Hebrew University of Jerusalem

Faculty of Social Sciences

The Federmann School of Public Policy and Government

Master Thesis

The Regulation of Lobbyists:

An Analysis of the Israeli Regulatory Regime of 2008

Presented to Dr. Raanan Sulitzeanu and Professor David Levi-Faur

From: Albert Veksler, student # 324637404

Jerusalem, February, 2011

Abstract:

After some failed attempts to regulate the lobbying, the Knesset, passed the bill submitted by Knesset Members (MKs) Sa'ar and Yechimovich on April 2nd 2008. While lobbying is a common and legitimate part of the democratic process, it raises issues of trust, equality of access and transparency. What motivated the MKs to regulate lobbying? Was it public interest, private interest, or symbolic politics? The MKs claimed that the law was needed for improving transparency while MK Yechimovich declared that it balances the strength of the rich, represented by lobbyists and the wide public. By analyzing the Lobbyist Law and juxtaposing the declared goals of the MKs with the perceived effects of the law among the lobbyists and MKs, the characteristics of the new Israeli regulatory regime come to light. Assessing the achieved transparency in the comparative framework of other regulatory regimes, we see the extent that the Israeli regime meets the challenges that lobbying represents. The law confers tangible benefits on powerful interest groups, while providing only symbolic gestures to the public. Lack of information available for MKs creates a need for lobbyists for political intelligence and MKs need to identify the interests in play to guarantee for themselves the necessary legislative subsidy.

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Introduction:

This paper will analyze Israeli lobbying regulatory regime of 2008. We will start by surveying the theoretical background of lobbying regulations and analyze the diverse approaches of different democratic regimes within a comparative framework in the literature review. While lobbying is a common and legitimate part of the democratic process in all democratic political systems, it raises issues of equality of access, balance of representation and transparency. Lobbying as a multibillion dollar industry has challenged the democratic policy making as the risks and opportunities associated with policy change are large. A former politician or civil servant could use the contacts and knowledge, gained in the official position and translate those assets into a valuable commodity when becoming a lobbyist. A study by Public Citizen (2005) shows that half of senators and 43% of House members who left Congress between 1998 and 2004 became lobbyists. In early 2008 the Center for Responsive Politics (Open Secrets) identified 310 former appointees of George W. Bush and 283 former Clinton administration officials, who had become lobbyists (Kaiser, 2010: 342-343).

Lobbying regulations refer to rules, which the lobbyists must follow and lobbying is regulated currently in twelve countries: the United States, the European Union (Parliament), Argentina, Peru, Canada, Australia, Germany, Hungary, Georgia, Lithuania, Poland and Israel (Peterson, 2007; McGrath, 2009). These regulations are claimed to offer several advantages to the political system: increased accountability to the voters and transparency of the decision making process, as well as diminishing loopholes in the system, which would otherwise allow for corrupt behavior (Chari, *et al*., 2007).

An early attempt to regulate interest groups lobbying in Israel in 1954 was blocked by parties and unions unwilling to accept state regulation. After some failed attempts to regulate the lobbying, the Knesset on April 2nd 2008 voted in favor of the lobbyists' bill submitted by Knesset Members (MKs) Gideon Sa'ar and Shelly Yechimovich.

Two major aims were established for this research: 1) to better understand the challenges that lobbying represents in democratic policy making in general and in Israel in particular; 2) to understand the politics of lobbying regulation as reflected in the new regulatory regime established by the Israeli Parliament in April 2008. The following research questions were raised:

- Who are the actors and what are the reasons for the legislation of the Lobbying Law in Israel in April 2008?
- What are the characteristics of the regulatory regime that was established by the Israeli Parliament in April 2008?
- To what extent does the new Israeli regulatory regime over lobbying meet the challenges that lobbying represents to democratic policy making in general and to Parliamentarian democracies in particular?

On the basis of the theoretical framework four hypotheses were raised for the first research question:

H1: The aim of the legislators in the design of the new Israeli lobbying regulatory regime was transparency in response to public demands for more accountability in policy making (based on the public interest theory).

H2: The aim of the legislators in the design of the new Israeli lobbying regulatory regime was to maximize support via the manipulation of public opinion in the aftermath of legislative scandals (the symbolic politics approach).

H3: The private interest theory suggests that the regulation serves the interests of the stronger or powerful and established lobbyists in conjunction with powerful parliamentarian in order to control and limit access of the other lobbyists as competitors.

H4: The legislative subsidy theory suggests that the legislator's aim was to provide better working conditions for themselves through the regulations, as the lobbyist' registration would assure access of the information that reduces policy makers' search related costs (based on the private interest theory).

To test the above hypotheses, a comparison of the politicians' declared goals with the perceived results of the Lobbyist Law among the lobbyists and MKs was performed, having placed the Israeli Lobbyist Law in the comparative framework of the lobbying regulations regimes. The case study methodology was chosen as the most appropriate in the light of the research questions, since the topic is still relatively under-explored and the case study method allows for the use of rich detail to uncover causal paths (Gerring, 2007).

Elite interviewing was chosen as a principal method of inquiry. Marshall and Rossman (1995) define the elite interviewing as a specialized case of interviewing that focuses on a particular type of interviewee. Elite individuals are considered to be influential, the prominent and the well-informed people in an organization or community and are selected for interviews on the basis of their expertise in areas relevant to the research (Marshall and Rossman, 1995:83). This method was chosen because it produces enormous amounts of data.

I conducted altogether 15 interviews in person. This included 11 interviews with lobbyists and only 4 interviews with the MKs, which was insufficient and therefore data from articles and related Knesset Committee Protocols from the period from presenting the bill until the time it was voted for in favor were also used for the analysis. All the interviews were intentionally conversational in tone and were conducted using open-ended questions, which encouraged the respondents to tell what they thought to be important. Aberbach and Rockman (2002) note that the open-ended questions allow "respondents to organize their answers within their own framework". They add, "Elites especially – but other highly educated people as well – do not like being put in the straightjacket of close-ended questions. They prefer to articulate their views, explaining why they think what they think" (Aberbach and Rockman, 2002: 673-676).

The most obvious problem is that elite interview data are fraught with reliability and validity problems (Berry, 2005: 681). First – to alleviate reliability and validity problems, the method that Johnson and Reynolds call 'advance preparation' was employed (Johnson

and Reynolds, 2005: 272). Before conducting the interviews, the subject of lobbying regulations, lobbyists and public policy was thoroughly researched. Next – background information about each respondent was searched out before the interview by scanning internet databases for relevant information. Some respondents had higher profiles and more information available than others, but some background information could be found about the most of them. The advantages of advance preparation are manifold: it helps the researcher to evaluate what is said; prepare the questions and catch inconsistencies between the presented descriptions and versions.

Second – the 'probing' method was used by basing all my interviews on a survey questionnaire. During the interviews probing follow-up questions were formed, when the respondents were not too open or took up an unexpected road (Berry, 2005: 681). Probing allows the researcher to gather more depth about the topic being discussed and unlike closed-ended survey questions it allows respondents to tell the interviewer what's important rather than being restricted by the researchers' preconceived notions about what was is important.

Third – each interviewee's identity (except the identity of the MKs) was protected. The interviewees were assured before the interviews that none of their names, their organizations' names or names of any individual or organization mentioned during the interview would be revealed to anyone without their explicit permission. Instead of the lobbyist's name, the paper displays a number that was assigned to each lobbyist to protect their identity.

Fourth – multiple sources were used, allowing to ‘test’ what each respondent has said compared to what their colleagues say. Is the respondent telling the truth; is his version plausible? These questions were addressed by using multiple sources.

Fifth – all the interviews were conducted personally by the researcher, in order to guarantee that each interviewee was questioned in the similar fashion. The average length of the interviews was about 40 minutes, though some ran longer than an hour.

The interviewees were chosen through the help of personal friends and colleagues, who in turn introduced their friends and acquaintances and most of the lobbyists reached in this manner agreed to be interviewed. The interviewees from among the lobbyists represented lobbyists from large lobbying companies (4), medium size lobbying companies (3) and lobbyists that worked alone (4). I acknowledge that the sampling procedure has not created an ideal sample of lobbyists. The criteria for drawing conclusions for this paper were based on the ratio of agreeing evidences concerning each discussed issue, gleaned from the interviews. The conclusions were drawn when majority of consenting answers was formed.

What was the rationale to regulate lobbying? Was it public interest, private interest, or symbolic politics? The MKs declared that the law was needed for improving transparency and MK Yechimovich declared that the Lobbyists' Law balances the strength of the rich who are represented by lobbyists in the parliament and the wide public.

Assessing the transparency that was achieved by the Israeli lobbying regulatory regime and comparing it with other regulatory regimes, helps us see the extent that the new

Israeli regime meets the challenges that lobbying represents and displays the characteristics of the new Israeli regime. Lack of political intelligence and private information that is available for MKs creates a need for lobbyists in order to get information, which would grant to MKs ‘competitive advantage’ over others. The MKs need to identify the lobbyists and the interests in the play in order to make the necessary legislative subsidy available for themselves.

Is lobbying regulation simply a new trend, like one of the interviewees claimed that affects democracies worldwide, as was observed in the U.S. in the aftermath of the Abramoff and DeLay scandal? Levine, (2009) writes that "the indignant members of the Congress tried to outbid each other in regulating lobbyist-lawmaker relationship". These new laws may have seemed as reasonable responses to corrupt behavior, but each new limitation on lobbyist-lawmaker interaction signals also diminished confidence by any given parliament in its own integrity (Levine, B., 2009: ix-x). Were the Israeli MKs following the above mentioned trend or did they aim to create transparency and to balance the strength of the rich who are represented by lobbyists in the parliament and the wide public?

Chapter I – Theoretical Framework and Literature Review:

Lobbying is practiced by a wide variety of organizations and in virtually every issue area imaginable. Lobbying is a complex and heterogeneous phenomenon. Nownes (2006) observes three basic kinds of lobbying: public policy lobbying – accompanying government decisions made in response to societal demands for action on important issues of the day; land use lobbying – accompanying government decisions rendered in response to specific requests for permissions to utilize land in a certain way, and procurement lobbying – accompanying government decisions concerning which specific goods and/or services the government will purchase. Lobbying is a process rather than a single activity, where lobbyist does multiple things over a period of time. Nownes defines lobbying as an effort designed to affect what the government does; organized interest as an organization that engages in political activity – that is, activity designed to affect what the government does, and a lobbyist as a person who lobbies on behalf of an organized interest or numerous organized interests (Nownes, 2006: 2-7).

