Rotterdam School of Management
Erasmus University

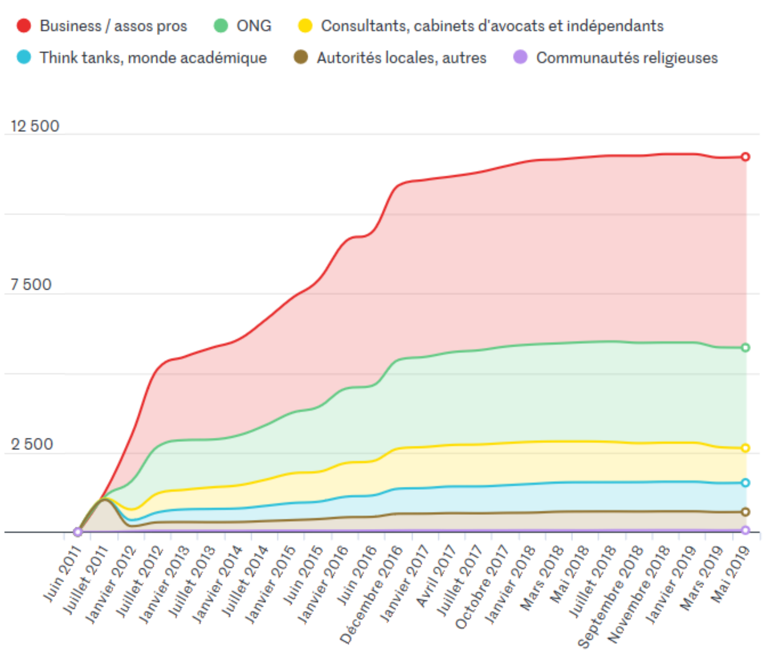
"Who pays a visit to Brussels?" by Biguri & Stahl

Discussion by Thomas Lambert – 2019 EFA Meetings

Lobbying in Brussels

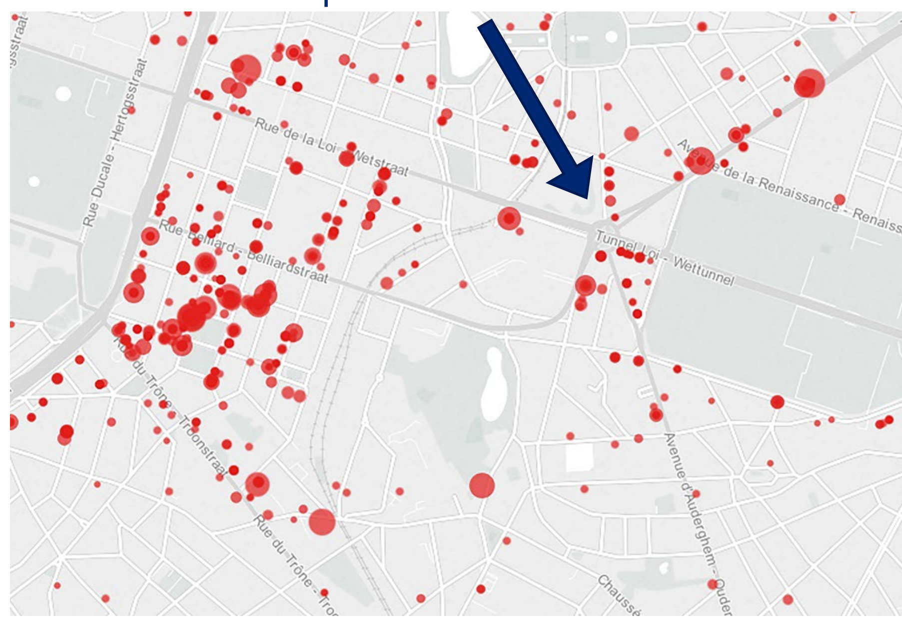
- 11,800 organizations representing various interest groups

- More than 35,000 lobbyists (including >26,000 regular lobbyists)



Source: Le Monde (May 24, 2019)

European Commission



Almost no studies on the EU context

- Large literature on the value of political connections
  - **Survey:** Lambert and Volpin (2018)
  - **International evidence:** Faccio (AER 2006)
  - **US evidence:** Cooper *et al* (JF 2009), Goldman *et al* (RFS 2009), Akey (RFS 2015), Acemoglu *et al* (JFE 2016), **Brown and Huang (2017)**
  - **European evidence:** Amore and Bennedsen (JFE 2013), Cingano and Pinotti (JEEA 2013)

- Channels:
  - **M&A antitrust (US evidence):** Fidrmuc *et al* (JCF 2018), Mehta *et al* (2019)
  - **Tax (US evidence):** Richter *et al* (2009 AJPS)

- Protectionism and government reaction to large mergers in the EU:
  - Aktas *et al* (EJ 2007)
  - Erel and Dinc (JF 2013)

Many (valuable) meetings not disclosed

RSM Erasmus

L 343/22 EN Official Journal of the European Union 28.11.2014

COMMISSION DECISION

of 25 November 2014

on the publication of information on meetings held between Members of the Commission and organisations or self-employed individuals

Article 1

1. The Members of the Commission shall make public information on all meetings held by them and members of their Cabinet with organisations or self-employed individuals on issues relating to policy-making and implementation in the Union, in accordance with the provisions of this Decision.

