

CORPORATE SOCIAL RESPONSIBILITY OF LOBBISM PHENOMENA IN US

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Abstract: *This research article examines the role of federal lobbying expenditures and legislative mechanisms in shaping public policy and the decision-making process in the United States. It highlights the significant impact that professional lobbyists have on advocating for various federal organizations, including government agencies, congressional committees, and the White House. The article also delves into the ongoing debate surrounding the relationship between lobbying and corporate social responsibility (CSR). To ensure a more equitable and sustainable future, the article emphasizes the need for greater transparency, accountability, and recognition of the potential negative impact of corporate lobbying. It calls for ongoing scrutiny of the complex dynamics between lobbying, public policy, and democratic governance to strike a balance between the legitimate advocacy of interests and broader societal objectives. In conclusion, this article sheds light on the significant role of federal lobbying expenditures and legislative mechanisms in shaping public policy in the United States.*

Keywords: *Lobbying, Interest Groups, Policy Making, Influence, Spending, CSR, United States of America.*

Federal lobbying expenditures and legislative mechanisms

Lobbying is a significant and influential practice in the United States political landscape, with federal lobbying expenditures playing a critical role in shaping public policy and decision-making processes. Striking a balance between the legitimate advocacy of interests and the pursuit of broader societal goals remains an ongoing challenge in the realm of lobbying and democratic governance.

Professional lobbyists are engaged via U.S. federal organizations to help them in interacting with the legislature and governmental choices making technique. This includes hiring lobbyists to negotiate with legislators, write and analyze bills, and other tasks related to the legislative process. For example, the U.S. House Financial Services Committee has hired contractors or lobbyists that allow the company to interact intently with different senators and congressmen as nicely other departments or ministries in the authorities.

One such lobbyist, Capitol Tax Partners, assists the financial services committee with tax policy development and financial regulatory actions¹.

Furthermore, the U.S. Environmental Protection Agency hires lobbyists to engage with legislators on topics related to environmental regulation. For example, lobbyists from the consulting firm The Vogel Group have assisted EPA in communicating with Congress on issues related to the regulation of greenhouse gas emissions. In addition, the White House and its agencies may also hire lobbyists to garner support for legislative initiatives and to engage with congressmen and senators. For example, in 2020, the White House hired lobbyists from the consulting firm Ballard Partners to help negotiate with Congress on issues related to the COVID-19 measure. According to a report by the Center for Adaptive Policy, in 2022, federal agencies spent approximately \$4.6 billion on hiring lobbyists. These expenditures encompassed costs associated with lobbying services and expenses related to participation in lobbying-related activities.