Chari, *et al.* (2009) explain that the regulations represent a set of codified formal rules, which are passed by parliament, and often written in law that must be respected, and which are enforced. The latter point suggests that the risk that lobbyists run in not complying with the rules results in penalization, whether that is a fine or, potentially, a jail sentence. Examples of such rules that lobbyists may have to follow include: 1) registering with the state before contact can be made with any public official, clearly indicating which ministry/public actors the lobbyist intends to influence, 2) providing the

state with individual or employer spending disclosures, 3) having a publicly available list with lobbyists details available for citizens to scrutinize, and 4) ensuring that former legislators cannot immediately jump into the world of lobbying once they have left public office. Chari, *et al*. claim that the theoretical justification for having this information is based on ensuring transparency and accountability in the political system, two key concepts which also require definition (Chari, *et al.*, 2009: 3).

Broz (2002: 861) explains that transparency refers to the ease with which the public can monitor not only the government with respect to its activity, but also examine which private interests are attempting to influence the state when public policy is formulated. This encapsulates the motives of all policy making actors and the clearness of policy objectives as Heretier (1999) and Scharpf (1999) show – transparency not only increases policy actors' responses to public demands, but also helps prevent misconduct. Geraats (2002: 562) claims that there are benefits associated with transparency, such as bettering the democratic quality of life, something which makes citizens less apathetic towards the world of politics. Chari, *et al.*, define accountability as answering to, and taking responsibility for, actions that are taken. At the political level, actors who are accountable for their actions include politicians, who must seek re-election on a regular basis (Chari, *et al.*, 2009: 3, 4).

McGrath (2009) argues that lobbying poses certain dangers and challenges and therefore the lobbying regulation is an essential precondition to a well-functioning democracy. Whether access to decision-making processes available on an equitable basis and whether the relationships between government and outside interests are conducted

appropriately, should be addressed in the legislation to assure that influence does not become undue influence. Who lobbies on behalf of whom, through what means, and to what effect – are the questions to be asked. Another area of particular concern is the so-called ‘revolving door' practice, whereby an individual will move over the course of his or her career between a variety of public and private sector posts. In essence, there is a potential conflicts of interest and a danger that a former politician or civil servant will be able to use the contacts and knowledge they have gained at taxpayers’ expense in the official position and translate those assets into a valuable commodity when moving into a new role as a lobbyist to advance the narrow self-interest of the new lobbying employer (McGrath, 2009: 265,266).

Rationale for the Lobbying Regulation

The classical public-interest theory is viewed both as a positive theory about what motivates policy-makers, and as a normative theory about what should motivate them. The theory posits political actors who act, sometimes perhaps mistakenly, to further a vision of the public good or public interest (Levine and Forrence, 1990: 167-169).

Redford (1954) adds that any search for a "group interest” or a "public interest" would need to be a search for the common interest, which often includes more than reaching a compromise among special interests. "One element in the idea of public interest is that of broad, inclusive, or widely-shared interests, called variously general, common, or public interests. Another is the idea of enduring interests since for social as well as individual units a drunken debauch at the moment which erupts ulcers tomorrow is hardly deemed in the interest of the subject" (Redford, 1954: 1104).

What motivates a regulator faced with a regulatory decision? Does he seek the "best" policy in some civic sense, or is he motivated principally by the prospect of personal gain? The "best" policy has been seen as one that goes beyond individual self-interest, while personal gain can be the personal utility derived from office holding (Downs, 1957, 1964), or it can be pecuniary, as the regulators might seek to maximize the value of their post-government employment (Eckert, 1981).

In contrast to the "public interest" theory, there exists the "capture," or "special interest" theory of regulatory behavior, which describes actors in the regulatory process as having narrow, self-interested goals – principally job retention or the pursuit of reelection, self-gratification from the exercise of power, or perhaps post-office-holding personal wealth. Levine and Forrence (1990) explain that these personal goods may be acquired or cemented by using regulatory power to help others achieve similarly narrow goals, often pecuniary, to broader societal goals. In this model, government regulation reflects the influence of special interests, and is created and operated for their advantage. The modern "capture" theory of political behavior was given foundation by Downs (1957) and Olson (1965), applied systematically to legislative behavior by Mayhew (1974), and applied to regulatory behavior by Stigler, Posner, Peltzman, and Becker (Levine and Forrence, 1990: 169-170).

Downs posits a government run by individuals trying to maximize a private, rather than public, utility function. Public officials are to be viewed not as officials, primarily concerned with public matters, but rather as private individuals that try to maximize their own utility, as a firm maximizes profits. Politicians compete with each other for electoral

support which keeps them in office, and bureaucrats deal with the public and the legislature to accumulate power, prestige, tenure, trying to assemble coalitions of support. Individuals and groups support public officials whose actions make those individuals or groups better off and thus, policies which generate economic profits (rents) are likely to gain support from the groups in whose favor the profits will be distributed (Levine, 1981: 182-183).

Symbolic politics theory offers explanations from a different angle. Beale (2000) writes that the term symbolic politics was coined in the 1960s by Edelman, who theorized that the mass public views political activity in symbolic terms, and he distinguished between political activity, such as legislation, that produces tangible benefits and activity that conveys only symbolic reassurances. Symbolic political acts evoke strong emotions, such as patriotic pride, or widely shared anxieties, in the public. Edelman's work has helped explain why organized groups often obtain tangible benefits from either legislation or administrative action, while the public and consumers, who are the "ostensible beneficiaries," receive only symbolic reassurances. Edelman also argued that government activity changes and mobilizes public opinion, thereby creating and changing the public's demands and expectations. Interest group models provide an explanation for the phenomenon described by Edelman, in which politicians deliver legislation conferring tangible benefits on powerful interest groups, while they placate the general public with legislation or administrative action that provides only empty symbolic gestures (Beale, 2000: 1247-1248).

King (1997) adds that because of high degree of electoral exposure the American politicians are even more likely than other people's politicians to engage in symbolic politics: the politics of words masquerading as deeds, of actions that purport to be instrumental but in fact amount to no more than windy rhetoric. A problem exists; the American people demand that it be solved; politicians cannot solve it; in some cases they know they cannot solve it; they nevertheless engage in an elaborate pretence of trying to solve it, often at great expense to the American taxpayer and almost invariably at a very high cost in terms of both the truth and elected politicians' own reputations for integrity and effectiveness. The politicians lie, not because in most cases they are liars or approve of lying, but because the potential electoral costs to them of not lying are too great. Cases of symbolic politics abound in the U.S. and the various 'wars' that are waged from time to time on drugs and crime are, likewise, expensive and mainly useless. They are not really designed to reduce drug-taking or criminal activity; they seldom do either. They are really designed to impress, by deceiving, the voters (King, 1997: 17-18).

Hall and Deardorff (2006) raise three hypotheses: 1) regulations are adopted at the behest of interest entrepreneurs so as to enhance monopoly status *within* their organizations as "official" spokespersons vis-a-vis the government; 2) lobbying laws are exercises in symbolic politics whereby, following episodes of corruption, legislatures can appear to do something while changing little; 3) regulations are actually adopted for the reasons stated by their sponsors – to increase public scrutiny and reduce corrupt practices (Hall and Deardorff, 2006: 145).

In addition, Hall and Deardorff (2006) argue that the behavioral patterns of lobbyists often appear anomalous when viewed in the light of existing theories and lobbying is not to be seen as exchange (vote buying) or persuasion (informative signaling) but as a form of legislative subsidy – a matching grant of policy information, political intelligence, and legislative labor to the enterprises of strategically selected legislators. The proximate political objective of this strategy is not to change legislators' minds but to assist natural allies in achieving their own, coincident objectives (Hall and Deardorff, 2006: 1).

Baumgartner explained that information that is acquired by the lobbyist is not available by other sources of information as also Hansen (1991) and Austen-Smith and Wright (1996) emphasized that the information conveyed by the lobbyist to a policy maker is private. Information in this category could include estimates obtained from a privately commissioned study of the costs a proposal would impose on businesses, as well as information about constituents' attention to and attitudes about an issue that is emerging on the congressional agenda. Hansen's theory claims that the most influential advocates are those who have a 'competitive advantage' over others in providing information to meet the reelection needs of members of Congress. For Hansen *et al.* private information, linked to legislators' desires to be reelected is *the* information that advocates can provide (Baumgartner, 2009: 123).

Baumgartner writes that Hall and Deardorff focused on the transmission of "information that legislators require for their work in influencing legislation," including policy analyses, research reports, and other expertly developed information as well as

'political intelligence' that is designed to assist policy makers who seek to shepherd a measure through the legislative process. Expert policy information and political intelligence are of value to legislators who seek to be active on policy matters that are important to the information-providing lobbyists, because it subsidizes the legislators' efforts and activities. Although some of this information may be privately held and acquired, even publicly available information can be valuable to a policy maker if lobbyists "analyze, synthesize and summarize – in politically user-friendly form, information to promote the policy goals that their group and legislator share. In addition to affecting effort, there is evidence that organizational advocates are often successful in getting Congress to make policy decisions that are informed by research and the technical expertise that they provide" (Ibid., 124).

There is an enormous amount of policy-relevant information available, and Baumgartner argues that the problem for the most policy makers is not how to get more information but how to make sense of the avalanche of information that comes at them at every direction. Policy makers may find valuable both privately held information that advocates convey as well as information that is available, but costly to locate, synthesize, or interpret (Ibid., 124).

Reich (2007) claims that the citizen has a more difficult time being heard in the world capitals as commercial companies have entered politics to gain or keep a competitive advantage. Many individuals and groups simply don't have the resources to break through the thick forest of lobbyists' arrangements where the "policy process is viewed as

an extension of the market battlefield" and as the cost of entering the political fray has continued to rise (Reich, 2007: 139, 163-164).

In the U.S. alone there were 35,844 lobbyists registered in 2006 (Petersen, 2007:7) and more than $3.49 billion was spent on lobbying in 2009 (Open Secrets, Lobbying Database). According to some estimates there are up to 90,000 lobbyists operating in Washington, DC and perhaps as many as 200,000 in states and localities throughout the U.S.A. (Nownes, 12). Also in the EU, the Brussels interest group population's rapid growth – estimated at some 15,000-20,000 lobbyists – has given rise to concerns over equality of access and over the ethical standards of the decision-making (Hogan, *et al.,* 2008).

