
The business fluctuations a the lobbying evolution in European Union, Canada an USA

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Business fluctuations are associated with business cycles but are not implying the regularity. We consider that the lobbying activities can influence the periods of economic recession and expansion from business fluctuations. The role of lobbying is to affect the decisions made by officials in the government or international corporations and agencies or organizations. In this paper we describe the structure of lobbying practice in European Union, Canada and United States of America and the characteristics of business fluctuations. Specifically, this paper looks at the lobbying activities evolution in European Union, Canada and United States of America and also at a potential relationship between lobbying and business fluctuations, from periods of boom to periods of recession.

Keywords: Lobbying, business fluctuations, Lobbying Act, European Interest groups, Lobbying Disclosure Act .

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INTRODUCTION

In the first part of this paper we analyze the lobbying evolution in European Union and the role of European Commission for the lobbying promotion and development. In the second part we analyze the lobbying evolution in America- Canada and United States of America. The last part of our paper contain a general analyze on the role that lobbying activities could have for influencing the business fluctuations.

The macroeconomic policies have the role to promote the long-run economic growth and to influence the impact of the short-run fluctuations at level of national output and employment of scarce economic resources. This paper provides an overview of the lobbying practice in Europe and America and a description of business fluctuations, from recessions and periods at economic through to expansions and periods at economic peaks. The main objective is to see if the lobbying practice can influence the business fluctuations.

European Commission adopted from 1992 an open position concerning the lobbying practice. The lobbying practice was developed in United States of America for several decades and transformed the businesses structure from small family firms to multinationals corporations. In Canada the lobbying activity started with Lobbyists Registration Act from 1989 amended in 1995.

In general, lobbying represents the communication with a public officer. Lobbying activities first role is to influence the public policy but this can be just an important step to influence the changes in regulations, programs and policies, influencing the economic policies and their impact on general economic level.

1. The cooperation between European Union Institutions and the interest groups

The position of European Commission concerning lobbying activities was published in December 1992 in the Communication called An open and structured dialogue between the Commission and special interest groups (1). According to this document, the Commission considers that the open dialogue with the interest groups is a fundamental process to the development of the Commission policies. The aim of this Communication is to clearly define the relations between Community's institutions and the interest groups. This Communication was presented in the context of the debate on the declaration about the right of access to information, that was annexed to the Treaty on European Union and also on the Birmingham Declaration which insisted on more open European Community with better access at information for its members and more transparency concerning the relations between European Commission and the special interest groups.

Those special interest groups can be divided into organizations that are not making profit such as associations, federations; and organizations which are profit makers such as consultants, legal advisers or public relations firms. Some of these special interest groups have the role to provide technical expertise to the Commission influencing the structural regulations in European Union.

The dialogue between Commission and interest groups takes two forms, first is based in the expertise of the interest group members which assist the Commission in applying its objectives and the second is based on the unplanned dialogue between Commission and interest groups. The dialogue between European Commission and interest groups has been a fundamental process to the development of new policies and rules in European Union.

On 2 October 1997 the Treaty of Amsterdam made important changes to the Treaty of Maastricht, which has been signed in 1992. The Commission right of initiative has been strengthened in the areas of employment, immigration and judicial cooperation.

The substantial amendments in the Treaty of Amsterdam were to reinforce the main European objectives:

- 1) the promotion of economic and social progress and a high level of employment of resources and the achievement of a balanced and sustainable development, in particular through the creation of an area without internal frontiers, through the strengthening of economic and social cohesion and through the establishment of economic and monetary union, ultimately including a single currency in accordance with the provisions of this Treaty;
- 2) the affirmation of European identity on the international scene, in particular through the implementation of a common foreign and security policy including here also a progressive common defence policy for member states;
- 3) the protection of the rights and interests of the nationals of its Member States through the introduction of a citizenship of the Union;
- 4) the developing of an Union as an area of freedom, security and justice, in which the free movement of persons is guaranteed in conjunction with appropriate measures concerning external border controls, asylum, immigration and the prevention and combating of crime;
- 5) The promotion of the *acquis communautaire* and its development. (2)

In the same time the Amsterdam Treaty created the platform for the cooperation between European Commission and interest groups had an open door for a large extent future cooperation.

The treaties role is to make the European Union more efficient and in the same time more transparent, to organize a platform ready to accept new members States, to create opportunities of cooperation between EU countries.