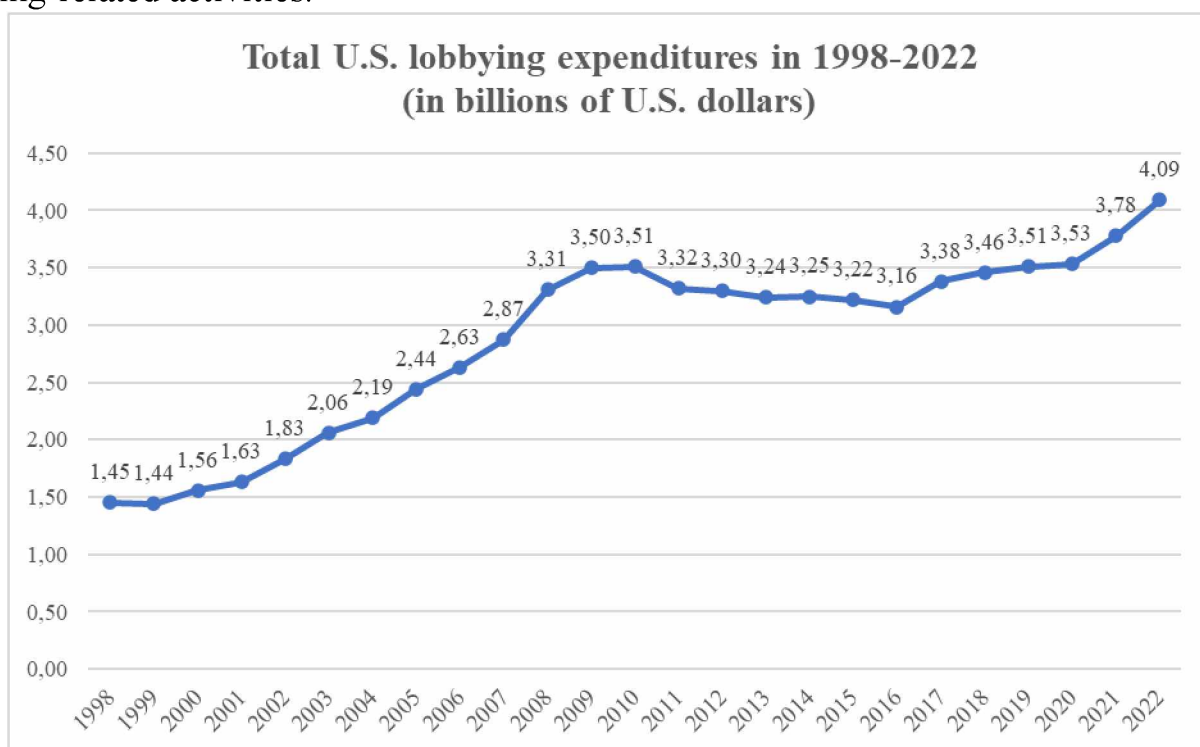


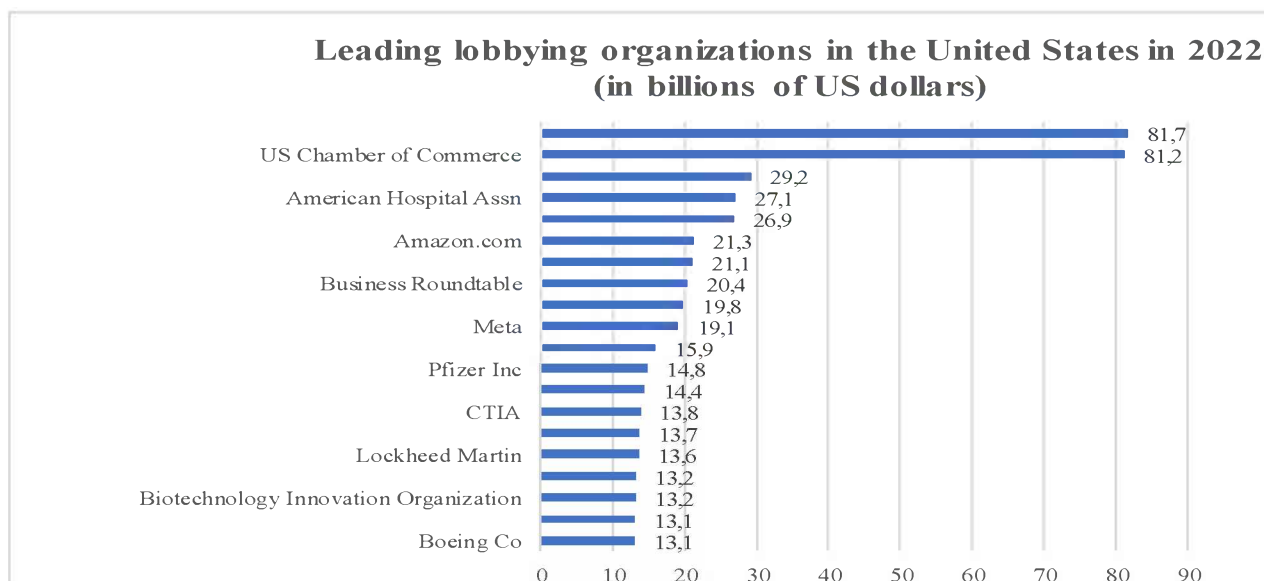
Table 1. U.S. Total Lobbying Spending 1998-2022