Greenwood and Thomas (1998) argue that most of the schemes aimed at regulating lobbying derive from the following concerns: lack of deliberation of public institutions and their remoteness from civil society; lack of confidence of civil society in public governance, particularly in societies like the USA where there is an anti-government strain to civil society; lack of openness and transparency of government; equality of access to public affairs; decision-making capacities and institutional management, in particular the perceived need to manage information flows to and from government (Greenwood and Thomas, 1998: 488, 493).

McGrath (2009) states that academics are somewhat divided over the effect of lobbying regulation: some rational choice theorists (Brinig *et al*., 1993; Ainsworth, 1993) suggest that regulation here as in other fields of activity should be regarded as constituting a barrier to entry, so that as lobbying regulation increases in severity some interest groups

will as a result decide that the costs of regulation are such that it is preferable not to lobby and thus rule themselves out of any registration scheme. Others like Hamm *et al.* (1994) argue that the more rigorous a regulatory model is, the more lobbyists will be "captured" by it and so there should be increased levels of registration. Research conducted by Gray and Lowery (1998) points towards a middle ground – regulation appears to have minimal impact upon the number of groups which register lobbying activity, but rather serves to provide a fairly reliable census of the lobbying community and thus contributes to making lobbying more transparent and accountable (McGrath, 2009: 1, 2).

Chari *et al.* (2007) present evidence that lobbying regulations offer several advantages to the political system: increased accountability to the voters and transparency of the decision making processes, as well as diminishing loopholes in the system which would otherwise allow for corrupt behavior (Chari, *et al.,* 2007: 422, 2009: 28).

Quoting Thomas (1998), the regulation of lobbying in the U.S. has been an issue for over a hundred years and the legislation distinguishes between regulating and monitoring. Thus, 'to regulate' in the strict sense denotes legal provisions that specify what a group and its lobbyists can or cannot do in their attempts to influence public policy, while the term 'to monitor' refers to provisions that enable the public and those being lobbied in legislative and executive branches of the government to keep track of the lobbying activities. Four types of legal provisions have been used for regulation: 1) the lobby laws that provide for the registration of lobbyists, their employers and reporting of expenditures; 2) the ethics codes, or laws to deal with conflict of interest and personal financial disclosure; 3) the campaign finance regulations, providing for public disclosure,

limiting or prohibiting contributions; 4) regulations relating to political action committees (PACs), which are formed primarily for channeling money to political campaigns, often to circumvent contribution limits. As the legal definitions vary concerning amounts of money and time spent on lobbying, many interest groups are not required to register and the purpose of many lobbying laws in America has been undermined in the past (Thomas, 1998: 500-502).

Thomas (1998) further explains that the major value of lobbying regulation laws has been in providing public disclosure that increases the potential for public/press scrutiny. Thomas' research presents evidence that the more public disclosure of lobbying exists in a state and the more stringently regulations are enforced, the more open the process of group attempts to influence public policy is in the U.S. (Thomas, 1998: 512-513).

Therefore, the suggestion of the former President Clinton's advisor, Davis, according to McGrath (2009) to harness technology in order to make lobbyists' registration entirely current, would be beneficial for the public disclosure of the lobbying activities. Under his proposal, in advance of every meeting with a policy-maker, every lobbyist should have to register their name and that of their client or employer, the specific reason for the meeting and the legislation or policy issue to be discussed, the lobbyist's position on that issue, the specific action which the policy-maker will be requested to perform and details of all campaign contributions which have flowed from the lobbyist and/or client to that policy-maker. Then, as the lobbyist arrives for the meeting, he or she would be obliged to sign in to a real-time computerized log to indicate that the meeting is actually taking place (McGrath, 2009: 40).

Ainsworth (1993) agrees that registration requirements and disclosure laws do aid control because the information asymmetry is reduced; stricter lobbying regulations may assist legislators, while they also restrict participation by constructing barriers to entry (Ainsworth, 1993:52-53).

Chari, *et al.* (2009) present evidence found in surveys and interviews with politicians, lobbyists and administrators in Canada, the U.S., Germany and the EU that the more stringent the regulatory legislation, and the more thoroughly it was applied, then the more open and transparent actors regarded their political system (Chari, *et al.,* 2009).

Chari, *et al.* (2010) describe some unexpected benefits for lobbyists themselves – 'positive kick-backs' that registration systems can provide. By checking the registrar's online database, lobbyists can instantly see how much business any particular rival is engaged in. This can influence how they themselves behave and even, to some extent, promote the pursuit of 'best professional practice'. Thus, while legislation may be introduced to increase transparency and openness in government, lobbyists can use the register to advertise themselves to potential clients. By examining the register, citizens can come to see lobbyists as legitimate, policy-influencing actors. By stating that they are meeting with lobbyists, politicians can create the impression that everything they are doing is above boar, thereby diminishing citizens' perceptions that anything untoward might be going on hidden from public view. The register can provide politicians with means of defusing any public concern over how policy is being formulated. Consequently, lobbying regulations can affect lobbyists, politicians and citizens in ways other than those anticipated by their advocates (Chari *et al*., 2010).

There are claims that money plays a critical role in gaining access to policy makers, and thus also gaining desired policy outcomes, for those who commit such resources. Petersen (2007) warns that the lobbyists might use money to gain favor and influence with public officials in a number of ways, including (1) making campaign contributions, hosting fund-raising events, or raising and bundling contributions to Members of Congress or their leadership political action committees (PAC); (2) arranging trips for Members or other government officials, paid for by their clients or employers; (3) arranging privately owned aircraft for travel at below market costs; (4) paying for parties or meals and tickets to sporting and entertainment events; making contributions to foundations established or controlled by public officials; and (5) financing retreats and conferences held by Members or other public officials. Because such funds are intended to help influence the decisions of Members, they must be subject to appropriate controls to protect the integrity of congressional decisions (Petersen, 2007: 2-3).

Nownes (2006) argues that resources are a key to a public policy lobbyist's success – lobbyists with a lot of money at their disposal have a higher chance of succeeding than the lobbyists with little money to spend. Money allows lobbyists and the organized interest they represent to buy access to policymakers. Public policy lobbyists buy access by contributing money to the elected official's campaigns, but also by hiring contract lobbyists who are valued by primarily for their connections. The more money organized interest has, the more lobbyists it can hire and the more public officials it can lobby (Nownes, 2006: 96).

Baumgartner, *et al.* (2009) however, argue that the story of the impact of money in the lobbying process has many complications – rich do not just ally with the rich and the poor with the poor, but rather groups of allies are mixed. Interest groups with low levels of resources are as likely to be allied with interest groups high levels of resources as with other low resource groups. These mixed alliances tend to temper the role of money in the political process. Baumgartner states that none of his findings suggest that it is preferable to be poor than rich in Washington, but a direct and simple relationship between money and policy change is simply nonexistent (Baumgartner, *et al*., 27).

Chapter II - Comparison of Regulation Regimes

Chari, *et al.* (2009) present 3 common types of lobbying regulations: lowly regulated systems (Germany, EU Parliament), medium regulated systems (Canada and several states of USA) and highly regulated systems (USA) as seen in Table 1.

Table 1. Chari, *et al*. (2009).

	Lowly regulated systems	Medium regulated systems	Highly regulated systems
Registration regulations	Rules on individual Registration exist, but few details required	Rules on individual registration exist; more details required	Rules on individual registration are extremely rigorous
Spending disclosure	No rules on individual spending disclosure, or employer spending disclosure	Some regulations on individual spending disclosure; none on employer spending disclosure	Tight regulations on individual spending disclosure, and employer spending disclosure
Electronic filing	Weak online registration and paperwork required	Robust system for online registration; no paperwork necessary	Robust system for online registration; no paperwork necessary
Public access	List of lobbyists available, but not detailed, or updated frequently	List of lobbyists available; detailed, and updated frequently	List of lobbyists and their spending disclosures available; detailed, and updated frequently
Enforcement	Little enforcement capabilities invested in state agency	In theory, state agency possesses enforcement capabilities, though infrequently used	State agency can, and does, conduct mandatory reviews/ audits
Revolving door provision	No cooling-off period before former legislators can register as lobbyists	There is a cooling-off period before former legislators can register as lobbyists	There is a cooling-off period before former legislators can register as lobbyists

In the lowly regulated systems, the definition of lobbyist does not recognize executive branch lobbyists. Lobbyists' lists are available to the public, but not all details are necessarily collected/given (such as spending reports by lobbyists).

In the medium regulated systems the lobbyist must generally state the subject matter/ bill/governmental institution to be lobbied. In addition, the definition of lobbyist does recognize executive branch lobbyists. There are clearly loopholes in individual spending disclosures, such as free 'consultancy' given by lobbyists to political parties.

In the highly regulated systems not only is subject matter/institution required when registering, but also the lobbyists must state the name of all employees, notify almost immediately any changes in the registration, and must provide a picture. Similar to medium regulated systems, the definition of lobbyist does recognize executive branch lobbyists. Tight individual spending disclosures are required: a lobbyist must file a spending report, his/her salary must be reported, all spending must be accounted for and itemized, all people on whom money was spent must be identified, spending on household members of public officials must be reported, and all campaign spending must be accounted for. Employer spending disclosure is also tight. Unlike other 'lowly regulated' or 'medium regulated' systems, the employer of a lobbyist is required to file a spending report, and all salaries must be reported. State agencies can, and do, conduct mandatory reviews/audits, and there is a statutory penalty for late and incomplete filing of a lobbying registration form (Chari, *et al.,* 2009: 15-17).

Chari *et al.* (2010) claim that the main advantage of high regulation systems is that, from a public probity perspective, they offer the most comprehensive solution to ensuring

that lobbyists cannot unduly influence elected representatives or public officials. By disclosing the lobbyist, the actor lobbied and full details of those employing the lobbyist, there is a very little scope for malfeasance in public policy making through the lobbying process. Moreover, having mandatory spending disclosures and significant reviews or audits of lobbyists, further limits the potential for lobbyists to engage in illegal acts, simply because it is very difficult to do so. The obvious benefit therefore is increased transparency and accountability in the political system (Chari, *et al.*, 2010: 156-157).