Article 4

1. The information set out in Article 1(2) shall be published in a standardised format on the websites of the Members of the Commission within a period of two weeks following the meeting.

2. The publication of the information may be withheld where such publication could undermine the protection of one of the interests referred to in Article 4(1), (2) and (3) of Regulation (EC) No 1049/2001, in particular the life, the integrity or privacy of an individual, the financial, monetary or economic policy of the Union, the market stability or sensitive commercial information, the proper conduct of court proceedings or inspections, investigations, audits or other administrative procedures; or the protection of any other important public interest recognised at Union level.

Market awareness: An example

Transparency Register

europa.eu

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Home | About | Consult the register | Register or update | Alerts & complaints | EP accreditation | Contact us

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Profile of registrant

The Goldman Sachs Group, Inc.

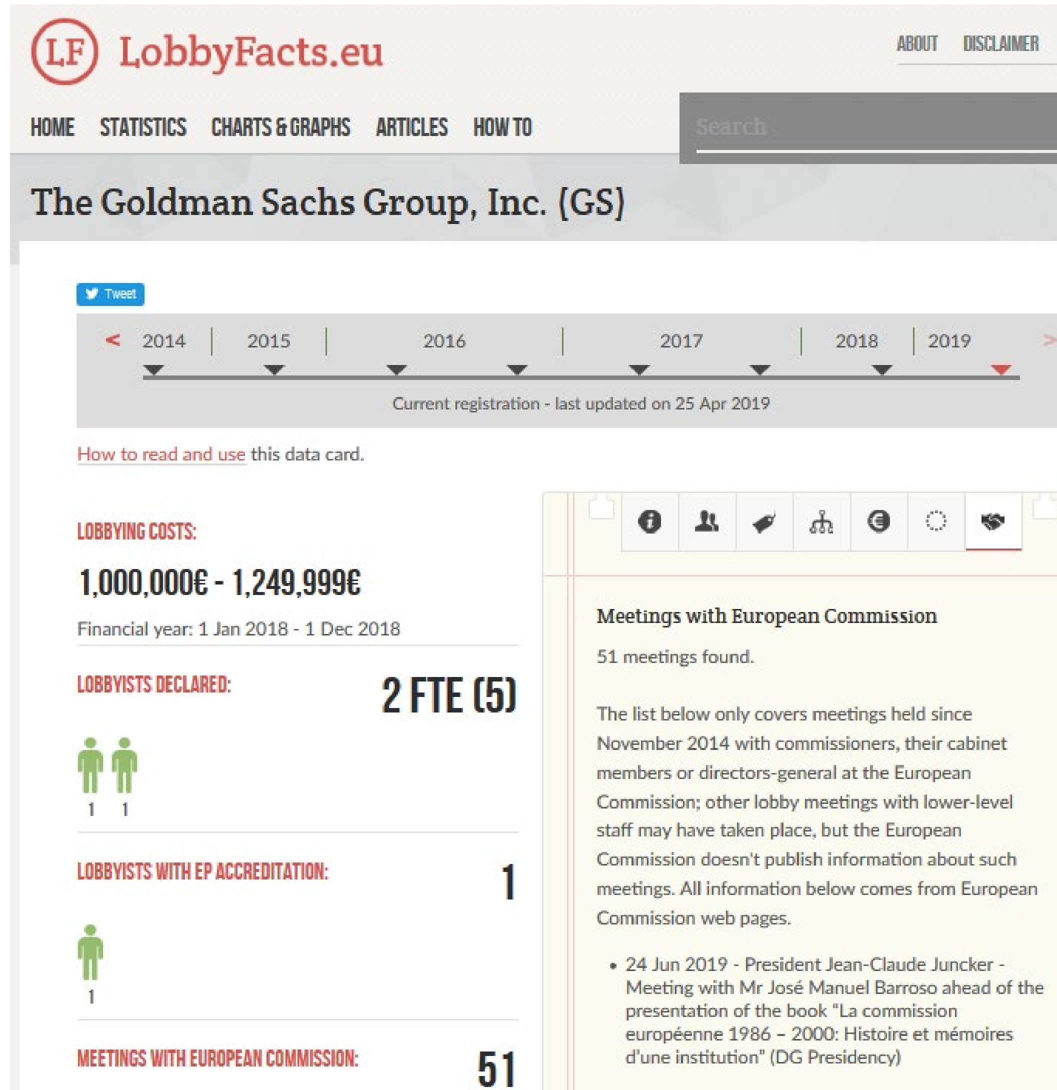
Identification number in the register: **701266814986-18**
Registration date: **24/11/2014 09:32:16**