The treaties are mandatory agreements between member countries and European Union. The treaties are setting the main objectives of European Union, the regulations for the European Institutions, the structure of the central decisions, the cooperation between member countries and between them and European Union.

The table 1 illustrates a summary on the European Union main treaties, starting with 1951 with the Treaty that established European Coal and Steel Community until 2007 with the Treaty of Lisbon

TABLE 1

EUROPEAN UNION MAIN TREATIES

Treaty	Treaty importance	
Treaty establishing the European Coal and Steel Community	Signed: 18 April 1951 Entered into force: 23 July 1952 Expired: 23 July 2002	Aim: to create interdependence in coal and steel so that one country could no longer mobilise its armed forces without others knowing. The ECSC treaty expired in 2002.
Treaties of Rome : EEC and EURATOM treaties	Signed: 25 March 1957 Entered into force: 1 January 1958	Aim: to set up the European Economic Community (EEC) and the European Atomic Energy Community (Euratom). Essential changes: extension of European integration to include general economic cooperation.
Merger Treaty - Brussels Treaty	Signed: 8 April 1965 Entered into force: 1 July 1967	Aim: to streamline the European institutions. Essential changes: creation of a single Commission and a single Council to serve the then three European Communities (EEC, Euratom, ECSC). Repealed by the Treaty of Amsterdam
Single European Act	Signed: 17 February 1986 (Luxembourg) / 28 February 1986 (The Hague) Entered into force: 1 July 1987	Aim: to reform the institutions in preparation for Portugal and Spain's membership and speed up decision-making in preparation for the single market. Essential changes: extension of qualified majority voting in the Council (making it harder for a single country to veto

Treaty	Treaty importance	
Treaty establishing the European Coal and Steel Community	Signed: 18 April 1951 Entered into force: 23 July 1952 Expired: 23 July 2002	Aim: to create interdependence in coal and steel so that one country could no longer mobilise its armed forces without others knowing. The ECSC treaty expired in 2002.
		proposed legislation), creation of the cooperation and assent procedures, giving Parliament more influence.
Treaty on European Union - Maastricht Treaty	Signed: 7 February 1992 Entered into force: 1 November 1993	Aim: to prepare for European Monetary Union and introduce elements of a political union (citizenship, common foreign and internal affairs policy). Essential changes: establishment of the European Union and introduction of the co-decision procedure, giving Parliament more say in decision-making. New forms of cooperation between EU governments – for example on defence and justice and home affairs.
Treaty of Amsterdam	Signed: 2 October 1997 Entered into force: 1 May 1999	Aim: To reform the EU institutions in preparation for the arrival of future member countries. Essential changes: amendment, renumbering and consolidation of EU and EEC treaties. More transparent decision-making (increased use of the co-decision voting procedure).
Treaty of Nice	Signed: 26 February 2001 Entered into force: 1 February 2003	Aim: to reform the institutions so that the EU could function efficiently after reaching 25 member countries. Essential changes: methods for changing the composition of the Commission and redefining the voting system in the Council.
Treaty of Lisbon	Signed: 13 December 2007	Aim: to make the EU more democratic, more efficient and better able to address

Treaty	Treaty importance	
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	Entered into force: 1 December 2009	global problems, such as climate change, with one voice. Essential changes: more power for the European Parliament, change of voting procedures in the Council, citizens' initiative, a permanent president of the European Council, a new High Representative for Foreign Affairs, a new EU diplomatic service. The Lisbon treaty clarifies which powers: belong to the EU; belong to EU member countries; or are shared.

Source: http://europa.eu/eu-law/decision-making/treaties/index_en.htm

It can be seen from the table 1 European Union Main Treaties that from 1951 until 2007 European Union adjusted its objectives to the aim of enlargement and reformed its institutions role trying to build a constructive approach of cooperation between European Union and member states.

European lobbying style is adapted at the European Union structure with the representation of economic interest, which evolved from associational representation of European Union member states firms to a form of direct representation of them. The development of interest groups activities at the supranational level in European Union increased also their structure and participation.

After 1980, the impact of interest groups participation in European Union was presented in different studies which analyzed the old and new lobbying style. In 1981 Kirchner presented the main role of interest groups in European Community (3), in 1992 Greenwood coordinated a research to present role of the organized interests at the level of European Community (4), in 1993 Van Schendelen analyzed the relationship between national public and private lobbying (5) and in 1998 Claves coordinated a structured research on lobby, pluralism and European integration (6).