McGrath (2009) reports that a number of countries have recently considered proposals to regulate lobbying activity but have not yet enacted any official mechanism—including France, Scotland, Italy, Norway, Korea, Croatia, Latvia, Romania, Slovakia, Brazil, Chile and Ireland. There are countries in which some form of voluntary self-regulation by the lobbying industry has been attempted, the United Kingdom along with some US states and Ireland. Several nations have enacted significant lobbying reforms, including the establishment of a register of lobbyists, which nevertheless have substantial flaws in their subsequent implementation, such as Hungary, Poland and Lithuania. The most rigorous forms of statutory lobbying regulation today exist in the United States (at both federal and state levels), Canada and Australia. In these systems, regulation is mandatory, strictly defined and subject to significant penalties for non-compliance (McGrath, 2009: 256).

Different countries deal with the dangers arising from lobbying in various ways, as diverse political cultures, historical background and political developments demand unique approaches. For example, as Nipper (2008) writes, Euro-lobbyists have a tendency to function as information gatherers and disseminators, rather than presenting a

unified position to law makers; the European lobbying landscape is fragmented, resulting from the EU's movement toward integration of the member states. Main institutional lobbying targets are the Parliament, the Council and the Commission. The exact number of European lobbyists operating in Brussels is unknown. Many member states attempt to build a complex lobbying strategy at the national and EU level (Nipper, 2008: 353-354). In the following table we see the lobbying regulations in place in democratic states:

Table 2. (Chari, *et al.,* 2009)

Australia	As of 1 July 2008 there are national rules in place and a register. Originally formulated and implemented in the 1980s, lobbying rules were then abandoned in 1996. Additionally, the states of Western Australia (2006), New South Wales (2009) and Queensland (2009) have all introduced codes of conduct for lobbyists that are similar to those found in the federal capital in Canberra
Austria	No statutory rules
Belgium	No statutory rules
Bulgaria	No statutory rules
Bosnia and Herzegovina	No statutory rules
Canada	Federal Level: Rules and Register since the Lobbyists Registration Act of 1989, amended in 1995, 2003 and 2008 Provincial Level: Lobbying regulations exist in Ontario, Quebec, British Columbia, Nova Scotia and Newfoundland. Alberta is scheduled to introduce legislation in 2009
Chile	No statutory rules
Croatia	No statutory rules
Cyprus	No statutory rules
Czech Republic	No statutory rules

Denmark	No statutory rules
Estonia	No statutory rules
EU: European Parliament	Regulated by Rule 9(2) of the Rules of Procedure, 1996
EU: Commission	Before 2008, 'self-regulation' was the model adopted by the Commission. However, as of 23 June, 2008, the Commission opened a *voluntary* register of interest representations
EU: Council	No statutory rules
Finland	No statutory rules
France	No statutory rules
Germany	Regulation and registration through rules of procedure of the Bundestag in 1951; later amended in 1975 and 1980
Greece	No statutory rules
Hungary	Regulation of Lobbying Activity since 2006
Iceland	No statutory rules
Japan	No statutory rules
Latvia	No statutory rules
Lithuania	Regulation since 2001
Luxembourg	No statutory rules
India	No statutory rules
Ireland	No statutory rules
Israel	Regulations since 2008
Italy	No statutory rules at national level. Nevertheless, regional schemes have been introduced in the Consiglio regionale della Toscana in 2002 and Regione Molise in 2004
Japan	No statutory rules
Malta	No statutory rules

Mexico	No statutory rules
Netherlands	No statutory rules
New Zealand	No statutory rules
Norway	No statutory rules
Poland	Regulations since 2005
Portugal	No statutory rules
Rep Korea	No statutory rules
Romania	No statutory rules
Serbia	No statutory rules
Slovakia	No statutory rules
Slovenia	No statutory rules
Spain	No statutory rules
Sweden	No statutory rules
Switzerland	No statutory rules
Taiwan	Act passed on 8/8/2007, came into force on 8/8/2008
Turkey	No statutory rules
United Kingdom	No statutory rules in either Commons or House of Lords.
United States	Federal Level: The Lobbying Act 1946, amended in 1995 and 2007. State Level: All states have lobbying regulations

In Germany the Bundestag creates a list of all the groups wishing to advance or defend their positions. Pressure groups, mainly members of trade unions or employers' associations, must register on the list before they can be heard in the parliament

procedures. The purpose of the list is to make the groups clearly visible not to the public, but rather to the parliament (Nipper, 354-355).

The European Commission views lobbying problem areas as following in its Green Paper on the European Transparency Initiative: 1) uneven playing field between non-governmental organizations and the corporate sector; 2) wide availability of modern communications to affect a mass campaign; 3) the distorted information that lobbyists could provide to EU institutions about the economy, or matters related to social or environmental change (Nipper, 356-357).

Nipper writes that there are six major differences between Washington lobbyists and those in the EU. First – in the U.S. the government would fund lobbying efforts only in a few circumstances, while in the EU efforts are made to even the playing field between corporate lobbying and non-profit organizations by funding non-profit interests. EU typically provides public funding to civil and public affairs organizations by grants and state aids, suggesting that lobbying is seen more as information gathering rather than a profession.

Second – the degree of permeability between policy making and lobbying institutions. Transition of former Members of European Parliament (MEP) and Commission officials into the private sector and becoming a part of a lobbying organization is rare in the EU, yet is common in the U.S. Although there is no measure that would prohibit MEPs or former European commissioners from lobbying their former colleagues immediately after they leave their seats, EU lobbyists consider this inappropriate. A final difference is the

presence of the two-party system in the U.S. and the absence of a similar system in the EU, which can often create contrasting criteria among their respective constituencies. In the U.S. candidates seeking reelection place a lot of credence into their voters concerns, while in EU lobbyists tend to strive toward a broad consensus in order to influence a variety of politicians on a particular outcome. Likewise, the issue of taking money from an outside organization is strongly regulated in the U.S., but there are several ways in which MEPs are able to accept income from corporations. While the Legislative Transparency and Accountability Act of 2006 (LTAA) strictly prohibits U.S. representatives from receiving certain types of funds, MEPs do not have similar laws for these types of funds. The practice of taking money from outside organizations in the U.S. is not only illegal, but also unethical. However the same practice in the EU is neither illegal nor unethical. It is only unethical if the European Commission members accept money from these organizations (Ibid, 367, 368).

The change, however, might be on the way - The Alliance for Lobbying Transparency and Ethics Regulation in the EU (ALTER-EU) civil society coalition called recently for the introduction of three-year cooling-off period for former Commissioners, and urged the EU Commission to block the new jobs for former Commissioners McCreevy and Verheugen because of conflicts of interest, following the controversy surrounding six former EU Commissioners who have taken up employment in the private sector (Corporate Europe Observatory (CEO), 2010). Recently the EU government watchdog group CEO denounced the EU lobbying rules and called on the Commission to follow the U.S. model of transparency (Nipper, 358-359).

The effect of lobbying regulations in the U.S. could be seen in how Abramoff's scandal ended Senator DeLay's career, sent Congressman Ney from Ohio to jail, caused Senator Burns of Montana and Congressman Pombo of California to lose their seats and Congressman Doolittle of California announced an unexpected retirement. By October 2008, five former congressional aides had pleaded guilty to criminal charges, one former Bush administration official was tried and convicted; three others pleaded guilty, one of whom went to prison (Kaiser, 2010: 341-342).

While the regulation didn't succeed in deterring the corrupt behavior, the transparency it created was enough to indict Abramoff and to end the careers of corrupt politicians. Abramoff used to tell people: "I was participating in a system of legalized bribery. All of it is bribery, every bit of it". In Abramoff's words every congressman and lobbyist in Washington was involved: "They all participate, all of them" (Ibid., 18). In spite of allegations of so wide-spread corruption, the lobbying regulations in the U.S. were powerful enough to produce the needed transparency to bring him down.

Tightening the lobbying regulations rules has been a trend in the U.S. lately. Kaiser (2010) wrote how Obama declared on candidates' forum in September 2008: "My whole campaign has been premised from the start on the idea that we have to fundamentally change how Washington work – that the domination of special interests, the domination of lobbyists, the loss of a civic culture in Washington among public servants has led to… disasters". President Obama issued an executive order that lobbyists could not join his administration to work on any subject on which they had lobbied in the prior two years, or to work for any agency they had lobbied. Every Obama appointee had to sign a formal

pledge not to try to lobby the Obama administration after they had left. Yet, Obama team announced two “waivers” to the president’s executive order, allowing William J. Lynn III – a chief Washington lobbyist for defense contractor Raytheon, became deputy secretary of defense, and Mark Patterson – a Washington lobbyist for Goldman Sachs to be named chief of staff to the new treasury secretary Timothy Geithner.

As King (1997) wrote, the high degree of electoral exposure of the American politicians invites them to engage in symbolic politics: the politics of words masquerading as deeds, of actions that purport to be instrumental but in fact amount to no more than windy rhetoric. President Obama repeatedly criticized earmarks as wasteful and wrong and asked Congress on March 12, 2009 in front of TV cameras to impose new rules to reduce earmarks and make them more transparent. Later the same day with no cameras present, President Obama signed into law this enormous spending bill, providing money for all those thousands of earmarks (Kaiser, 2010: 361-364).

McGrath (2007) agreed that lobbyists are so central to the conduct of American politics and government that they invariably play a role in the electoral process, but that has rarely been so true as in the 2006 midterm elections. Democrats played the Abramoff-DeLay card to near perfection; the scandal contributed mightily to their 2006 off-year election victory – a victory that returned them to control of both houses of Congress after a hiatus of twelve years. The prime architect of the Democrats' return to majority status was Rahm Emmanuel (Levine, B., 2009: 58-59). New rules banned all gifts to members

or staff from registered lobbyists or their clients; members were banned from flying corporate jets and restricted travel paid for by outside groups.

The new law criminalized efforts to influence hiring decisions by private entities based on partisan considerations; the lobbyists had to file more detailed disclosure reports quarterly instead of twice a year and to report their own political contributions; it also required members of Congress, party committees and leadership PACs to report any "bundling" of contributions for them by lobbyists that totaled more than $15,000 in any six-month period, but implementation of this rule was delayed beyond the 2008 elections. Lobbyists became criminally liable for violating the ban on gifts to members and staff. The new procedures made it more difficult to slip earmarks into the appropriations bills without scrutiny; also the gym privileges were cancelled for former senators and House members (Kaiser, 341-342).