The information on this entity was last modified on: **25/04/2019 16:47:44**
The date of the last annual update was: **25/04/2019 16:47:44**
Next update due latest on: **25/04/2020**

Market awareness: An example (cont’d)

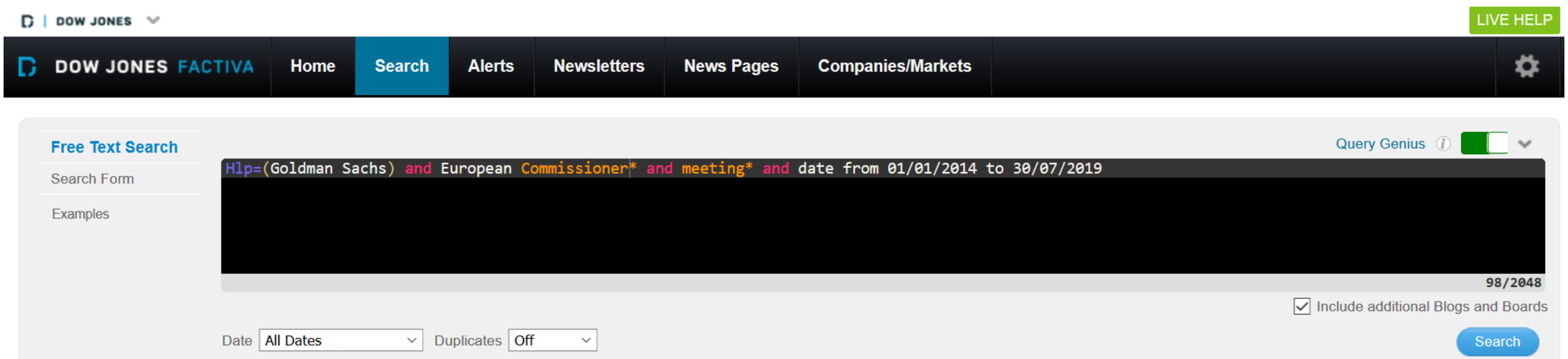
List of meetings **The Goldman Sachs Group, Inc.** has held with Commissioners, Members of their Cabinet or Director-Generals since 01/12/2014 under its current ID number in the Transparency Register: 701266814986-18.

Nr	Commission representative	Portfolio	Date	Location	Subject(s)
1	Jean-Claude Juncker, President	President	24/06/2019	Brussels	Meeting with Mr José Manuel Barroso ahead of the presentation of the book "La commission européenne 1986 – 2000: Histoire et mémoires d'une institution"
2	Andrea Beltramello, Cabinet member of Valdis Dombrovskis	Euro and Social Dialogue, also in charge of Financial Stability, Financial Services and Capital Markets Union	13/05/2019	Brussels	CMU, MiFID, PRIIPs, Sustainable Finance
3	Olivier Guersent, Director-General	Financial Stability, Financial Services and Capital Markets Union (FISMA)	04/04/2019	Bucharest	Brexit
4	Jan Ceyssens, Cabinet member of Valdis Dombrovskis	Euro and Social Dialogue, also in charge of Financial Stability, Financial Services and Capital Markets Union	27/02/2019	Brussels	Brexit
5	Andrea Beltramello, Cabinet member of Valdis Dombrovskis	Euro and Social Dialogue, also in charge of Financial Stability, Financial Services and Capital Markets Union	24/10/2018	Brussels	Brexit
6	Xavier Coget, Cabinet member of Jyrki Katainen	Jobs, Growth, Investment and Competitiveness	10/07/2018	Brussels	Exchange of views on FDI screening proposal
7	Olivier Guersent, Director-General	Financial Stability, Financial Services and Capital Markets Union (FISMA)	26/04/2018	Sofia	RRM, Basel, Brexit, NPL
8	Valdis Dombrovskis , Vice-President Jan Ceyssens, Cabinet member of Valdis Dombrovskis	Euro and Social Dialogue, also in charge of Financial Stability, Financial Services and Capital Markets Union	11/04/2018	Brussels	Transatlantic relations in the area of financial services, impact of Brexit on financial services, CMU
9	Paulina Dejmek Hack, Cabinet member of Jean-Claude Juncker	President	16/03/2018	Brussels	Banking Union and Capital Markets Union
10	Jan Ceyssens, Cabinet member of Valdis Dombrovskis	Euro and Social Dialogue, also in charge of Financial Stability, Financial Services and Capital Markets Union	16/03/2018	Brussels	Banking Union and Capital Markets Union
11	Günther Oettinger, Commissioner	Budget & Human Resources	05/03/2018	Berlin	MFF



Market awareness: Press coverage

- **Factiva search outcome:** 16 articles/blogposts (none of them are related to meetings with Commissioners)



Market awareness: Disclosure date

- Meetings are not made public the day they occur

- EC officials' websites seem to disclose their calendar and meetings with interest groups with a delay

Article 4

1. The information set out in Article 1(2) shall be published in a standardised format on the websites of the Members of the Commission within a period of two weeks following the meeting.