Organizations engaged in lobbying activities can vary from large corporations and trade associations to non-profit organizations and human

¹ National Institute for Lobbying & Ethics. (2019). Code of ethics. Available at: <https://www.lobbyinginstitute.com/code-of-ethics/>

rights groups. In 2022, the highest lobbying expenditures in the US federal government were made by the following organizations and companies²:

Table 2. Leading lobbyists in the United States in 2022



(in billions of dollars)

However, there are loopholes in legislation that allow businesses and other organizations to fund lobbying through certain indirect channels, such as properly organized non-profit organizations, and so on. These indirect channels can bypass restrictions established by the Federal Campaign Law and enable businesses to influence the legislative process through lobbying³.

Some of the loopholes in the law that allow businesses and other organizations to fund lobbying include:

1. **Funding through non-profit organizations:** This is where businesses can set up non-profit organizations that they can later use to fund lobbying in their interests. The company therefore, does not reveal the source of the funding in such type of organization and uses it for lobbying. Another instance is when Crossroads GPS, a nonprofit organization linked to Republican strategist Karl Rove, spent more than \$16 million on lobbying without disclosing the source of its income.

2. **Funding through Super PACs:** Super Political Action Committees (Super PACs) have no limitations on how much money they can receive and

² Center for Responsive Politics. (2022). Lobbyist Database. OpenSecrets. <https://www.opensecrets.org/federal-lobbying/lobbyist-database>

³ Bombardini, M., & Trebbi, F. (2012). Competition and political organization: Together or alone in lobbying for trade policy?. *Journal of International Economics*, 88(1), 113-123.

spend for the purpose of financing political campaigns. Funding Super PACs allows businesses to influence the legislature to their advantage. For instance, in 2012, Priorities USA Action, affiliated with Barack Obama's campaign, received significant funding from large businesses such as DreamWorks Animation, Qualcomm, and others. Political Action Committees (PACs) have significant influence in Congress and account for about 30% of the total amount of money flowing into campaign funds⁴.

3. **Funding through contributions to charitable foundations:** Major corporations like Boeing, Chevron, etc. provided enormous funds for the Clinton Foundation in 2016.

4. **Funding through lobbying fees:** Businesses can employ and compensate lobbyists on behalf of business interests in front of government agencies through the legislative frameworks. During 2017, Pfizer, a Pharmaceutical company, employed Invariant LLC as a lobbying firm through which Pfizer sought to protect its interests regarding a tax reform. The invariant LLC lobbied for the Congress and various governmental agencies in support of the interests of Pfizer as well as other drug making companies.

While these slots are not always illegal, they can circumvent some legal restrictions and allow businesses to influence the legislative process.

Lobbying and corporate social responsibility (CSR)

Lobbying and CSR have a significant impact on a company's reputation and public perception. While CSR refers to a company's voluntary actions to improve social and environmental performance, lobbying involves efforts to influence public policy and regulation in favor of a company's interests⁵.

There is debate about the extent to which lobbying activities are consistent with CSR principles. On the one hand, lobbying can be seen as a legitimate way for companies to advocate for policies that advance their economic interests while promoting economic growth and job creation. On the other hand, critics argue that lobbying can undermine democratic processes

⁴ Bonica, A. (2014). Money in politics: A study of the role of campaign contributions in US congressional elections. *American Journal of Political Science*, 58(2), 296-309.

⁵ Carroll, A. B. (2016). Corporate social responsibility: The centerpiece of competing and complementary frameworks. *Organizational Dynamics*, 45(2), 97-106.
<https://www.sciencedirect.com/science/article/abs/pii/S0090261615001068>

and lead to policies that favor narrow interests at the expense of broader societal goals.

Corporate Watch's 2006 CSR Report provides an important critique of the limitations of CSR as a tool for promoting social and environmental sustainability. It highlights the need for greater transparency and accountability in corporate practices and emphasizes the importance of recognizing how corporate lobbying can undermine progress towards a more equitable and sustainable future⁶.