However, the limits of the fresh U.S. reform were soon revealed when the Speaker of the U. S. House of Representatives, Pelosi tried to extend the "cooling off" period from one year to two. Members began to threaten Pelosi that they would block her reform and "Democrat Capuano explained that the provision would mean "that I cut off my profession," because respecting a two-year hiatus would probably make it impossible to become lobbyist. Congressman Conyers, the new Democratic chairman of the House Judiciary Committee explained: "I have discussed this issue with numerous members on both sides of the aisle… who have expressed concerns about the potential unintended consequences on the ability of the members and committees to attract and retain top-

flight staff" if the two-year period were adopted". The new rules that Congress approved in 2007 imposed a two-year cooling-off period on executive branch officials only (Ibid, 342-344).

Israeli lobbying in review

Lobbying in Israel was unregulated for sixty years. An early attempt to regulate interest groups lobbying in Israel in 1954 was blocked by parties and unions unwilling to accept state regulation. Yishai (1998) wrote a while ago that Israeli MKs had been complaining about the pushing and shoving by lobbyists for many years. The introduction of primaries (Labor 1992, Likud 1996) made MKs increasingly dependent on the groups to which they were linked. Since MKs represent trade unions, local communities, women's movements, peace movements and religious organizations, the options available to these associations to influence the Knesset could curtail MK's re-election (Yishai, 1998: 570,573).

There were lobbyist' rules introduced by MK Merom that lobbyists were forbidden to pass false information to the MKs. Newspaper articles by Frenkel and Zarhiya shed more light on the lobbyist-lawmaker relations in Israel and one can learn a lot from the recent dissertation by Hila Tal. Frenkel (2007) wrote how MK Sa'ar recalled the Finance Committee vote on the health basket, "…the room was brimming with lobbyists who took up most of the chairs. The vote over which lifesaving drugs should be included in the health basket translated into millions of shekels for various pharmaceutical companies and health organizations, each of which wanted to have its influence on MKs" (Frenkel, JPost, 2007).

Zarhiya (2008) reported how MK Yechimovich protested that "…the lobbyists live in the Knesset. They unlock its doors in the morning and close it down at night. They go through the Knesset members' chambers like they were on a production line," she added, as lobbyists urged sluggish Knesset members to go vote on an issue dear to their clients' hearts. Zarhiya also mentioned a recent House Committee debate on the public television channels, which was so clogged by lobbyists from six different companies that there wasn't enough room for the committee members, prompting panel chairman MK Tal to demand: "Make way for the Knesset members" (Zarhiya, Ha'aretz, 2008).

Tal (2009, in Hebrew) in her PhD dissertation described how the MKs were exposed to threats and manipulations by the lobbyists. Of course no lobbyist would testify to the fact that such methods were used, but one can learn about the existence of this phenomenon by MK Steinitz words: "In most cases, it's more than convincing – it's pressure, conspiracy, attempts to exert pressure on MKs, to pressure their vital interests, reelection, the ability to get donations or sympathetic media coverage… or putting pressure on their position within party in order to influence him… To the best of my experience, what I've seen, one could more often speak about exerting negative pressure than positive inducements. Although even these probably exist…" MK Steinitz added: "... I say in general what I hear from other MKs, one could speak about veiled threats, yes. Sometimes it is difficult to distinguish threats from the temptations. Like – 'we are with you. You'll get support through us – donations, or conferences or funds or the media or by our friends among party center members, yes, or by the mayor of the city that is connected with us; and if you behave well, if you understand that we are right and you'll

vote for us, we will support you even more. But, if not, then of course this support is under question'" (Tal, 2009: 110). Tal writes that the access to Israeli senior politicians was created, for example, through participation of the lobbyists in the coalition talks. During October 2008, the newspaper headlines reported the involvement of the lobbyists in the coalition negotiations that Kadima conducted with other factions to form a new government. Another interesting point is that according to the press reports, the lobbyists conducted the negotiations freely as volunteers without compensation. There is no doubt that such free participation was offered as a personal benefit to the heads of the faction, and it granted the lobbyists (and their clients) almost a limitless access to the most senior Israeli politicians (Tal, 2009: 97-98).

In an interview to Tal, MK Eitan explained the dynamics of the subtle lobbyist-legislator relationship as following: "As soon as I become the MK, the lobbyist comes. I already know that he has ground the material and he gives me a lecture of explanations. It's easy for me to understand if I know that he represents certain interests. Accordingly, it helps me a lot to understand what is happening. Where he is stubborn and highlights issues, there I know that I have to be careful". MK Misezhnikov revealed that the lobbyists' assistance to the MKs breaks the government monopoly on vital information: "When you meet with a government official, they show you the issue from one perspective. Lobbyist gives you a broader view... Lobbying companies provide you with more information. He who hurts them, hurts the intelligence of the MKs, and grants the government officials the monopoly on information that we deserve" (Tal, 2009: 89-90).

Chapter III - The Actors and the Reasons for the Lobbying Law in Israel

In this chapter we will see the actors and the perceived reasons for the Lobbying Law in Israel. We will start by viewing how the MKs and lobbyists described the situation in the Knesset before the Lobbyist Law and discuss the subtle dynamics of the MK-lobbyist relationship.

Lobbyist no.4 described the situation before the law as "…bordering anarchy in the field of lobbying – the MKs couldn't identify the lobbyists or the interests in the play, since they couldn't know whether 'A' was still a TV reporter or now a lobbyist, or whether 'B' was Kadima's chief of staff or a lobbyist". Lobbyist no.7 observed that "… the freelance lobbyists and lobbying companies used a brutal overkill method in convincing the MKs, and since this situation became unbearable for the MKs, somebody had to set the limits".

Lobbyist no.10 argued that the party center members' barbarous behavior in the Knesset was a primary reason for the lobbyist law: "After helping the candidate during the election campaign, the party center members felt as if they now owned the MKs. They came to the Knesset accompanied by their relatives and patted their backs familiarly. MKs felt uncomfortable with their former campaign assistants shouting in the Knesset cafeteria and inviting them to their tables to solve their clan problems. The party center members turned the Knesset into a Middle-Eastern bazaar with their barbarous behavior" (Interview with the lobbyist no.10).

Lobbyist no.5 revealed that "…before the Lobbyist Law came to be, there were cases where the party central committee members demanded payment for the access to the respective MKs from their parties and blackmailed and threatened their MKs". Lobbyist no.4, however, added that any party central committee member still has more influence over their respective MKs than any lobbyist does.

House Committee Chairman, MK Tal's testimony adds even more color to the previous descriptions, as he witnessed how ”…a lobbyist physically drag down the hand of MK Ben-Lulu, who meant to vote in favor of a certain proposal" (Knesset Committee Protocol, 26.12.07:11).

MK Sa’ar, one of the initiators of the legislation, emphasized the public interest as the primary reason for the law and said that: "…when a lobbyist comes to represent an issue that touches the legislation in the Knesset, then this is already a public interest issue. It's not just something between the client and the lobbyist, or the lobbyist and the member of Knesset. This is the very idea behind the law" (Knesset Committee Protocol, 26.12.07:19).

For MK Yechimovich, the second initiator of the legislation, the very idea behind the law was different. The class struggle and inequality of access had to be addressed. MK Yechimovich’s website describes the lobbyist bill as an important victory for “... *balancing the strength of the rich who are represented by lobbyists in the parliament and the wide public, through manifestation of the lobbyists' details and their clients, and wearing a special badge"* (MK Yechimovich’s website).

Lobbyist no.8 disagreed with her claims and argued that "…MK Yechimovich declared on the live TV show that Israel does not need lobbyists. She claimed that the lobbyists represent only the rich, not others. I answered her that this is exactly why she was elected; it's her job to represent all the sectors of the society. The solution is simple – there should be a similar approach with lobbying as there is with lawyers: as the state offers public funding for legal representations, so should it offer also public funding for lobbying services. MK Yechimovich is in principle against the lobbyists and represents the 3 'I' approach: there are no lobbyists in Iran, Iraq and now she wants the same for Israel" (Interview with the Lobbyist no.8).

MK Steinitz emphasized that it is unacceptable that lobbyists would put pressure on the MK or make comments against the MKs during the committee meetings – there needs to be a restraint… He explained that "…even without mentioning any benefits, it is clear for any Knesset member that when they are approached by "Yediot [Aharonot]" or "Ma'ariv" or "Ha'aretz" – since they are also owners of Channel 2, and some also owners of Channel 10, "Vesti" and local newspapers – it is clear that one would want to maintain good relations, here are many benefits. It was clear to all MKs and to me that if I would damage the relations, this would come with a certain price. Thus first, how do we cope with this problem that sometimes the lobbyists represent so powerful organizations that only by…expressing protest against them would make the MKs to fear for their souls..". (Knesset Committee Protocol, 26.12.07: 36).

MK Steinitz admitted that it is not profitable for the MK to harm his relations with certain lobbyists and revealed the dynamics of the subtle MK-lobbyist relationship – good relations would produce certain benefits. Veiled threats and manipulations seem to be the negative side of these mutually beneficial relationships where both sides otherwise could win.

The lobbyists had their own explanations for this claim. Lobbyist no.6 argued that "… the threat to the MKs does not emanate from the lobbyist. The perception of a threat might have been there earlier by the MKs own considerations that he ought to fear certain institutions or companies". Lobbyist no.8 added that "…no MK has ever suffered, nor has experienced the revenge of the lobbyists, because he or she confronted certain bills or stopped proposed policies. It is not profitable for a lobbyist to confront or put pressure on the MKs, even if the client would like him to do so, since the lobbyist may lose his credibility and future job opportunities". Lobbyist no.3 commented that "…all the talk about threats by the lobbyists or different companies was just a populist show for the media and MKs attempted to turn the fire from themselves unto the lobbyists whom they blamed for all problems" (Interview with the lobbyist no.3).

From where did the initiative for the new law originate? Could it have come from the lobbying companies to serve the interests of the powerful and established lobbyists in conjunction with powerful parliamentarian in order to control and limit access of the other lobbyists as competitors? Many established lobbyists did speak out against the interest-peddlers, the 'macherim', who destroy the good name of the professional

lobbyists. However, MKs Steinitz, Yechimovich and Sa'ar mentioned repeatedly that they encountered resistance and numerous attempts to stop and delay their legislative initiative from the lobbyists, whereas the Knesset protocols provide us the evidence that mostly the lobbyists representing larger lobbying companies were those who voiced their objections. During the discussions in the Knesset House Committee, MK Sa'ar objected the lobbyists' attempt to curb the bill and promised that the regulation will be continued with a much more comprehensive law: "…I announce that there will be an additional bill to this bill. This current bill is minimalistic; …gentlemen, it is impermissible that they would bring this House to their knees over this minimalistic bill, which prescribes a set of regulations, most minimalistic limitations that only can be and transparency in work and even this they try to uproot" (Knesset Committee Protocol, 26.12.07: 45).

