribery is primarily within the competence of law enforcement institutions, this may not be considered as the primary aim of lobbying regulation.

From the perspective of achieving the aims, it seems that the aim the reaching of which is the most possible, is transparency. The facilitating of equal access is much more difficult to realise (unless one counts on fighting corruption, which, undoubtedly, would promote equal access), since the respective measures impose significant additional burden upon the deputies and the Saeima committees. Reaching of ethics as an aim is also to a large extent problematic because it is difficult to verify whether the aim has been reached – the norms of ethics are too diverse and the border between compliance and non-compliance with these norms sometimes is rather vague.

With regard to promoting the transparency of lobbying, this research proposes the following amendments to the Saeima Rules of Procedure:

- To set up a register of lobbyists – the persons included in the register would for a definite period of time, for example, one year obtain the pass for entering the Saeima buildings. In order to reduce the difficulties related to controlling lobbyists, this registration should not be a mandatory duty; it should be based upon positive motivation. The registered lobbyists in addition to the pass might be granted also guaranteed possibilities to meet separate deputies of the Saeima or committees, if the lobbyist had developed specific legislative proposals. Such guarantee would also enhance the equal access to the political decision makers.

In order to avoid creating discriminatory privileges to groups of persons, the possibility to register should be open to all interested parties – paid lobbyists, interest group representatives, etc. The voluntary character of registration would allow avoiding the complex task of defining who lobbyist is, since the circle of registrants would include only those persons who themselves wish to register.

- The duty should be established to disclose information about oneself upon registration. To ensure transparency it would be sufficient with one report submitted upon registration, and following that a regular annual report, submitted once per year if the lobbyists wants to remain registered. The initial report should disclose the lobbyist's identity, the organisation or the company represented by the lobbyist, the clients paying for lobbying (if such already exist) and the policy spheres that the lobbyist intends to lobby. The annual report should indicate:

- the specific issues or draft laws with regard to which lobbying has been done during the previous 12 months;
  - information on Saeima deputies with whom the lobbyist has had contacts;
  - all the clients of the last 12 months who are paying for lobbying (if such exist) and the paid remuneration sums (an alternative that would demand disclosing less private information and therefore encounter less resistance – only the total sum received from all lobbying clients within the reporting period);
  - changes in information submitted upon registration.
- In order to promote the transparency in the work of the Saeima committees, a duty should be established to reflect in the minutes of the meetings the summaries or transcripts of all the presentations made by the invited persons and the following debates. The minutes of the open committee meetings should be published on the Internet. A duty should also be established to indicate the names of all the persons invited to participate in committee meetings and the represented organisations in the daily agenda documents of the Saeima.
  - A duty should be set to provide explanatory notes on the proposed amendments to draft laws. The contents of these explanatory notes might be simpler than the ones prepared for the whole draft laws; however, an important part of such explanatory notes would be the explanations of the necessity for such a proposal and the persons with whom the submitter of the proposal has consulted. Several similar proposals might be provided with a single explanatory note.

These recommendations (in brief – registration, disclosure, transparency of committees, explanatory notes to the proposals) are to be implemented both as voluntary and mandatory regulation. Due to the considerations given at the beginning of this section with regard to the lobbyists themselves voluntary regulation should be used (it would include registration and disclosure). The transparency of committees and drafting of explanatory notes could be established as mandatory duties. Since the implementation of the recommendation with regard to the transparency of committees would call for comparatively small changes in the current procedure of documenting committee meetings, these amendments would not be too difficult to implement. The duty to provide explanatory notes to proposals would increase the work load of the persons submitting the proposals, however, by using the analogy with the explanatory notes for the draft laws, this recommendation, without doubt, can be implemented.

All the recommendations described above may be implemented as amendments to the Saeima Rules of Procedure, and some of them might be included in the Code of Ethics or Conduct of the Saeima deputies. Such a code should include a number of other provisions, the inclusion of which into the Saeima Rules of Procedure would not be useful. Such a Code should be voluntary self-regulation, which in this case would mean a legally non-binding document (see Table 2).

Since some of the Saeima deputies' duties with mandatory character are already provided by other laws, it would not be acceptable to include in the Code of Ethics or Conduct new legal duties that would partly overlap with the provisions of legislation. In the context of lobbying it is important that the Code of Ethics or Conduct of the Saeima deputy would establish:

- a duty to disclose the persons or organisations, who have prepared an opinion or provided information that has essentially helped the deputy to formulate his opinion;
- the duty to verify, as far as it is possible, whether the information, used as the basis for taking decisions, is true;
- the prohibition to enter into oral or written agreements with third persons that impose upon the deputies commitments with regard to their duties as a public official;
- the duty to avoid such situations that might create an impression that the deputy has a conflict of interests;
- the duty when submitting proposals, speaking at the plenary session of the Saeima or the meeting of a Saeima committee, and voting, to declare if the relevant issue is influencing or might influence the personal interests of this deputy, his relatives or business partners. Such a declaration may be omitted if the influence on the personal interests stems from facts of common knowledge or facts already earlier disclosed in a public official's declaration.<sup>85</sup>

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<sup>85</sup> These recommendations are based upon the draft Code of Ethics of the Saeima Deputies, which was drafted by the Centre for Public Policy "PROVIDUS", commissioned by the Saeima Mandate and Submissions Committee. 21.06.2004. Unpublished document.



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- Interview No. 8. Representative of an association. Entrepreneur.
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- Interview No. 10. Saeima deputy. At the time of interviewing represented the governing coalition.
- Interview No. 11. Saeima deputy. At the time of interviewing represented the opposition.
- Interview No. 12. Saeima deputy. At the time of interviewing represented the opposition.
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