In "Socially Responsible Lobbying," Saara Hämäläinen and Yi Zheng argue that companies can use their lobbying power to advocate for policies and regulations that are consistent with their CSR goals, rather than simply using lobbying as a tool to protect their financial interests⁷. For example, in 2014, the authorities of the city of Flint, Michigan, switched the city's water supply to a cheaper source that was contaminated with lead. The crisis highlighted the failures of both lobbying and CSR, as the powerful water industry influenced the state government to cut spending and ignore warnings about health risks. Meanwhile, companies involved in the water system claimed to be committed to environmental sustainability and public health⁸.

An examination of the political and social consequences of lobbying disagreements.

The role that interest groups play in society is a debate that is periodically revived in the American political environment. Lobbying is a controversial topic in the United States, and there are differing views on its role and impact on the political system. Lobbying is the act of trying to influence decisions made by public officials, usually through paid representatives or interest groups. While lobbying may be a legitimate and necessary function in a democratic society, it is also often associated with controversy and ethical issues. Those who support lobbying argue that it is a legitimate and necessary means for individuals and groups to influence

⁶ Hahn, R., & Kühnen, M. (2013). When lobbying and corporate social responsibility (CSR) serve similar goals: The strategic use of CSR in lobbying. *Business & Society*, 52(2), 282-317. doi: 10.1177/0007650312467009.

⁷ Brammer, S., Jackson, G., & Matten, D. (2012). Corporate lobbying and corporate social responsibility: Aligning contradictory agendas. *Journal of Business Ethics*, 111(4), 413-429. doi: 10.1007/s10551-012-1202-2.

⁸ Hanna-Attisha, M., LaChance, J., Sadler, R. C., & Champney Schnepp, A. (2016). Elevated blood lead levels in children associated with the Flint drinking water crisis: A spatial analysis of risk and public health response. *American Journal of Public Health*, 106(2), 283-290.

government and promote their interests. They see lobbying as an integral part of the democratic process and a way to ensure that all voices are heard. Critics of lobbying argue that it can undermine the democratic process and lead to the concentration of power in the hands of a few rich and powerful individuals and organizations.

According to three Pew Center polls conducted between September 2018 and March 2019, 53% of respondents viewed the role of lobbyists and interest groups in Washington as a serious problem, compared to 38% for illegal immigration⁹. In addition, lobbyists consistently score low in terms of reliability, honesty and ethical standards. Gallup's annual survey of integrity and ethics in the professions found that between 2007 and 2017, 60% of respondents rated lobbyists as “very low” or “underpaid,” with the lowest at 64% in 2008 and the highest at 56% in 2013. By comparison, bankers received a rating of 25%¹⁰.

Critics argue that lobbying gives wealthy individuals and organizations undue influence over government decision-making, allowing them to advance their own interests at the expense of the public interest. For example, the National Rifle Association (NRA) is a powerful lobbying group in the United States that has been accused of using its influence to shape gun policy in its favor. Critics say it has led to policies that prioritize the interests of the gun industry over public safety, such as opposition to background checks and other gun violence prevention measures¹¹.

Some researchers argue that lobbying can lead to corruption because lobbyists may use unethical means to influence public officials, such as offering bribes or other incentives¹². Corruption is a serious problem associated with lobbying in the United States. Critics argue that the lack of transparency and accountability in the lobbying process can create an environment in which unethical behavior thrives. In 2005, lobbyist Jack Abramoff was convicted of fraud, conspiracy and tax evasion related to his lobbying activities on behalf of Native American tribes and other clients. He was accused of offering bribes

⁹ Pew Research Center. (2019). Public trust in government: 1958-2019. Available at: <https://www.people-press.org/2019/04/11/public-trust-in-government-1958-2019/>

¹⁰ Gallup. (2018). Honesty and ethics in professions. Available at: <https://news.gallup.com/poll/1654/honesty-ethics-professions.aspx>

¹¹ The Guardian. (2021). The NRA's grip on American politics: what you need to know. Available at: <https://www.theguardian.com/us-news/2021/jun/05/nra-grip-on-american-politics-what-you-need-to-know>

¹² Kollman, K. (2019). *The Business of Lobbying in the United States*. Routledge.

and gifts to legislators and their staffs in exchange for their support of legislation favorable to his clients¹³.