The surprise came from MK Solodkin who claimed that the big lobbying companies "…made this law pass in such a form that the lobbyists gained legitimacy and official status in the Knesset, otherwise the law would not have passed at all". When the argument was presented to her that the bill that the MKs Sa'ar and Yechimovich proposed did not differ significantly from the outcome, MK Solodkin blamed the outcome on "… the biased legal advisers who prepared the bill" (Interview with MK Solodkin).

Lobbyist no.7, who functions as a lobbyist in the Knesset without being registered, didn't agree with these claims, objecting that the big lobbying companies warred against the law to the last moment. This is also obvious from Zarhyia's article, who wrote that "…the lobbying offices tried to block exposure of their client lists" (Zarhiya, 2008).

Lobbyist no.5, 6 and no.1 pointed out the problem that the obligation to publish the client lists on the Knesset website makes the smaller companies to appear publicly as inferior. For lobbyist no.6 this was even a violation of the Basic Law: Freedom of Occupation. Thus some lobbyists felt threatened, but they never blamed their colleagues from larger lobbying companies for 'creating' such a law to harm the weaker lobbyists.

In spite of MK Solodkin's arguments and the claims of some lobbyists that the obligation to publish the client list on the Knesset web-site caused damage to the smaller lobbying companies, one cannot really find the evidence that powerful and established lobbyists in conjunction with powerful parliamentarian were behind legislation in order to control and limit access of the other lobbyists as competitors. The bill that MKs Yechimovich and Sa'ar presented, proposed weak regulation from the beginning.

MKs need the lobbyists

It is clear that in spite of the fact that there was and continues to be a problem with lobbyist' behavior in the Knesset, be it conspiracy, attempts to exert pressure on MKs, the MKs are dependent on the assistance of certain lobbyists, as we will see. We will view the subtlety of the lobbyist-lawmaker interactions and relations that are often unseen to the public eye. Since the cardinal rule of lobbying says – never take credit for the work of members of parliament – it is difficult to find out whether, when and how the lobbyists were involved in the legislative process (Kaiser, 189).

Many MKs complained that the help from Knesset Research and Information Center (KRIC) and only two parliamentary assistants are simply insufficient for their work

(Knesset Committee Protocols, 26.12.07: 20-24). Therefore "…there is a need to add lobbyists to this equation, since they present the vital information for the MKs who need to hear all sides of the story before they can make a decision. The KRIC is unable to provide quality information to all MKs at all times" (Interview with Lobbyist no.3).

According to lobbyist no.8, and no.11 lobbyists are needed for the MKs as they bring messages from organized groups and companies to the MKs. For these groups "…the Knesset is a jungle and a lobbyist is a skillful guide with a machete. Sure, the government has its opinions, but someone should articulate the opinions of other groups also" (Interview with lobbyist no.8).

MK Tirosh's words confirm this need as she spoke about the assistance they (MKs) as newcomers received from various lobbyists as legislators in the legislative work and in agenda proposals. MK Tirosh complained: “We have no way to inform ourselves, except by roaming in the internet databases, yet there is no way that would be available, accessible or just easy, to study the subject of any width and depth. I think that concerning this issue – I'll speak for myself – I was helped more than once by the additional viewpoints presented to me – while I hope that I used correct discernment – critical and balanced – in order to neutralize the obvious interest that the lobbyist would have in any given issue…" (Knesset Committee Protocol, 26.12.07: 24).

Although speaking about her experience as a journalist, MK Yechimovich appreciated the role of the lobbyists as information providers and admitted that some of the lobbyists in the Knesset are her friends from old times. “Some of them can take credit for my best

stories as a journalist. Twenty percent of my feature stories were fed to me by the lobbyists, who passed on to me… very important high-value information that was tested and was found true. It is a very important tool *also* in a journalist's life" (Knesset Committee Protocol, 26.12.07:12, italics by the researcher).

Lobbyist no.10 explained that it's not only the question of time or resources, "…80% of the MKs have no clue about most of the discussed subjects and would never ever research or study something on their own; therefore they should be thankful to be helped out by the lobbyists". Lobbyist no.5 explained that "…many new MKs have no preparation whatsoever for their new job and they don't know the rules – the mechanisms and practices – of the Knesset work. Thus they need an expert lobbyist that could help them concerning the procedural issues and might assist them by writing policy papers and help formulate law proposals for MKs" (Interview with Lobbyist no.5).

MK Bielski added that "…the lobbyists do an important job, especially if the roles are clear and interests are identified. The MKs need the lobbyists' assistance specially in the first years of their work in the Knesset. Lobbyists' work is an important assistance to the MKs, as the MKs need to hear all the sides in order to take a stand and decide. Therefore it is important for the MKs to identify the lobbyists and interests in the play" (Interview with MK Bielski).

Lobbyist no.3 and no.11 agreed that "…since the MKs come from different backgrounds, they cannot know all the specifics of the field in which they need to legislate. The lobbyists are there to help out as they write position papers for MKs and

present to them a professional viewpoint". Lobbyist no.6 added that in order to be a successful as a lobbyist, one would need to study and know which subjects are of interest for the particular MKs: "…the MKs do not need to help the respective clients of the lobbyist, but MKs need the information and the feedback from the lobbyist" (Interview with the lobbyist no.6).

From the presented evidence one can see that expert policy information and political intelligence are of value to the MKs who seek to be active on policy matters that are important to the information-providing lobbyists, because it subsidizes MKs' efforts and activities, like Hall and Deardorff (2006) described. Even publicly available information can be valuable to a policy maker if lobbyists analyze, synthesize and summarize it in politically user-friendly form and present information to promote the policy goals that their group and legislator share.

Lobbyists can provide additional benefits to the MKs by assisting them in their work. For example, the lobbyist can promise to the MK that if he would help him to pass the law that the lobbyist is interested in, he, in turn, would help the MK to pass the laws in which the MK is personally interested in. Lobbyist no.2 claimed that "…a good lobbyist can create an ad hoc coalition for any law proposal. Lobbyists, whose work is usually not exposed to the public's eye, are responsible for the majority of passing bills each year. They are intermediaries between business interests, social organizations and stakeholders and the MKs, explaining, promoting, writing and actually doing much of the work of the MKs" (Interview with the lobbyist no.2).

Lobbyist no.10 claimed that "…lobbyists are the *very* link between money and politics – the dealers and wheelers in the government and business cooperation. When a lobbyist enters the Knesset, accompanied by the wealthy businessmen, owners of the company X, company Y and company Z, the MKs will remember whom to contact when they are in need. Sure enough, the one who escorted X, Y and Z in the Knesset, will be called when donations are needed for the Kimcha D'Pischa project or reelection campaign. The cooperation of the MKs and business is surely not limited by these minor transactions described above – there is a direct relation between the help received from MKs and donations from businesses" (Interview with the lobbyist no.10, italics by the researcher).

Most of the lobbyists were reluctant to talk about money issues. According to the estimate of the lobbyist no.4, the annual turnaround of the Israeli lobbying business is about NIS 200 million, according to other lobbyist's estimates the mentioned sum was only a tip of an iceberg (Interview with the lobbyist no.4). The very existence of thriving lobbying companies in Israel and the above mentioned annual turnaround testify to the validity of claims that money plays a critical role in gaining access to policy makers, as Nownes described, also in Israel. Obviously resources are a key to a public policy lobbyist's success – lobbyists with a lot of money at their disposal have a higher chance of succeeding than the lobbyists with little money to spend. Money allows lobbyists and the organized interest they represent to buy access to policymakers.

The subtle relationship of lobbyists and legislators can also be seen by the example of the Road 6 and 'Atra Kadisha' case. In 2004 the works on Road 6 were stopped as some graves were revealed on the building site. The demonstrations initiated by the 'Atra

Kadisha' literally paralyzed all the works and caused for huge financial losses. Finally, the Ministry of Transportation had to use a lobbying company to proceed with works. The lobbying company's witty strategy eliminated the obstacles and solved the costly stalemate (Interview with lobbyist no.9). It is obvious that such help will not be forgotten and MKs may even feel obligated or constrained to promote certain bills, in order to continue this mutually beneficial relationship with the lobbyists.

Moreover, as Tal mentioned, the lobbyists helped to conduct the coalition talks between the parties in 2008. This was done on the pro bono basis, which one could afford, while thinking of all the access, opportunities and personal contacts with the top brass of Israeli politicians that such volunteering action produces (Tal, 2009: 97). The framework of this paper does not allow us to further analyze the complicity of the lobbyist and legislator relationship, yet, the subject is definitely inviting for a future research.

The interviews with the lobbyists, with the MKs and the Knesset protocols provide ample evidence that supports the legislative subsidy theory. The MKs need the lobbyists to equip them with the winning strategies in the precarious, unknown political jungles and help senior politicians in the coalition formations. Since the lobbyists' help to the MKs breaks the government monopoly on vital information, it becomes obvious that MKs would not abandon their specific allies and assistants in the face of upcoming elections. There is no reason to betray those lobbyists that helped them to achieve an upper hand in coalition talks for the government and to win a legislative battle or those who solved for them apparently insurmountable problems through risky and tricky

schemes. Identifying the lobbyists and the interests in the play becomes crucial in order to filter out time wasters from true legislative assistants.

Chapter IV - The Characteristics of the New Israeli Regulatory Regime

In this chapter we will analyze the Israeli Lobbyist Law of 2008 and see the characteristics of the new Israeli regulatory regime. One important element differentiating the regulation regimes was the lobbyist definition, as was seen in the typology presented by Chari*, et al*. The law in section 65 defines lobbyists as following:

> A lobbyist is a person whose occupation or for a payment from a customer, takes action to persuade MKs concerning legislative bills or secondary legislation in the Knesset or its committees, regarding decisions of the Knesset and its committees concerning appointment or election of a person to be nominated by the Knesset or the body in which the representative of the Knesset is a member, with the exception of:
>
> 1. a person who in the framework of his work takes action for his employer;
> 2. a person who fulfills a task in accordance to the civil service law, in a local authority or in a corporation established by law, even if he does not work and takes action as abovementioned in the framework of his function and in connection to his authority and functions of the body for which he works;
> 3. a person who represents an apparitor or fulfills a function in a judicial proceeding before the Knesset or in a committee of Knesset committees (The Knesset Laws, 2008).