In order to explain the political changes and the new governance system, other authors portrayed the organized interests in the single European Market (7), attested the manner of governance transformation in the European Union (8) and pictured the importance of a relevant activity of interest groups in Europe (9).

After 2005 the studies on lobbying activities in European Union comprised a comparative perspective of lobby structure in European Union (10), lobbying strategies in European Union (11) and also the growing influence of interest groups in policymaking at European Union level and at American level (12).

2. Lobbying evolution in America- Canada and United States of America

2.1 Lobbying activities in Canada

Currently in Canada the lobbying activities are recognized at federal and at provincial level also, at federal level from 1989 and at provincial level in Ontario from 1999 and in Nova Scotia, British Columbia and Quebec from 2002.

The legislation process of lobbying activities in Canada started in September 1989 when it was adopted Lobbyists Registration Act that contain the basic requirements for the registration of the lobbyists and the information concerning themselves and their subject of interest. From 1995 Canadian government introduces Bill C-43, An Act to Amend the Lobbyists Registration Act and to develop a code of conduct for lobbyists. This code came into force in March 1997, after being reviewed by House of Commons Standing Committee on Procedure and House Affairs. In October 2002, the Canadian government introduced Bill C-15, An Act to Amend the Lobbyists Registration Act in the House of Commons.

In June 2003 the Bill C-15 received the Royal Assent. On the beginning of January 2004, Canadian Government introduced Bill C-4, a new legislation that changed the reporting structure, so that the Registrar reported to Parliament. The Register General of Canada assumed all the responsibilities under the Lobbying Act and it was created the Office of Registrar of Lobbyists. In 2005 new Regulations Amending the Lobbyists Registration Act came into force with important changes: it was provided a more complex definition of lobbying; all categories of lobbyists were required to present a report every six months; the both categories of lobbyists (lobbyists working for corporations and lobbyists working for NGO-s) could access the registration requirements.

On April 2006 was introduced Bill C-2, the Federal Accountability Act (FedAA), including changes to the Lobbyists Registration Act to present the general scope of lobbying activities.

The Lobbying Act came into force in July 2008. There were also substantial changes: is created the position of Commissioner of Lobbying and a new position of public office holder is indicated (DPOH). The Lobbying Act guarantees the open access to the government and the legitimacy of Lobbying public office holders. (13)

Canada has a much regulated system and the free access at information conjugate with the development of lobbying practice to take different forms, from consultant lobbyist, to corporate lobbyist or organization lobbyist.

2.2 Lobbying activities in United States of America

United States of America are considered to be the place where the lobbying activities were first created becoming part of USA politics and influencing the decision-making process (14). In 1935 in USA was adopted Public Utility Holding Company Act (PUHCA) which is the law that protects customers and prevents utility holding companies from subsidizing unregulated business activities from profits obtained from their regulated business activities.

In addition to regulations on electric utilities, this law included the requirement that any employee of a holding company is required to submit reports before trying to influence the Congress. (15).

The Federal Regulation of Lobbying Act of 1946 represents United States of America's first lobbying disclosure law for domestic lobbyists. The main goal of the 1946 Act was to establish for first time a system of lobbyist registration and disclosure. Therefore the Act provided an organized system of registration and financial disclosure of any person attempting to influence legislation in Congress. It required anyone who wanted to influence the passage or defeat of legislation in Congress to register with the Clerk of the House and the Secretary of the Senate and file quarterly financial reports. The Regulation Act of 1946 was considered to be ineffective. (16).

In 1995 the American Congress adopted Lobbying Disclosure Act (LDA).

LDA made important improvements for the lobbying regulations, for example it clarified the role of lobbying practice by giving a clear definition of lobbyist and lobbying activities; it provided information about when lobbying registration is required and also it imposed that the lobbyists and any organization involved in lobbying practice will file bi-annual financial activities reports. (17)

In January 2007 the American Senate began its administrative work by introducing Legislative Transparency and Accountability Act of 2007, which specified in details the lobbying conditions, the travel restrictions and disclosure, the contributions for lobbying and the gifts, requiring that "Gifts from lobbyists can only total \$100 per year and the lobbyist must report gifts in excess of \$20.00. Contributions to presidential libraries beyond \$200

must be reported. Gift means a gratuity, a favor, a discount or entertainment, hospitality, loan, forbearance, or other item having monetary value. The term includes gifts of services, training, transportation, lodging, and meals, whether provided in-kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred.”(18)

In August 2007 was published the Text on the Honest Leadership and Open Government Act, that detailed the disclosure and restrictions requirements for the public officials in USA.