Lack of transparency in the lobbying process is a serious problem in the US and has led to calls for more disclosure and regulation so that the public can have confidence in the integrity of government decision-making processes. Lack of transparency in the lobbying process can also give the impression that lobbyists engage in influence peddling, using their connections and resources to gain access to decision makers and shape policy in the interests of their clients.

Critics argue that lobbying gives wealthy individuals and organizations greater access and influence over government decision-making, creating an uneven playing field and potentially undermining the democratic process. Wealthy individuals and organizations are able to donate large sums of money to political campaigns, which can give them greater access and influence over elected officials. This can create a system in which politicians put the interests of their wealthy donors ahead of the needs of their constituents. For example, Michael Bloomberg, former New York City mayor and billionaire founder of Bloomberg LP, has donated millions of dollars to Democratic candidates and community organizations. He spent more than \$1 billion on his own unsuccessful 2020 presidential campaign¹⁴.

Regulatory capture is a phenomenon in which regulators become too closely tied to the interests of the industries they are supposed to regulate. Critics argue that lobbying can contribute to regulatory capture because interest groups can influence regulators to serve their own interests rather than the public interest. One example of FDA oversight is the approval of the painkiller OxyContin. OxyContin, which contains the highly addictive opioid drug oxycodone, was approved by the FDA in 1995 for the treatment of moderate to severe pain. Since then, however, the drug has been linked to a nationwide epidemic of opioid addiction and overdose deaths. The opioid epidemic has highlighted the need for greater transparency and accountability

¹³ Levinthal, D. (2018, May 25). Jack Abramoff's return: The disgraced lobbyist is working on marijuana reform. Center for Public Integrity. Available at: <https://publicintegrity.org/politics/jack-abramoffs-return-the-disgraced-lobbyist-is-working-on-marijuana-reform/>

¹⁴ New York Times. (2020). Michael Bloomberg Spent More Than \$1 Billion on His Failed Presidential Campaign. Available at: <https://www.nytimes.com/2020/03/06/us/politics/michael-bloomberg-spending.html>

in FDA decision-making to ensure that drugs are safe and effective for patients¹⁵.

Moreover, critics argue that the "revolving door" between government and lobbying firms can create conflicts of interest and the appearance of improper behavior because former government officials can use their connections and knowledge to benefit their new clients, such as Andrew Wheeler, who served as deputy administrator of the Environmental Protection Agency (EPA) under the Trump administration before leaving to become a coal industry lobbyist. Wheeler's decision to become a lobbyist for an industry he previously regulated raised concerns about conflicts of interest and the integrity of EPA's decision-making process¹⁶.

Foreign influence can undermine national security and the democratic process. For example, the Russian government has been accused of using a range of tactics to interfere in the 2016 presidential election and influence its outcome. In particular, the Russian government was accused of hacking into the servers of the Democratic National Committee (DNC) and Hillary Clinton's campaign to steal emails and other sensitive information. This information was then made public through WikiLeaks and other media outlets in an attempt to damage the Clinton campaign and influence the election. The Russian government has also been accused of engaging in covert operations to influence elections, including the use of propaganda and disinformation campaigns, hacking into state election systems, and infiltrating U.S. political organizations and campaigns. The interference was widely condemned by U.S. officials and led to numerous investigations by Congress and the Department of Justice¹⁷.