We see that the definition of lobbyist does not recognize executive branch lobbyists and according the typology of regulative regimes of Chari, *et al.,* (2009) this is a characteristic of lowly registered systems. The implications are that only the lobbying of the MKs is regulated.

Section 66 speaks about the permits for the lobbyists and shows that lobbying is regulated in the Knesset only:

A. A lobbyist will not work in the Knesset without a permit from the Commission (consists of the Knesset Chairman and two deputies – one from the coalition and one from the opposition).

B. An Applicant who wishes to act in the Knesset as a lobbyist must submit a request to the Commission, including the following documents:

   (1) His personal information, and if the applicant is working within the framework of a corporation - the type of corporation, name and number;

   (2) The names of the customers the applicant seeks to represent in the Knesset, whether on a regular basis or for a one-time basis, their employment fields, and the name and the employment fields of any bodies which give him payment or benefits in connection with the interests for which the lobbyist wishes to act in the Knesset;

   (3) If the applicant is a member of the electing body in a party - the party's name; in this chapter, "electing body" - the body that elects

Knesset candidates or for the function of the Prime Minister or Minister of Government, where the number of members with voting rights does not exceed five thousand;

(4) Statement of the applicant that he undertakes to follow the provisions of this chapter.

C. In case any details of information of section (B) change, the lobbyist or applicant must submit a written notice to the Commission immediately after the change occurs.

D. Notwithstanding the content of small section (a), if an applicant submitted a request to act as the lobbyist in the Knesset, and has yet not received an answer to his request, the Chairman of the Knesset is entitled to give him a temporary permit to operate as a lobbyist in the Knesset, until the Commission's decision, the provisions of this chapter apply in accordance with all changes (The Knesset Laws, 2008).

There is a one year cooling-off period before former MKs, MK assistants or Knesset workers can register and work as lobbyists, as stated in the law. Registered lobbyists have to wear white and orange badges with their names, and to disclose to the MKs with whom they speak whose interests they represent. A lobbyist who fails to comply with the rules will be barred from the House. Section 70 states:

No lobbyist should do the following:

1. offer the MK benefits as part of his efforts to promote the interests of his clients;

2. lead MK astray in connection with any essential parliamentary work of the MK;

3. take actions to persuade the MK by illegitimate means, including pressure, threat, temptation, or a promise for benefit;

4. bring the MK into obligation before the lobbyist or his clients to vote or act in a certain way;

5. act in ways stated in paragraphs (1) to (4) toward a parliamentary assistant or Knesset worker (The Knesset Laws, 2008).

We see that the Israeli regulations are mild towards the lobbyists that do not comply with the rules – there is no penalization, except of being barred from the Knesset. There are no fines or a jail sentence mentioned, which would generally constitute the enforcement of the lobbying regulations, as Chari *et al.* (2009) mentioned. The further analysis of the Israeli lobbyist regulation regime's characteristics will be seen in the next chapter as we will place it in the comparative framework of regulation regimes of other democracies.

Chapter V - The Extent that the New Israeli Lobbying Regulatory Regime Meets the Challenges that Lobbying Represents

When compared with other regulatory regimes, Israeli case is seen as a weak one (McGrath, 2009) and displays irregularity in the light of the analysis presented by Chari, *et al.*, (2009). It falls between the categories of lowly and medium regulated systems: lobbying lists are available for public scrutiny and no spending disclosures are required like in lowly regulated systems, while lobbyists must reveal their employers – a characteristic to the medium regulated systems.

Like in lowly regulated systems, Israel has a weak paperwork for registration, the definition of lobbyist does not recognize executive branch lobbyists and the list of lobbyists is available, but not detailed, or updated frequently. Little enforcement capabilities are invested in state agency, similar to lowly regulated systems, yet there is a one year cooling-off period, which again refers to medium regulated systems. While the public can see who the lobbyist is and what issue the lobbying might be on, they cannot get a complete picture of those employing the lobbyists.

We saw that according to Broz (2002), transparency referred to the ease with which the public can monitor not only the government with respect to its activity, but also examine which private interests are attempting to influence the state when public policy is formulated. Thus the ultimate objective behind approaching the political establishment in Israel remains somewhat hidden from the view. This can clearly lead to loopholes, whereby certain lobbyists can provide so-called free ‘consultancy’ to political parties.

The characteristics of the Israeli lobbying regime can be seen as compared with the U.S.A., Australia and Germany in the Table 3.

Table 3. Chari, et al., (2009:15-17).

	The U.S.A. Highly regulated	Australia Medium regulated	Germany Lowly regulated	Israel between lowly and medium regulated systems
Registration regulations	Rules on individual registration are extremely rigorous – lobbyists must state all employees, notify immediately any changes and must provide a picture. The definition of lobbyist does recognize executive branch lobbyists	Rules on individual registration exist; lobbyist must state the subject matter/ bill/ governmental institution lobbied. The definition of lobbyist does recognize executive branch lobbyists	Rules on individual registration exist, but little details have to be given. The definition of lobbyist does not recognize executive branch lobbyists	Rules on individual registration exist, but few details required. Changes must be notified. The definition of lobbyist does not recognize executive branch lobbyists
Spending disclosure	Tight regulations on individual/ employer spending disclosure: all spending must be accounted/itemized lobbyist salary must be reported; all campaign spending and recipients must be identified	Some regulations exist surrounding individual spending disclosures. No rules on employer spending disclosure	No rules on individual spending disclosure, or employer spending disclosure	No rules on individual spending disclosure, or employer spending disclosure

Electronic filing	Robust system for online registration; no paperwork necessary	There is a system for on-line registration	A weak on-line registration, which includes some form of paperwork	Applications for registration available on-line; paperwork required
Public Access	List of lobbyists and their spending disclosures available; detailed, and updated frequently	List of lobbyists available, it is updated frequently. No spending disclosures available	List of lobbyists available, but not detailed, nor updated frequently. No spending disclosures available	List of lobbyists available, but not detailed, nor updated frequently. Belonging to any party's elective body must be disclosed
Enforcement	State agency can, and does conduct mandatory reviews/ audits; there is a statutory penalty for late and incomplete filling of lobbying registration form	In theory state agency can conduct mandatory reviews/audits; it is infrequent that violations are prosecuted	Little enforcement capabilities	Almost no enforcement capabilities
Revolving door provision	There is a cooling-off period before former legislators can register as lobbyists	There is a cooling-off period before former legislators can register as lobbyists	There is no cooling-off period; the former legislators can register as lobbyists immediately on leaving office.	There is a one year cooling-off period before former legislators can register as lobbyists

For some reason the Israeli NGO SHATIL claimed that it succeeded in getting the Knesset to exclude NGOs from a new law regulating lobbying in the Knesset. SHATIL

led an ad hoc forum of organizations that included NIF grantee, the Association for Civil rights in Israel (ACRI), the Economic Justice Law Clinic at Tel Aviv University, the Israeli Disabled Human Rights Organization and various environmental organizations. They claim that although the original law applied to both organization and commercial lobbyists and that the MKs, who introduced the law and other MK's opposed the exclusion, SHATIL's intensive work paid off – when the law passed the Knesset, nonprofit organization lobbyists were not affected (New Israeli Fund, 2008). This exclusion, however, does not appear in the text of the law, and invites for a further research.

According to the lobbyist no.3, about 70% of the lobbying work their company does is spent on indirect lobbying of clerks and officials, while only 30% is directed toward the MKs; he mentioned that other companies may have other preferences. Lobbyist no.5 reported 50%-50% of their work efforts spent respectively. This means that a great part of lobbying work remained unregulated and not transparent by the Lobbyist Law. Why wasn't the government lobbying covered in the legislation if transparency was the real goal of the MKs?

Another major problem that lobbyist no.4 pointed out is that the regulation only covers the lobbying in the Knesset building – the legislation does not cover or regulate lobbying government or government agencies (for example – the Israel Land Administration) at all. He added that the law does not define all the lobbyists inclusively as lobbyists. For example, some advocates do not need to identify as lobbyists; they enter the Knesset

without registration and participate in the Knesset Committee meetings. They enter as 'specialists' but do lobbying work. Also lobbyist no.4 is not registered as a lobbyist, since he personally does not need to work in the Knesset, as he oversees the work of the lobbying firm. Also lobbyist no.2 reported that there are still some lawyers that avoid registering, while keep acting as lobbyists in the Knesset (Interview with the lobbyist no. 2).

Zarhiya (2008, in Hebrew) confirms this in his article about Boris Krasny. For well-connected lobbyists and lawyers there is no need to disclose their clients on the Knesset web-site as they can get a one-time lobbyist permit in case they may need to come to the Knesset. A strategic advisor for business companies (a lobbyist) can act at the same time as an advisor for party fraction, which inevitably leads to conflict of interests (Zarhiya, 2008, in Hebrew).

Having seen the analysis of the effects of the lobbying regulation in the U.S. by Thomas (1998) and Chari *et al.* (2009), one could raise the following question – did Israeli MKs know about the U.S. lobbying regulations laws? How much was known about the experience that their American colleagues accumulated through more than 100 years of the lobbying regulations?

It appears in the Knesset Committee Protocols that some MKs had outstanding knowledge about the U.S. lobbying laws – MK Sa'ar even gave a short, yet comprehensive lecture on the subject, touching the penalties, limitations of the lobbyists and enforcement of the law (Knesset Committee Protocol, 31.12.07: 44-45). MK

Solodkin claimed that MK Yechimovich studied the lobbying laws of the U.S. and of other countries with the purpose of bringing order to the lobbying sphere in Israel (Interview with MK Solodkin).

In spite of MK Yechimovich's ideological declaration to "balance the strength of the rich who are the only ones that can afford hiring lobbyists", no attempt was made to even the playing field between corporate lobbying and non-profit organizations by funding non-profit interests, like is practiced in the EU. Instead, her legislative toil turned into a great favor for the lobbyists. This was more than just 'positive kick-backs' that registration systems can provide for the lobbyists, like Chari *et al*. (2010) explained. All the interviewed lobbyists stated that the situation has changed for them in an unexpected way – lobbyists are now officially recognized as a legitimate profession by the Knesset, they are registered and their entrance permits are secured. Those with more than 10 years of work experience can acquire even parking permits within the Knesset compound. Earlier it was a problem to get a permit to speak in the Knesset committee meetings – today nobody dares to turn a lobbyist out (Interview with the lobbyist no.1).