- Same for the platform EU Integrity Watch, e.g., the last meeting disclosed on the website (last accessed: **yesterday)**:

Meetings

Nr	Date	Host	Portfolio	Subject	Lobby Organisation
1	09/07/2019	Anne Bucher, Director-General	Health and Food Safety (SANTE)	INRAs presentation and health challenges ;One health (human health, food, nutrition, animal health, plant health) ; Three research priorities developed at INRA : microbiome, holobionte, predictives approaches (toxicology, animal health, plant health), alternatives to pesticides	INSTITUT NATIONAL DE LA RECHERCHE AGRONOMIQUE (INRA)

What drive the abnormal returns?

- Many potential confounding events (M&A, BigTech and antitrust, trade war, shadow lobbying)

	Commissioners	Directors	Cabinet members
7 days [-3, 3]			
Mean CARs - Fama-French	0.49%	0.07%	-0.15%
(Patell's Z)	(2.79)***	(0.05)	(0.61)
25 days [-3, 21]			
Mean CARs - Fama-French	0.81%	0.08%	-0.17%
(Patell's Z)	(2.23)**	(0.02)	(0.06)
# of meetings	300	133	830

- Run regressions and control for firm characteristics (size, complexity, industry competition, distance to Brussels, time FE, industry FE, etc.)

- Show summary statistics on CARs

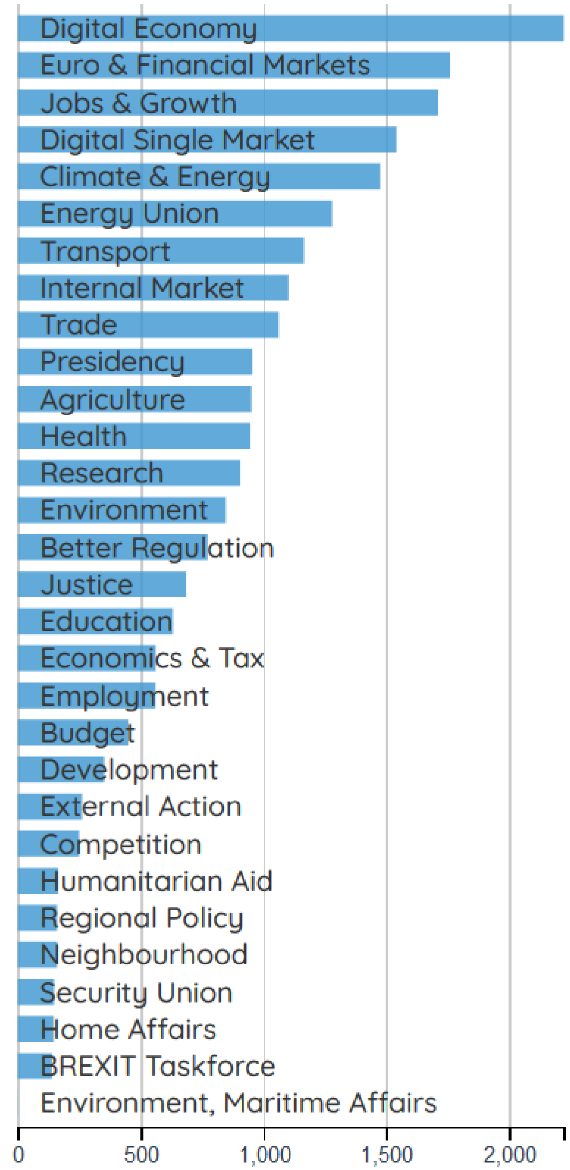
Main result and the channels proposed

- The channels examined are disconnected from the main result

- M&A channel:
  - Sample does not include meetings about antitrust, cartels, or M&A (*cf. article 4*)

- Tax channel:
  - Effect of subsidiaries in EU tax havens on political access variable ⇨ reverse causality
  - Analyze instead the effective tax rate as DV
  - To what extent are the analyses reported in Table 9 different from Table 5?

- Many other channels at work



Conclusion

- There is a lot to like in this paper
- Important question addressed in a new setting: the EU context
- Clarify the contribution
- Focus on internal validity (i.e., market awareness at the time of meetings, salience of meetings disclosed, omitted variable bias)
- Strengthen regression analyses
- Provide more convincing explanation for the main result
- **Good luck with the paper!**