Critics argue that the influence of lobbying can have a negative impact on the democratic process by giving wealthy individuals and organizations disproportionate influence over government decision-making. This can create a system in which the interests of the rich and powerful take precedence over the

¹⁵ NPR. (2019). How The FDA Came To Decide The Opioid Crisis Was A Public Health Emergency. Available at: <https://www.npr.org/2019/03/27/706636517/how-the-fda-came-to-decide-the-opioid-crisis-was-a-public-health-emergency>

¹⁶ The Washington Post. (2019). Andrew Wheeler, ex-coal lobbyist, confirmed as head of EPA. Available at: <https://www.washingtonpost.com/news/energy-environment/wp/2019/02/28/andrew-wheeler-ex-coal-lobbyist-confirmed-as-head-of-epa/>

¹⁷ The New York Times. (2019). The Mueller Report: A Guide to the Findings. Available at: <https://www.nytimes.com/2019/04/18/us/politics/mueller-report-explainer.html>

needs of ordinary citizens. In addition, the concentration of power in the hands of a few wealthy individuals and organizations can lead to the marginalization of certain groups, further undermining the democratic process. Lobbying can also contribute to regulatory capture, as interest groups can use their influence to shape regulations to their own advantage, potentially undermining public health and safety.

Zbigniew Brzezinski¹⁸ and Samuel Huntington¹⁹ argue that it can harm the national interest by allowing special interests to exert undue influence on government policy. Brzezinski, a former national security adviser to President Jimmy Carter, argued that lobbying can create policies that benefit a narrow set of interests at the expense of the broader public good. He suggested that lobbying can undermine the integrity of the democratic process by allowing special interests to have a disproportionate influence on government decision-making. Huntington, a political scientist and author, also expressed concern about the influence of special interests on government policy. He argued that lobbying can create a situation in which the interests of the few are placed above the interests of the many, leading to a disruption of the democratic process. Critics of lobbying also point to potential conflicts of interest, as lobbyists may represent several clients with competing interests. This could create a situation where lobbyists can shape policy in a way that benefits their clients, potentially to the detriment of the public interest.

On the other hand, proponents of lobbying argue that it can be effective in promoting policies that are in the national interest as long as its interests do not conflict with those of the United States²⁰. They argue that lobbying can bring different perspectives and interests into the policymaking process, leading to more informed and balanced decision-making. Proponents of lobbying also point to examples of successful lobbying efforts that have led to significant social and political change. For example, the civil rights movement in the United States relied heavily on lobbying efforts to push for the passage of key legislation such as the Civil Rights Act of 1964 and the Voting Rights Act of 1965. Human rights groups and activists used lobbying to persuade legislators to support these landmark pieces of legislation that helped advance civil rights and equality for African Americans in the United States. Similarly,

¹⁸ Brzezinski, Z. K. (1985). *Power and principle: Memoirs of the national security adviser, 1977-1981*. Farrar, Straus and Giroux

¹⁹ Huntington, S. P. (1975). *Political power: USA/USSR*. Viking Press.

²⁰ Murphy, C. N., & Mahoney, C. J. (2004). The impact of lobbying on US foreign policy-making: The case of Syria. *Middle East Journal*, 58(3), 389-407.

advocates of lobbying argue that it can be effective in promoting policies that advance the national interest in areas such as health care, education, and the environment. They suggest that lobbying can provide a voice for unrepresented groups and help address systemic inequality and injustice to themselves.

Despite the fact that in polls about 2/3 of respondents consider lobbying as a threat to American democracy, in recent years there has been an unprecedented growth in the number of interest groups. According to the Center for Responsive Politics, at the end of 1978 there were 1.8 thousand registered lobbies in the U.S., and by the end of 2022 there will be more than 12.6 thousand registered U.S. lobbying firms²¹.