What did MK Yechimovich mean, when she claimed on her web-site that the legislation succeeded to "balance the strength of the rich who are the only ones that can afford hiring lobbyists"? In spite of numerous attempts there was no success to reach her for a comment.

The lobbyists no.1, 3, 4, 7 and no.9 argued that the Knesset Law Amendment 25 – the Lobbyists Law, was passed for the sake of populism only to achieve attention and media

coverage. According to lobbyist no.5, the catalyst was "an article by Zvi Zrahiya about Shas representative Yehuda Avidan that triggered the whole process leading to the Lobbyist Law. Corruption stories usually shock the public and inspire the MKs to initiate new legislation ideas" (Interview with Lobbyist no.5). Lobbyist no.11 added that problems arose since Avidan attempted to wear two hats simultaneously – one of a lobbyist and another as the consultant for Shas party, which inevitably led to the conflict of interests.

In the opinion of lobbyist no.2, the Lobbyist Law in Israel is a meaningless law, since it does not provide tools for enforcement or supervision on the reporting or publishing the client list on the Knesset web-site. One could easily avoid publishing the names of the clients who would wish not to be published or instead create a fictitious client list. This, in turn, makes all claims for achieved transparency meaningless (Interview with the lobbyist no.2).

The question therefore is – why did the MKs choose to produce a toothless law, which regulates lobbying only in the Knesset building, without real tools for implementation or independent agencies for enforcement? Lobbyist no.3 was critical of the MKs approach and claims that "…the real transparency can be achieved only when both lobbyists and MKs are obligated to declare their interests, clients and obligations. This, however, would not happen, since no MK in the current situation would vote for it – the MKs have yet to legislate the obligatory public declaration of their interests and assets. The real problem is not in the fact that the lobbyists put pressure and try to influence MKs, but in the MKs themselves that are willing and open to accept some questionable methods".

MK Solodkin, who in principle cannot agree with the lobbyists, who "for a payment represent the interests and organizations that they are not personally connected with", confirmed the claim of the lobbyist no.2 that the Lobbyist Law is meaningless. She complained that even after the law "…the lobbying phenomenon is threatening the independence of the MKs. The amount of lobbyists swarming in the Knesset is frightening". MK Solodkin claimed that "…neither she nor MK Yechimovich are satisfied with the situation, since the outcome today is worse than before as the recent actions of gas companies' lobbyists and HOT/YES' lobbyists in the Knesset have proven". MK Solodkin promised to present a bill to the next Knesset that would forbid a former MK to become a lobbyist (Interview with MK Solodkin).

One must take into account the fact that the MKs were disturbed by the lobbyist behavior for a long period – they did not just need to appear doing something while changing little. Both MK Kirshenbaum and MK Miller (the Deputy Speaker of the Knesset and a member of the Commission that registers lobbyists) agreed that the law brought order. MK Miller added that "…it is important for the MKs to identify the lobbyist. There is no unequal access problem in the Knesset – there is no difference whether a private person comes with a personal problem or a lobbyist comes representing his client. MKs need to hear the opinions – the data is important. Lobbyists don't come here to convince, sell or buy; it is the numbers that convince…" (Interview with MK Miller).

Lobbyist no.5 explained that the identification of lobbyists creates more peaceful work conditions in the Knesset. Also in lobbyist no.2's view, the law was clearly meant for protecting the MKs and improving their work conditions. "Earlier everyone could enter the Knesset and harass the MKs, now the identification of interests and roles serves the MKs well" (Interview with the lobbyist no.2).

While the declared goal of the MKs was transparency, the question remains why was the law limited to regulate the lobbying that takes place within the limits of the Knesset compound only. Acting in the public interest would have demanded to provide order and transparency of the whole lobbying business. The new law does not produce any financial transparency and does not regulate lobbying of the government or its institutions. Worse yet, there is no real enforcement of the law and thus the information published on the Knesset web-site becomes mostly irrelevant for the purpose it claims to have – namely – transparency.

Transparency, as seen earlier, not only increases policy actors' responses to public demands, but also helps prevent misconduct. If the MKs would have really wanted to achieve more transparency in the lobbying sphere, they would have adopted a highly regulated regime, similar to the U.S. lobbyist' regulation. Furthermore one could have considered new approaches, like Davis' suggestion to make lobbyists' registration entirely current by signing in to a real-time computerized log to indicate that the meeting is actually taking place. Although this 'total transparency' would be burdensome, the lobbyists could learn to live with it, since "…any bureaucracy is more than outweighed

by the public benefit provided by such blanket accountability" (McGrath, 2009: 40). One must also keep in mind that the lobbyists are anyhow billing their clients by the hour, similar to lawyers and consultants, and keep detailed accounts for their own purposes.

The above mentioned findings indicate that the hypothesis based on the public interest theory must be discarded as naïve, because if the purpose of the Lobbyist Law in Israel had really been transparency in response to public demands for more transparency in policy making, then the legislative process, goals and the outcomes would have been different.

Could one therefore view the Lobbyist Law as an exercise in the symbolic politics where the Knesset could appear to do something while changing little? Having analyzed the interviews and Knesset Protocols it becomes clear that the Israeli Lobbyist Law produced new means of defusing public concerns over how policy was being formulated for the MKs and tangible benefits for organized groups, while the public received only symbolic reassurances.

While observing the behavior of the MKs, one recognizes the patterns and features similar to those presented in Downs's theory of private interest: MKs aim to maximize their own utility function. They compete with one another for electoral support to keep themselves in office. In order to do so the MKs need estimates obtained from a privately commissioned study and information about constituents' attention to and attitudes about an issue that is emerging on the agenda. MKs are dependent on those lobbyists who

provide for them 'competitive advantage' over others in providing information to meet their reelection needs.

A curios symbiosis of symbolic politics theory with the legislative subsidy theory (based on private interest theory) can be observed in Israel. Having analyzed the Israeli Lobbyist Law in the comparative framework of the regulations regimes and having juxtaposed the declared goals of the MKs with the outcomes as perceived by the interviewees and seen in the Knesset Protocols and articles, the conclusion can be drawn that the Lobbyist Law in Israel was an exercise in the symbolic politics, while MKs also maximized their own utility – transparency for their own interest. All the declarations of achieving transparency, bringing order and *"balancing the strength of the rich who are represented by lobbyists in the parliament and the wide public*" were not followed through by a coherent legislation. MKs confirmed their need to identify the lobbyists and interests in play and to improve their work conditions to assure better access of the information that reduces policy makers' search related costs.

The law did create more transparency according to lobbyists no.1, 3, 4, 6, 8, 10 and no. 11, but not as it was declared or presented by the MKs – for the public to know – but for the personal benefit of the MKs to help them to identify the interests in the play, as lobbyists no.2, 3, 4, 8, and no.10 claim. This approach is similar to the one used by the Bundestag, which registers the groups to make them clearly visible not to the public, but rather to the parliament. The Israeli lobbyists, of course, were happy to discover that they

had become a legal and legitimate part of the Knesset work and that their respective companies gained new ground and more fresh work opportunities through this legislation.

We have seen that lobbying regulations offer several advantages in a highly regulated regime and that regulations have also been used by the politicians as a political weapon to defeat their rivals. It is a two-edged sword, cutting in both ways and thus every new limitation on lobbyist-lawmaker interaction signals also diminished confidence by any given Parliament in its own integrity. MK Sa'ar promised that there will be a continuation to this minimalistic Lobbyist Law, but it seems that one would need to wait for some major lobbyist scandal for this to happen. Like the Democrats knew to use the Abramoff scandal to secure their majority in the Congress, so we'll have to see which political constellations in Israel would find it expedient to use the new level of lobbying regulations for securing their own way to the elections victory.

Chapter VI - Conclusions

Lobbying as a multibillion dollar industry worldwide has challenged the democratic policy making as the risks and opportunities associated with policy change are large. Conflict of interests arise, when a former politician or civil servant uses the contacts gained at taxpayers' expense and translates them into a valuable commodity as a lobbyist, which challenges the functioning of a well-functioning democracy.

We have seen that while the MKs declared that the goal of the Lobbyist Law was transparency, they did not follow it through by creating a coherent legislation that would have provided regulation of lobbying the government and its institutions through an all inclusive lobbyist definition, in addition to regulating lobbying also outside the Knesset building. Instead of balancing the strength of the rich and the wide public by providing publicly funded lobbying services, as practiced in the EU, the legislation legitimized and strengthened the lobbyists who became a recognized part of the work that goes on in the Knesset. We discarded the hypotheses based on public interest theory. There were also no convincing evidences found to claim that the regulation served the interests of the stronger or powerful and established lobbyists in conjunction with powerful parliamentarian in order to control and limit access of the other lobbyists as competitors.

In the comparative framework of the lobbying regulations regimes, Israeli case displayed irregularity and was seen as a weak one, falling between the lowly and medium regulated regimes, which implies that the ultimate objective behind approaching the political establishment in Israel remains somewhat hidden from the view. This leads to

loopholes, whereby certain lobbyists can provide so-called free ‘consultancy’ to political parties.

As we juxtaposed the declared goals with the outcomes as perceived by the interviewees, the Lobbyist Law in Israel appears as an exercise in the symbolic politics. At the same time we saw that the MKs aimed to maximize their own utility – transparency to improve their own work conditions to identify the lobbyists and interests in play in order to assure the access of the information that reduces their search related costs. The law did create some transparency, but not as it was declared – transparency for the public to know – but the transparency for the benefit of the MKs. As a 'positive kick-back' that Chari *et al*., mentioned, it also provided for the MKs some new means of defusing public concerns over how policy was being formulated.

Further research is needed for a more thorough study of the processes that led to the initiation of the Lobbyist Law by interviewing a greater number of MKs that were involved in passing the law and researching the period before the presentation of the bill. Another promising area for any future research would be investigating the relationships mentioned by one of the interviewees that the lobbyists are *the* link between power and money in Israel.

It would seem logical to predict that developments, similar to the recent ones in the U.S. would occur also in Israel and that the local politicians would try to use lobbying regulations in order to secure victories in the upcoming elections. It is clear that the new Israeli regulative regime, although weak in comparison to the one in the U.S. would still provide a lot of new opportunities to scrutinize the lobbyist-legislator relations.

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