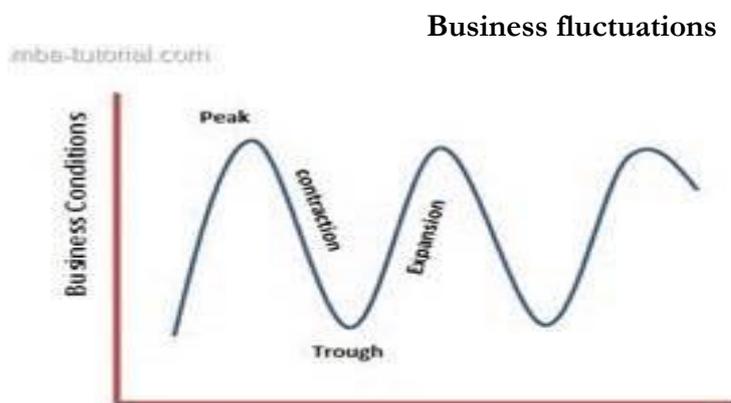
The increase in regulations and the better organized lobbying activities created the growth of lobbying practice in USA, represented by professional interest groups, companies or individual lobbyists. A large number of the lobbying institutions represent economic interest and act to influence the economic policies.

3. Can be lobbying activity a factor of influence in business fluctuations in European Union, Canada and USA?

The increase at the level of real GDP over a long period of time as result of increase in quantity and quality of labor, nature and improvement in productivity producing an increase in the demand for higher living standards. In all developed economies the rate of growth and also the level of economic activity are fluctuating around the trend at an average rate of economic growth. In some years, different countries are experiencing higher rates of growth arriving at an economic boom. In other years when the economic growth arrives to be lower than average growth, the business fluctuations will bring the real GDP values at a trough. The economic fluctuations with periods of economic expansion and boom and with periods of economic recession and trough are characterized by four phases: upswing, boom, downswing and trough.

The figure 1 shows the Business Fluctuations and the three phases of a business cycle, from upswing to periods of boom at a peak where the macroeconomic problem is the inflations; to contraction and downswing on economic activity to periods of trough, where the problem is the unemployment of resources.

Figure 1.



Source: www.mba-tutorials.com

The interaction between demand and supply on the market can affect the lobbying practice to influence the economic policies at macroeconomic level, influencing the three main goals:

- increase in growth;
- decrease in inflation at an economic boom;
- decrease in unemployment at economic trough.

We consider that lobbying activities can influence the level of spending in economy influencing in this way the increasing level of output and the economic fluctuations.

We assume that the lobbying practice can influence the investment and the aggregate expenditure affecting the business fluctuations. It is for now just a theoretical argument based on economic development of the countries where the lobbying practice was promoted for long run (USA, Canada) and also in the European Union where the lobbying practice has to improve to be promoted from short run to long run also.

Different types of lobbying practice will influence also the economic evolution.

Comparing USA with Canada and EU we can consider that the lobbying activity in EU has to be better organized and based on more rules.

CONCLUSIONS

To conclude, we consider that European Union lobby style has been influenced by EU enlargement and the increasing role of its institutions. The European Treaties role is to create a platform of efficiency and transparency for more opportunities and a better cooperation between European Union and its member states. The treaties have the role to set the main objectives of European Union and the structure of European institutions. The cooperation between European institutions and interest groups has the aim to achieve economic objectives in European Union.

The influence of lobbying groups in European Union can affect the future decisions on economic policies. Canadian lobbying activities are following a set of rules developed at federal level from 1989. Lobbying activities in USA were first regulated with Federal Regulations of Lobbying Act in 1946, being one of the oldest lobbying regulations in the world. Comparing the lobbying activities in EU with that of Canada and USA, there are many differences, starting with the rules concerning the lobby that are more strict in Canada in USA compared with EU which takes into account just the open on structured dialogue between its institutions and interest groups.

The changes in real GDP values create the business fluctuations which influence also the macroeconomic at domestic and international level.

We find that the interaction between demand and supply on the market can affect the lobbying practice to change the economic policies at macroeconomic level, influencing the three main goals: the increase in economic growth, the decrease at the level of inflation rate during an economic boom and the decrease on the unemployment rate at economic trough.

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