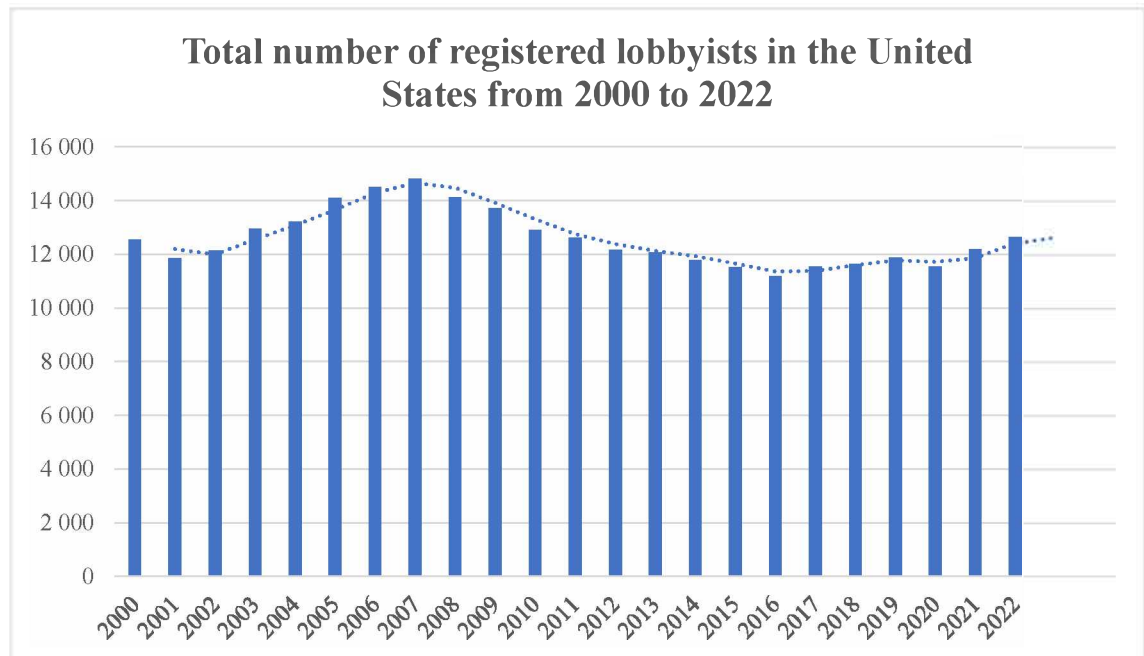


Table 3: Total number of lobbyists in the U.S. for 2000-2022²².

Overall, the debate over lobbying in the United States is complex and multifaceted, with different perspectives on its role and influence. While both sides have valid arguments, the challenge is to strike a balance between protecting the democratic process and ensuring that government serves the broader public interest.

²¹ Center for Responsive Politics. (n.d.). Official website. Opensecrets.org. Retrieved April 18, 2023, from <https://www.opensecrets.org/>.

²² Center for Responsive Politics. (2022). Lobbying Spending Database - OpenSecrets. Available at: <https://www.opensecrets.org/lobby/overview.php>.

Conclusion

In conclusion, federal lobbying expenditures and legislative mechanisms play a vital role in shaping public policy and the decision-making process in the United States. Professional lobbyists are hired by various federal organizations, including government agencies, congressional committees, and the White House, to advocate for their interests and navigate the complex legislative landscape. The amount of money spent on lobbying by federal agencies has reached billions of dollars, indicating the influence and importance of lobbying in the political system. However, there are loopholes in legislation that allow businesses and organizations to fund lobbying through indirect channels, such as nonprofit organizations and Super PACs. These loopholes can bypass restrictions and transparency requirements, enabling businesses to exert their influence on the legislative process without fully disclosing their involvement.

The relationship between lobbying and corporate social responsibility (CSR) is a subject of ongoing debate. While lobbying can be seen as a legitimate way for companies to advocate for policies that align with their economic interests, critics argue that it can undermine democratic processes and favor narrow interests over broader societal goals. The role of interest groups and lobbyists in society remains a contentious issue. While some view lobbying as a necessary component of the democratic process, others express concern about the concentration of power and the potential for corruption. Public perception of lobbyists is generally negative, with many perceiving them as having low reliability, honesty, and ethical standards.

Greater transparency, accountability, and recognition of the potential negative impact of corporate lobbying are necessary to ensure a more equitable and sustainable future. Ultimately, the complex dynamics between lobbying, public policy, and democratic governance require ongoing scrutiny and efforts to strike a balance between the legitimate advocacy of interests and the broader societal goals.

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